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TESTIMONY

CURBING WASTEFUL YEAR-END FEDERAL GOVERNMENT SPENDING: REFORMING "USE IT OR LOSE IT" RULES

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Senate Committee on Homeland Security and Governmental Affairs
Subcommittee on Federal Spending Oversight and Emergency Management
Hearing: Prudent Planning or Wasteful Binge? Another Look at End of the Year Spending

September 20, 2017

Good afternoon, Chairman Paul, Ranking Member Peters, and members of the subcommittee. Thank you for inviting me to testify today.

My name is Jason Fichtner, and I am a senior research fellow at the Mercatus Center at George Mason University, where I research fiscal and economic issues. I am also an affiliated professor at Georgetown University and Johns Hopkins University, where I teach courses in economics and public policy. Previously I served in several positions at the Social Security Administration, including deputy commissioner (acting) and chief economist. All opinions I express today are my own and do not necessarily reflect the views of my employers.

I would like to begin by thanking Chairman Paul and Senator Peters for the leadership you provide this committee to ensure that important public policy issues involving the federal budget and the stewardship of federal tax dollars get the attention and debate they deserve. I also appreciate that you ensure ideas and viewpoints from all sides are shared in a collegial and respectful manner. It is a privilege for me to testify before you today.

My testimony focuses on two key issues: first, the extent to which perception of a year-end spending problem is reality, and second, how various reforms would improve the efficiency of spending by federal government agencies and departments.

From this discussion, I hope to leave you with the following takeaways:

1) While anecdotes and media stories of year-end spending surges are widespread, empirical evidence for year-end spending surges and "use it or lose it" spending—or the motivation behind this spending—is significantly less available. However, my research and recent research by other scholars is beginning to demonstrate empirical evidence that a year-end spending phenomenon is real and potentially wasteful.

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2) Allowing federal agencies limited rollover or carryover authority could reduce wasteful year-end spending surges. Similar reforms at the state level and internationally have shown promise, but more research is still needed. Additionally, ideas to provide cash bonuses to agency employees whose identification of unnecessary expenses results in cost savings for the agency may hold promise. Again, further research is still needed.

YEAR-END SPENDING: ANECDOTAL VS. EMPIRICAL EVIDENCE

The "use it or lose it" phenomenon refers to the propensity of US government agencies to spend unused financial resources toward the end of the fiscal year. This spending is allegedly driven by fear that leftover resources will be returned to the Department of the Treasury and will prompt future congressional budget cuts for the agency. Anecdotes and media stories of year-end spending surges are widespread,[1] but empirical evidence for year-end spending surges and "use it or lose it" spending, or the motivation behind such spending, is significantly less available.[2]

Recent research suggests that year-end spending surges exist and may facilitate wasteful spending. For example, in their 2013 paper, economists Jeffrey Liebman and Neale Mahoney analyze data from the Federal Procurement Data System and the White House's IT Dashboard to show that not only is there a surge in federal spending at the end of the year, but also this spending is of lower quality.[3] According to Liebman and Mahoney, at the end of a fiscal year, "the prospect of expiring funds" causes agencies to spend all their remaining resources, "even if the marginal value is below the social costs of funds (our definition of wasteful spending)."[4] A 2009 International Monetary Fund report found that year-end spending surges are a "commonly observed phenomenon in government administrations."[5] Such surges have occurred in Canada, Taiwan, and the United Kingdom, to name a few countries.[6] On the US state level, a 2012 report by Missouri's state auditor indicates that an annualized budget process does impact annual agency expenditure patterns and that a "use it or lost it" phenomenon exists to a certain extent.[7]

Given how few empirical analyses of year-end US agency spending exist, I developed my own analysis of federal contract spending trends with my colleagues Robert Greene and Adam Michel,[8] using publicly available data from USASpending.gov on prime contracts awarded by executive departments.[9]

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[1] For example, see David A. Fahrenthold, "As Congress Fights over the Budget, Agencies Go on Their 'Use It or Lose It' Shopping Sprees," *Washington Post*, September 28, 2013; Matthew Sabas, "'Use It or Lose It' Shows There's More Room to Cut Spending," *Heritage Foundation*, November 14, 2013; Josh Hicks, "Two Charts that Suggest Use-It-or-Lose-It Federal Spending Is Real," *Washington Post*, April 17, 2015.

[2] Jeffrey B. Liebman and Neale Mahoney, "Do Expiring Budgets Lead to Wasteful Year-End Spending? Evidence from Federal Procurement" (NBER Working Paper No. 19481, National Bureau of Economic Research, Cambridge, MA, September 2013).

[3] Liebman and Mahoney, "Expiring Budgets."

[4] Ibid., 1. "Our definition of wasteful spending" refers to Liebman and Mahoney's definition.

[5] Ian Lienert and Gösta Ljungman, "Carry-Over of Budget Authority" (Public Financial Management Technical Guidance Note, Fiscal Affairs Department, International Monetary Fund, Washington, DC, 2009), 3.

[6] Rowena Crawford et al., "A Survey of Public Spending in the UK" (IFS Briefing Note BN43, Institute for Fiscal Studies, London, September 2009); Noel Hyndman et al., "Annuality in Public Budgeting: An Exploratory Study" (research report, Chartered Institute of Management Accountants, London, 2005); Internal Audit Branch, Treasury Board of Canada Secretariat, *Government Wide Review of Year-End Spending*, June 1995; Jinn-Yang Uang and Ching-Wan Liang, "Does Monitoring Frequency Affect Budget Execution Patterns?," *Asia Pacific Management Review* 17, no. 1 (2012): 59–75.

[7] Thomas A. Schweich, "Statewide Year End Spending Practices" (Report 2012-44, Office of the Missouri State Auditor, Jefferson City, 2012).

[8] Jason J. Fichtner and Robert Greene, "Curbing the Surge in Year-End Federal Government Spending: Reforming 'Use It or Lose It' Rules" (Mercatus Working Paper, Mercatus Center at George Mason University, Arlington, VA, September 2014); Jason J. Fichtner and Adam N. Michel, "Curbing the Surge in Year-End Federal Government Spending: Reforming 'Use It or Lose It' Rules—2016 Update" (Mercatus Research, Mercatus Center at George Mason University, Arlington, VA, September 2016).

[9] Data for FY 2003 through FY 2013 were accessed on June 30, 2014. All data used from FY 2003 through FY 2013 were last updated by USASpending.gov on June 17, 2014. Data from FY 2000 through FY 2002 were last updated on July 15, 2013. Data from FY 2014 were accessed and last updated on May 13, 2016, and data from FY 2015 were accessed and last updated on April 17, 2016.

My analysis focused on this type of spending—which comprised roughly 11 percent of total 2015 federal spending[10]—because the data are readily available through the USASpending.gov data archive. Data were downloaded containing detailed information on all contracts executed by each executive branch department for fiscal years 2000 through 2015.

My research shows that a remarkably large percentage of executive branch contract spending occurred near the end of the fiscal year. If an agency were to spread its contract spending evenly over a 12-month period, roughly 8.3 percent of spending would occur in each month. However, in the last month of fiscal year 2015, September,[11] the Department of State spent 34.9 percent of its contracting expenditures and the Department of Housing and Urban Development spent 32.6 percent. Not all agencies exhibited a year-end surge in spending. For example, the Department of Energy spent only 5.7 percent of its annual contract expenditures in the final month. But as the data show, most federal agencies were well above 8 percent, and more than one-half were above 16 percent. Between 2003 and 2015, across all executive departments, 16.3 percent of obligated contract expenditures occurred during the month of September—almost twice what we would expect if spending were split evenly over 12 months at 8.3 percent per month.

A closer look at daily September contracts and contract expenditures lends further support to the trend that shows how agencies rush to spend down their budgets at the end of the fiscal year. In the last three days of the month, agencies spent more than 5 percent of their total yearly contract expenditures. On the last day of September, they spent 2.2 percent—the highest daily expenditure in September.

Focusing on FY 2015 data, the number of contracts signed steadily increased throughout the month of September. In the last three days of September, agencies signed 2.5 percent of their contracts, and 0.9 percent were signed on the last day. If contracts were evenly distributed, one would expect to see 0.5 percent of contracts signed each day. While 0.9 percent of contracts may not appear excessive, for some agencies, this number amounted to many dollars. For example, the State Department signed 2.18 percent of its total contracts on the last day of September; this amount accounted for 7.75 percent of the agency's total obligated contract dollars for the year.

The pattern of year-end spending surges is evident across all the fiscal years analyzed and is not unique to the current administration or the past few Congresses. Year-end spending surges have become the norm, regardless of administration, party control of Congress, or delays in finalizing agency appropriations.

POLICY RECOMMENDATIONS

Academic research and some anecdotal evidence suggest that the current budget rule of "use it or lose it" is not optimal and may be encouraging wasteful spending of taxpayer dollars. The question remains: if such spending is indeed wasteful, what can be done to reduce it?

One idea is to allow agencies *limited rollover* (also known as carryover) authority for funds not spent by the end of the fiscal year. The federal government could begin with a pilot exercise to test the merits of limited rollover authority. Within certain federal departments, agency subcomponents should be given the authority to roll over up to 5 percent of the contract budget authority into the next fiscal year. To

[10] Percentage is calculated by dividing the total amount of contract spending across the entire federal government in FY 2015 ($401 billion, as reported by USASpending.gov) by the total amount of federal government outlays during FY 2015 ($3.69 trillion, as reported by the Office of Management and Budget). USASpending.gov, "Data Feeds, Data Archives for Prime Award Spending Data," accessed April 17, 2016, http://www.usaspending.gov/data; Office of Management and Budget, Executive Office of the President, "Summary of Receipts, Outlays, and Surpluses or Deficits (−) in Current Dollars, Constant (FY 2009) Dollars, and as Percentages of GDP: 1940–2021," table 1.3, https://www.whitehouse.gov/omb/budget/Historicals.

[11] The federal fiscal year runs from October 1 to September 30.

maximize success in reducing waste, the rollover accounts of agency subcomponents should be segregated. The separation of accounts increases the incentive to save, because only the agency subcomponents that achieve cost savings will be able to deploy those savings in subsequent fiscal years. Departments or agencies that wish to participate in the pilot program could submit a request to Congress, which could direct the Government Accountability Office (GAO) to oversee, audit, and evaluate the program.

A legitimate concern regarding carryover accounts is that they could have the perverse consequence of decreasing government accountability by serving as annual "rat holes."[12] Requiring midyear budget reviews could help address this concern and would further curb year-end spending surges. Executive departments should be required to submit midyear budget reviews to Congress and the GAO. These reviews would detail, by agency subcomponent, the anticipated expenditures for the remainder of the fiscal year, the anticipated surpluses at the end of the fiscal year, and the reasons for these surpluses. Midyear reports with similar components have yielded success in reducing "use it or lose it" pressures and year-end spending surges when tried at home in Oklahoma and overseas in Taiwan.[13] Of course, these midyear reviews would have limited value if Congress fails to conduct appropriate oversight. If Congress fails to do so, these reports may become mere paperwork exercises.

To further curb waste, an agency would be allowed to carry over up to 5 percent into a rollover account, but agencies would be permitted to carry over only 50 percent of any remaining balance in those accounts into the subsequent fiscal year. To avoid lengthy delays in the spending of rollover fund savings and to discourage large accumulations of rollover funds, such funds should be spent within two years.

These reforms may create undesirable new administrative burdens and could disrupt existing budgeting practices. However, the short-term costs would be outweighed by long-term benefits. These benefits include relieving agencies of a perceived pressure to spend remaining resources at the end of the fiscal year to protect their budgets from cuts, along with the public benefit of reducing wasteful expenditures associated with that pressure to spend. Furthermore, even if year-end spending spikes were not inherently wasteful, enabling executive departments to manage their budgets without artificial deadlines would likely improve the efficiency of spending by the departments and their subcomponents.

A pilot program that gives limited rollover authority to several departments, combined with congressional and GAO oversight of rollover accounts, would be a useful experiment to see whether these changes to the federal budget process would reduce wasteful year-end spending.

[12] L. R. Jones, "Outyear Budgetary Consequences of Agency Cost Savings: International Public Management Network Symposium," *International Public Management Review* 6, no. 1 (2005): 156.
[13] James W. Douglas and Aimee L. Franklin, "Putting the Brakes on the Rush to Spend Down End-of-Year Balances: Carryover Money in Oklahoma State Agencies," *Public Budgeting & Finance* 26, no. 3 (2006): 54 (Oklahoma); Uang and Liang, "Does Monitoring Frequency Affect Budget Execution Patterns?" (Taiwan).

Lastly, another potential reform is to create a cash bonus program for agency employees who identify savings and return the unspent budget authority to the Treasury (a portion of the saving is used for the bonuses). The proposal is intended to realign the incentives of individual employees who save public money. If properly implemented, these incentives could be similar to those in the private sector, where rigorous attention to costs, expenditures, and better budget management is often rewarded using bonuses. A program for bonuses for waste reduction could be included in a limited rollover pilot program to test the efficacy of the new incentives.

Thank you again for your time and this opportunity to testify today. I look forward to your questions.

Sincerely,

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ATTACHMENT

Cutting Wasteful Year-End Federal Government Spending: Reforming "Use It or Lose It" Laws (Mercatus Research)

Curbing the Surge in Year-End Federal Government Spending: Reforming "Use It or Lose It" Rules—2016 Update

Jason J. Fichtner and Adam N. Michel

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Jason J. Fichtner and Adam N. Michel. "Curbing the Surge in Year-End Federal Government Spending: Reforming 'Use It or Lose It' Rules—2016 Update." Mercatus Research, Mercatus Center at George Mason University, Arlington, VA, September 2016.

ABSTRACT

The "use it or lose it" phenomenon refers to the propensity of US government agencies to spend unused financial resources toward the end of the fiscal year out of fear that leftover resources will be returned to the Department of the Treasury and will prompt future congressional budget cuts for the agency. While anecdotes and media stories of year-end spending surges are widespread, empirical support for such surges or the motivation behind them is significantly less available. The budget and spending literature has examined the efficacy of policy solutions designed to curb year-end spending surges, but these studies have often been done without empirical evidence. In this update of the 2014 version of this paper, we examine existing literature on the prevalence, consequences, wastefulness, and causes of year-end spending surges. We then update the expenditure patterns we identified for executive departments' year-end obligated federal contracts using data obtained from USASpending.gov. We review literature on purported solutions to curb year-end spending surges and recommend a pilot program to give limited budget rollover authority to select agencies.

JEL codes: H1, H6

Keywords: federal budget, budget reform, year-end spending, use it or lose it, government accountability

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The "use it or lose it" phenomenon refers to the propensity of US government agencies to spend unused financial resources toward the end of the fiscal year. Such spending is done out of fear that leftover resources will be returned to the Department of the Treasury and will prompt future congressional budget cuts for the agency. While anecdotes and media stories of year-end spending surges are widespread,[1] empirical evidence for such surges and "use it or lose it" spending or for the motivation behind them has been significantly less available.[2] The first iteration of this paper was published in 2014. Here we have updated the data and expanded our analysis. As we discuss in the next section, the budget and spending literature that examines the efficacy of various policy solutions designed to curb year-end spending surges often lacks supporting empirical evidence. In this paper, we examine existing literature on the prevalence, consequences, wastefulness, and causes of year-end surges in spending. We then report executive departments' year-end obligated federal contract expenditure patterns, using data obtained from USASpending.gov.[3] We review literature on purported solutions to curb year-end spending and conclude with a policy recommendation.

1. For example, see David Fahrenthold, "As Congress Fights over the Budget, Agencies Go on Their 'Use It or Lose It' Shopping Spree," *Washington Post*, September 28, 2013; Matthew Sabas, "'Use It or Lose It' Shows There's More Room to Cut Spending," *Daily Signal*, November 14, 2013.
2. Jeffrey B. Liebman and Neale Mahoney, "Do Expiring Budgets Lead to Wasteful Year-End Spending? Evidence from Federal Procurement" (NBER Working Paper 19481, National Bureau of Economic Research, Cambridge, MA, 2013).
3. USASpending.gov compiles data from the General Services Administration, from the US Census Bureau, and directly from 31 departments and agencies of the executive branch through various government sources.

LITERATURE SURVEY ON YEAR-END SPENDING SURGES: IS "USE IT OR LOSE IT" TO BLAME?

Research suggests that year-end spending surges may result in wasteful spending. In a 2007 survey of Department of Defense financial management and contracting careerists, 95 percent of the respondents believe there is a problem with year-end agency spending.[4] In their 2013 paper, economists Jeffrey Liebman and Neale Mahoney analyze data from the Federal Procurement Data System and the White House's IT Dashboard to show not only that a surge in federal spending occurs at the end of the year, but also that this spending is of lower quality.[5] According to Liebman and Mahoney, at the end of a fiscal year, "the prospect of expiring funds" causes agencies to spend all their remaining resources, "even if the marginal value is below the social costs of funds (our definition of wasteful spending)."[6]

In 1998, the US General Accounting Office (GAO)[7] reported that the number of year-end spending surges had declined since 1980, when Congress and the GAO first looked at the issue.[8] Among more than 3,200 Inspectors General reports, the GAO found only one that linked poor contracting practices with a high rate of year-end spending.[9] However, the GAO cautions that its analysis is limited because of "agencies' widespread reporting noncompliance" and "the absence of complete and accurate

"Economists Jeffrey Liebman and Neale Mahoney analyze data . . . to show not only that a surge in federal spending occurs at the end of the year, but also that this spending is of lower quality."

4. Michael F. McPherson, "An Analysis of Year-End Spending and the Feasibility of a Carryover Incentive for Federal Agencies" (MBA Professional Report, Naval Postgraduate School, Monterey, CA, 2007).
5. Liebman and Mahoney, "Do Expiring Budgets Lead to Wasteful Year-End Spending?"
6. Ibid., 1. "Our definition of wasteful spending" refers to Liebman and Mahoney's definition.
7. On July 7, 2004, the General Accounting Office's name was changed to the Government Accountability Office by the GAO Human Capital Reform Act of 2004.
8. US General Accounting Office, *Year-End Spending: Reforms Underway but Better Reporting and Oversight Needed*, GAO/AIMD-98-185 (Washington, DC: United States General Accounting Office, 1998).
9. Ibid., 7.

reporting" of agencies' spending.[10] A 2007 study partially confirmed the existence of year-end spending surges on the federal level by analyzing the spending patterns of military hospitals that are completely reliant on congressional appropriations for funding.[11]

However, some observers point out that little empirical evidence exists to prove that there is a link between year-end spending surges and the US federal budget process. A panel of budget experts at the International Public Management Network Symposium largely concluded that while year-end spending surges exist, little empirical evidence supports the "use it or lose it" phenomenon.[12] Panel member Fred Thompson of Willamette University calls the "use it or lose it" phenomenon's key premise—that fears of future budget cuts drive exhaustive spending—an urban legend.[13] He points to the timing of the budget process, explaining that budget proposals are "formulated during the prior fiscal year and enacted into law well before the books [close] on the current year."[14] He also argues that because year-end spending surges exist at agencies in state governments and in Canada, US federal budgeting patterns cannot be a unique source.[15] Panel member Robert D. Behn of Harvard University argues that year-end spending surges may in fact be "socially optimal" and doubts the assumption that they are inherently wasteful.[16]

A 2009 International Monetary Fund report found that year-end spending surges are a "commonly observed phenomenon in government administrations."[17] Such surges have occurred in Canada, Taiwan, and the United Kingdom, to name a few examples.[18]

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10. Ibid., 13.
11. Ramji Balakrishnan et al., "Spending Patterns with Lapsing Budgets: Evidence from U.S. Army Hospitals," *Journal of Management Accounting Research* 19, no. 1 (2007): 1–23.
12. Lawrence R. Jones, "Outyear Budgetary Consequences of Agency Cost Savings: International Public Management Network Symposium," *International Public Management Review* 6, no. 1 (2005): 139–68.
13. Ibid., 144.
14. Ibid. However, it is worth noting that congressional action on appropriations is rarely complete by the start of the new fiscal year on temporary and limited continuing resolutions, which might disrupt any normal spending patterns.
15. Ibid.
16. Ibid., 150–51.
17. Ian Lienert and Gösta Ljungman, "Carry-Over of Budget Authority" (Public Financial Management Technical Guidance Note, Fiscal Affairs Department, International Monetary Fund, Washington, DC, 2009), 3.
18. Rowena Crawford et al., "A Survey of Public Spending in the UK" (IFS Briefing Note BN43, Institute for Fiscal Studies, London, 2009); Noel Hyndman et al., *Annuality in Public Budgeting: An Exploratory Study* (London: Chartered Institute of Management Accountants, 2005); Internal Audit Branch, "Treasury Board Secretariat Government Wide Review of Year-End Spending," Treasury Board of Canada Secretariat web archive, 1995, http://www.tbs-sct.gc.ca/report/orp/1995/gwr

On average, according to a 2009 study, 9.5 percent of UK central government funds are spent in the final month of the fiscal year.[19] UK public-sector expenditures were disproportionately high in the last quarter of fiscal year (FY) 1998 to FY 2003.[20] However, there may be positive, waste-reducing reasons for the late spending surge, such as ensuring that funds are available throughout the year.[21] Thus, while budgetary constraints similar to those in the United States may be facilitating year-end spending in the United Kingdom, the surge may not be entirely wasteful.

Some empirical evidence suggests that surges in year-end spending result in lower-quality outputs and are the result of less competitive contracting. Liebman and Mahoney examine data from the federal IT Dashboard, which tracks measured performance of federal IT projects of the 27 largest agencies. The data show that contracts initiated in the last week of the fiscal year have "substantially lower" overall project performance ratings.[22] The authors also find that year-end contracts have a "modest increase in 'risky' non-competitive and one-bid contracts."[23] The increase in risky contracts may partially explain the low performance ratings of projects contracted during the year-end spending surge.

On the US state level, a 2012 report by Missouri's state auditor indicates that an annualized budget process does impact annual agency expenditure patterns and that a "use it or lose it" phenomenon exists to a certain extent.[24] Between 2009 and 2011, various state agencies spent more than one-quarter of their total general revenue fund expenditures in the last two months of each fiscal year.[25] The audit finds that these expenditures resulted in expedited payments and higher inventory levels and that inventory was "not placed into service in a timely manner."[26] State employees expressed concern that lapsing funds would result in future agency budget cuts.[27]

-1995-eng.asp; Jinn-Yang Uang and Ching-Wan Liang, "Does Monitoring Frequency Affect Budget Execution Patterns?," *Asia Pacific Management Review* 17, no. 1 (2012): 59–75.

19. Crawford et al., "Survey of Public Spending," 12.

20. Hyndman et al., *Annuality in Public Budgeting*, 5.

21. "It is natural for budget-holders to want, if possible, to wait until the demands of the financial year are clearer before they spend their budgets," and "many budgets are, by their nature, difficult to profile so exactly, not least because three months, and especially since those three months are in the middle of the UK's winter, can be an uncertain time." Ibid., 6.

22. Liebman and Mahoney, "Do Expiring Budgets Lead to Wasteful Year-End Spending?," 18.

23. Ibid., 24.

24. Thomas A. Schweich, *Statewide Year End Spending Practices* (Report 2012-44, Office of the Missouri State Auditor, Jefferson City, 2012).

25. Ibid., 5.

26. Ibid., 18.

27. Ibid., 7.

ANALYSIS OF YEAR-END OBLIGATED CONTRACT EXPENDITURES BY EXECUTIVE DEPARTMENTS

Given how few empirical analyses of year-end US agency spending exist, we developed our own analysis of federal contract spending trends. To do so, we obtained publicly available prime contract award spending data for executive departments from USASpending.gov.[28] We focused our analysis on this type of spending—which comprised roughly 11 percent of total 2015 federal spending[29]—because the data are readily available through the USASpending.gov Data Archive. USASpending.gov currently compiles data from the General Services Administration (GSA), from the US Census Bureau, and directly from 31 departments and agencies of the executive branch through various government sources.[30]

From USASpending.gov, we downloaded files containing detailed information on all contracts executed by each executive branch department for FY 2003 through FY 2015. We then summed obligated monthly contract expenditures based on the date the contract was signed and the amount obligated by the contract, by department. We also summed all obligated amounts by fiscal year to determine each year's total contract expenditures. Using these monthly and annual tallies, we calculated monthly obligated contract expenditures as a percentage of annual fiscal year obligated contract expenditures by department for the first and last two months of each fiscal year. For a full list of our findings for these monthly obligated expenditures from 2003 through 2015, see the appendix.

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28. Data from FY 2003 through FY 2013 were accessed on June 30, 2014. When downloaded, all data used from FY 2003 through FY 2013 were last updated by USASpending.gov on June 17, 2014. Data from FY 2014 were accessed and last updated on May 13, 2016, and data from FY 2015 were accessed and last updated on April 17, 2016.

29. This percentage is calculated by dividing the total amount of contract spending across the entire federal government in FY 2015 ($401,326,431,229.80, as reported by USASpending.gov) by the total amount of federal government outlays during FY 2015 ($3,688.3 billion, as reported by the Office of Management and Budget). USASpending.gov, "Data Feeds, Data Archives for Prime Award Spending Data," accessed April 17, 2016, http://www.usaspending.gov/data; Office of Management and Budget, Executive Office of the President, "Summary of Receipts, Outlays, and Surpluses or Deficits (–) in Current Dollars, Constant (FY 2009) Dollars, and as Percentages of GDP: 1940–2021" (table 1.3), https://www.whitehouse.gov/omb/budget/Historicals.

30. For more information, see "Data Sources," USASpending.gov, accessed August 31, 2016, https://www.usaspending.gov/about/Pages/TheData.aspx. Data reported from FY 2003–2013 were compiled from a longer list of sources. See discussion in Jason J. Fichtner and Robert Greene, "Curbing the Surge in Year-End Federal Government Spending: Reforming 'Use It or Lose It' Rules" (Mercatus Working Paper, Mercatus Center at George Mason University, Arlington, VA, September 2014).

FIGURE 1. AUGUST AND SEPTEMBER OBLIGATED CONTRACT EXPENDITURES FOR EACH EXECUTIVE DEPARTMENT, FY 2015

Note: Bars represent percentages of each department's total obligated contract expenditures for the year. See the appendix for a key for the executive department abbreviations.

Source: USASpending.gov.

Figure 1 shows that a remarkably large percentage of executive branch contract spending occurred near the end of FY 2015. If an agency were to spread its contract spending evenly over a 12-month period, roughly 8.33 percent of spending would occur in each month. However, in the last month of FY 2015 (September),[31] the Department of State spent 34.9 percent of its contracting expenditures, and the Department of Housing and Urban Development spent 32.6 percent. Not all agencies exhibited a year-end surge in spending. For example, the Department of Energy spent only 5.7 percent of its annual contract expenditures in September 2015. But as the data show, most federal agencies were well above 8 percent and more than one-half were above 16 percent. The pattern of year-end spending surges is evident in other fiscal years as well, as figure 2 from FY 2014 shows.[32]

It is unclear why the Department of State consistently spends a high level of contract expenditures during the last month of the fiscal year. This spending may not be wasteful if the department is delaying spending throughout the fiscal year to ensure that it has enough funds to cover necessary end-of-year spending. How-

31. The federal fiscal year runs from October 1 to September 30.

32. See Fichtner and Greene, "Curbing the Surge in Year-End Federal Government Spending," 9–10, for similar figures showing FY 2012 and FY 2013 data. Data for years 2003–2015 are also included in the appendix of this paper.

FIGURE 2. AUGUST AND SEPTEMBER OBLIGATED CONTRACT EXPENDITURES FOR EACH EXECUTIVE DEPARTMENT, FY 2014

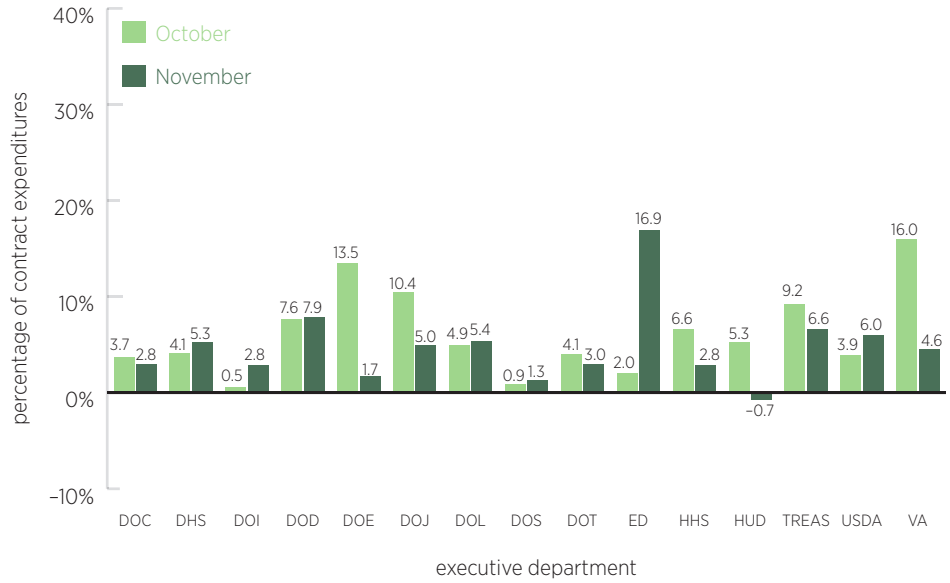
Note: Bars represent percentages of each department's total obligated contract expenditures for the year. See the appendix for a key for the executive department abbreviations. Some agencies have net negative contract expenditures in certain months when more contract dollars are deobligated than obligated. Monthly expenditures can be negative when an agency modifies a contract "award but there was no additional funding. The agency reduced or rescinded more than the original award amount; there is a negative subsidy on a loan and the funds are being returned to the Treasury; duplicate corrections reports have been submitted by the agency." See USASpending.gov, "FAQS," accessed August 7, 2016, https://www.usaspending.gov/references/Pages/FAQs.aspx#negative.

Source: USASpending.gov.

ever, news reports have suggested that some of this spending seems wasteful. For example, one article noted that the Department of State spent $1 million on a piece of granite artwork in September 2013 as the fiscal year was closing,[33] while another highlighted a $5 million expenditure on the eve of the 2013 government shutdown to enable high-end Vermont glassblower Simon Pearce "to provide 20 different styles of custom handcrafted stem and barware to the State Department for use in American embassies around the world."[34] The following year, in September 2014, the Department of State spent more than $1.5 million in 73 contracts with one company, Bernhardt Furniture, to buy furniture for its buildings.[35] An empirical study of reasons for the Department of State's high level of year-

33. Jeryl Bier, "State Department Buys Million Dollar Granite Sculpture from Irish-Born Artist," *Weekly Standard*, December 3, 2013.
34. Warren Johnston, "Simon Pearce Gets $5 Million Contract," *Valley News*, October 6, 2013.
35. Sarah Westwood, "Federal Bureaucracies Go on End-of-Year Spending Sprees to Avoid Budget Cuts," *Washington Examiner*, April 16, 2015.

FIGURE 3. OCTOBER AND NOVEMBER OBLIGATED CONTRACT EXPENDITURES FOR EACH EXECUTIVE DEPARTMENT, FY 2015



Note: Bars represent percentages of each department's total obligated contract expenditures for the year. See the appendix for a key for the executive department abbreviations. Some agencies have net negative contract expenditures in certain months when more contract dollars are deobligated than obligated.

Source: USASpending.gov.

end contract spending does not exist. To address the concerns highlighted in the various news accounts, the GAO or the Department of State Inspector General should investigate the department's unusual contract spending trends to determine why these patterns occur and whether they are unusually wasteful.

Interestingly, some executive departments exhibit disproportionately high spending at the beginning of the fiscal year (see figures 3 and 4). This finding is likely due to agencies spending money as soon as budget resources become available. It could explain why some agencies spend a higher proportion of funds in the first month of the fiscal year than in the last. However, most departments spend very low proportions of their budgets in the first two months of the fiscal year.

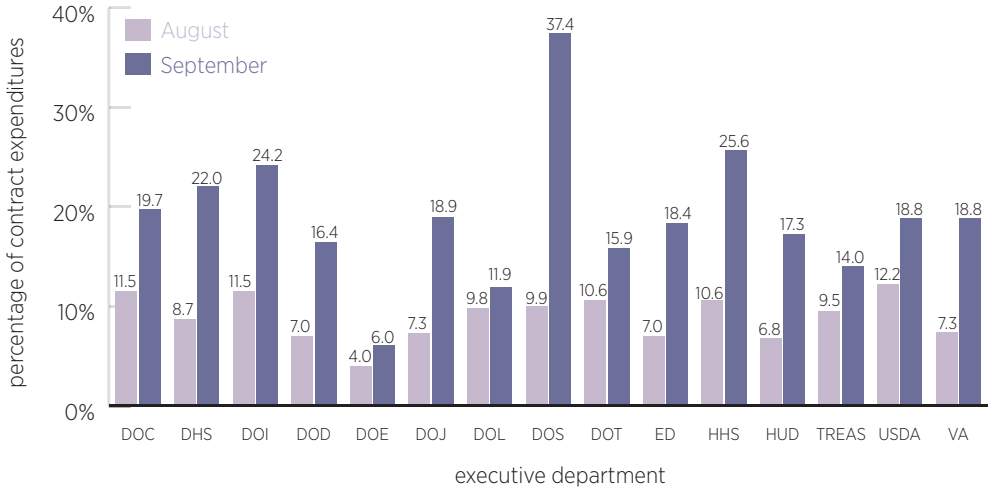
To better understand each department's monthly spending patterns, we summed monthly expenditures by department for FY 2003 through FY 2015 and created a weighted average of each department's expenditures for every month as a percentage of its annual expenditures. As figure 5 shows, all but one executive department spent, on average, more than 8.33 percent (the percentage that would be spent by month if spending were divided evenly between

FIGURE 4. OCTOBER AND NOVEMBER OBLIGATED CONTRACT EXPENDITURES FOR EACH EXECUTIVE DEPARTMENT, FY 2014

Note: Bars represent percentages of each department's total obligated contract expenditures for the year. See the appendix for a key for the executive department abbreviations. Some agencies have net negative contract expenditures in certain months when more contract dollars are deobligated than obligated.

Source: USASpending.gov.

FIGURE 5. AUGUST AND SEPTEMBER OBLIGATED CONTRACT EXPENDITURES FOR EACH EXECUTIVE DEPARTMENT, FY 2003–2015



Note: Bars represent percentages of each department's total obligated contract expenditures for FY 2003–2015. See the appendix for a key for the executive department abbreviations.

Source: USASpending.gov.

months) of annual expenditures during September, the final month of the fiscal year. On average, from 2003 through 2015, nine departments spent more than twice that much (over 16.66 percent) during September.

Applying the same methodology, we find that between 2003 and 2015 several departments spent, on average, more than 8.33 percent during October, the first month of the fiscal year. However, as a comparison of figures 5 and 6 illustrates, September expenditures are consistently greater than October expenditures for all but two departments: the Department of Energy and the Department of Veterans Affairs.

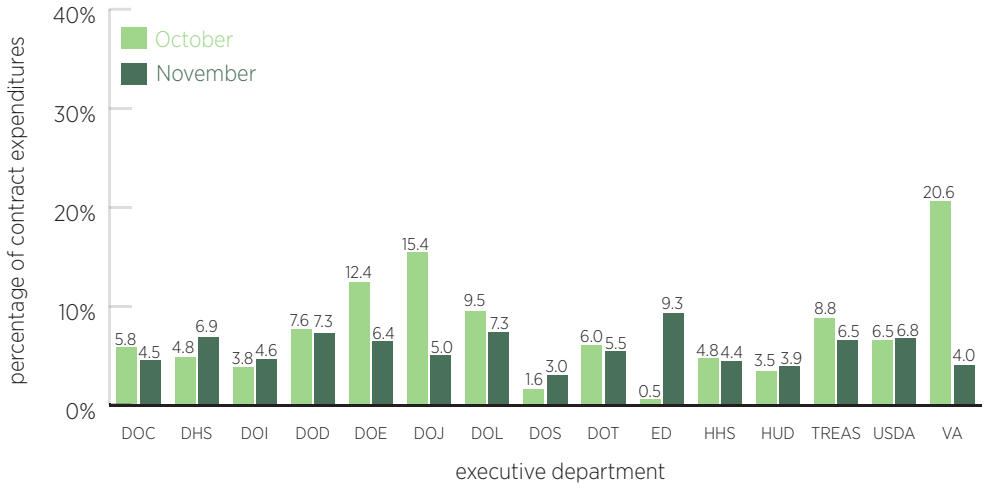
Over the years and across departments, the trend of executive departments spending a disproportionately large amount of resources in the final month of the fiscal year is apparent, regardless of administration, party control of Congress, or delays in finalizing agency appropriations. Between 2003 and 2015, across all analyzed executive departments, 16.3 percent of obligated contract expenditures occurred during the month of September (see figure 7)—close to twice what one would expect if spending were split evenly over 12 months (8.3 percent per month).

The trend of year-end spending surges is also apparent in the analysis of quarterly contract expenditures. In FY 2015, every department, except the Department of Energy, spent more during the fourth quarter than the first and, in most cases, significantly more. Dividing spending evenly between the four quarters should result in 25 percent of the budget being spent each quarter. Figure 8 shows that two agencies spent more than 50 percent of their budget in the fourth quarter of the year and that seven agencies spent more than 40 percent.

Persistent surges in year-end spending should also be accompanied by similar increases in the number of signed contracts. To confirm this trend, for the updated FY 2015 data we analyzed the number of contracts signed by each agency in each month. Similar to the expenditure analysis, we should expect to see about 8.33 percent of contracts signed in each month. Confirming the trend, figure 9 shows that 10 agencies signed close to 16 percent of their contracts in September, the last month of the fiscal year. Every single agency signed more contracts in September than in August.

In comparison to figure 9, figure 10 shows that in FY 2015 most agencies signed proportionately fewer contracts at the beginning of the fiscal year than at the end. Only the Department of Veterans Affairs signed more contracts in October than in September. Most departments signed very low proportions of their total contracts in the first two months of the fiscal year, and eight departments signed fewer than 5 percent of their contracts in October. In the FY 2015

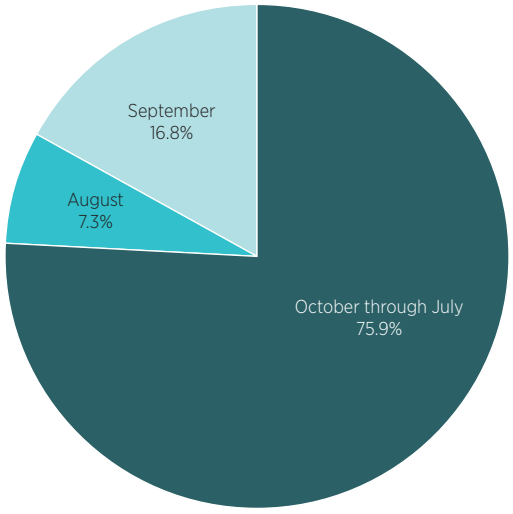
FIGURE 6. OCTOBER AND NOVEMBER OBLIGATED CONTRACT EXPENDITURES FOR EACH EXECUTIVE DEPARTMENT, FY 2003–2015



Note: Bars represent percentages of each department's total obligated contract expenditures for FY 2003–2015. See the appendix for a key for the executive department abbreviations.

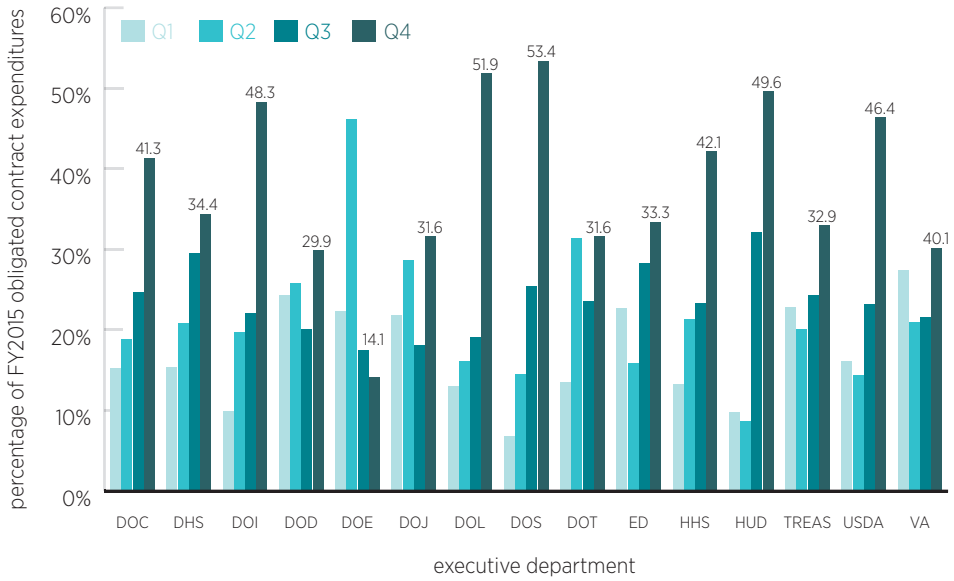
Source: USASpending.gov.

FIGURE 7. AUGUST AND SEPTEMBER EXECUTIVE DEPARTMENT OBLIGATED CONTRACT EXPENDITURES, FY 2003–2015



Source: USASpending.gov.

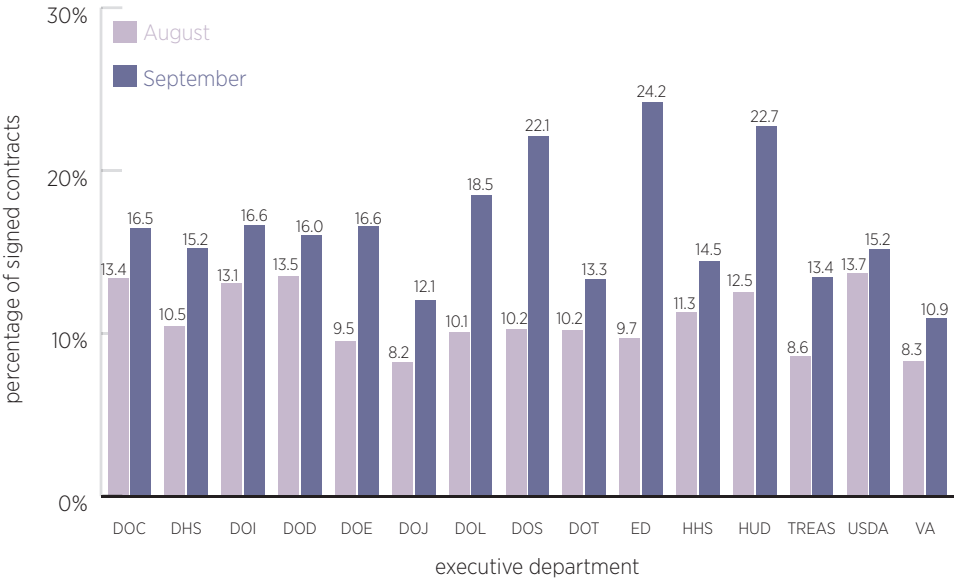
FIGURE 8. QUARTERLY OBLIGATED CONTRACT EXPENDITURES FOR EACH EXECUTIVE DEPARTMENT, FY 2015



Note: Bars represent percentages of each department's total obligated contract expenditures for the year. See the appendix for a key for the executive department abbreviations.

Source: USASpending.gov.

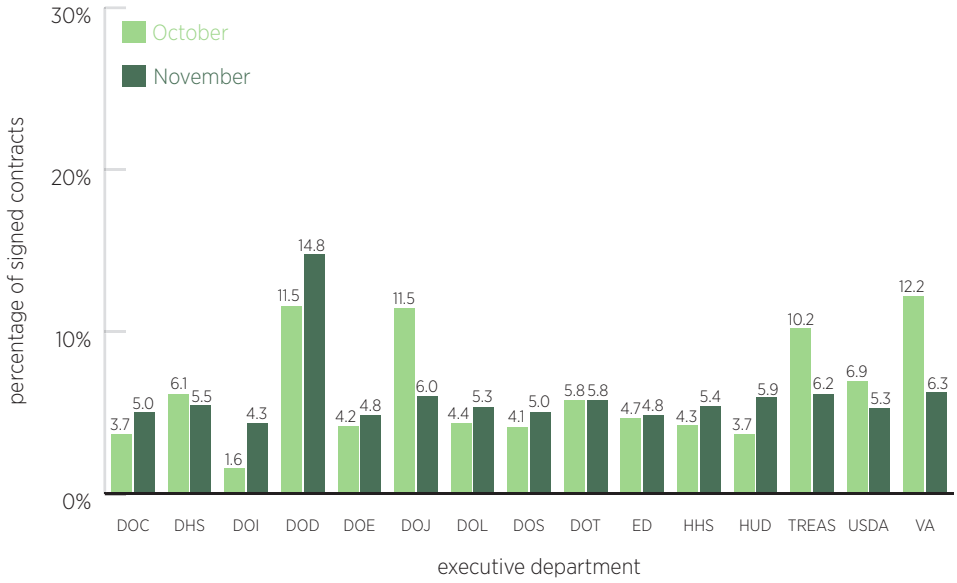
FIGURE 9. AUGUST AND SEPTEMBER SIGNED CONTRACTS FOR EACH EXECUTIVE DEPARTMENT, FY 2015



Note: Bars represent percentages of each department's total signed contracts for the year. See the appendix for a key for the executive department abbreviations.

Source: USASpending.gov.

FIGURE 10. OCTOBER AND NOVEMBER SIGNED CONTRACTS FOR EACH EXECUTIVE DEPARTMENT, FY 2015



Note: Bars represent percentages of each department's total signed contracts for the year. See the appendix for a key for the executive department abbreviations.

Source: USASpending.gov.

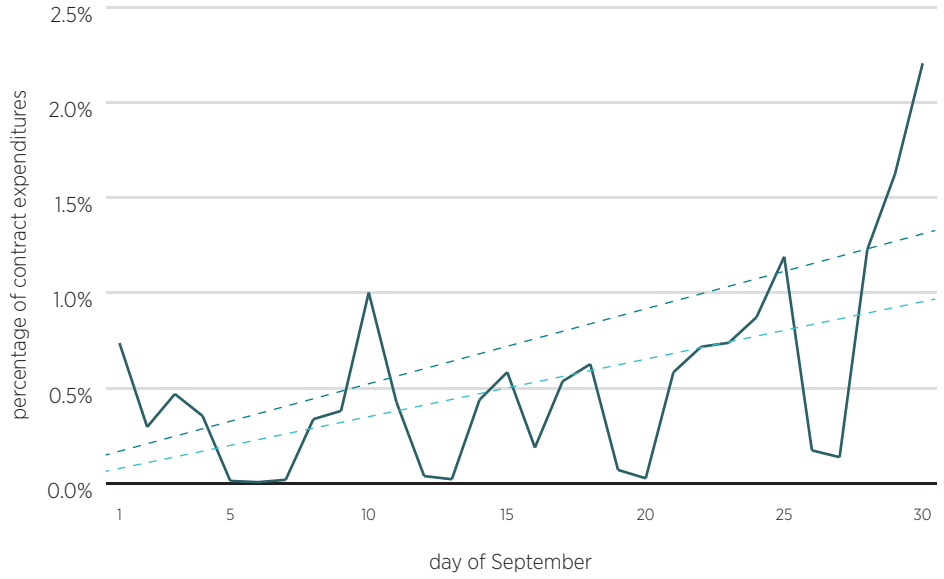
quarterly contract data (see appendix), every single department signed more contracts in the fourth quarter than in the first quarter of the fiscal year.

A closer look at daily September contracts and contract expenditures lends further support to the trend that shows how agencies rush to spend down their budgets at the end of the fiscal year. Figure 11 plots FY 2015 daily obligated contract expenditures for all 15 agencies as a percentage of the year's total contract expenditures. Both trend lines show that agencies tend to increase expenditures throughout the month. There are relatively fewer obligations signed on the weekends.[36] The top trend line shows the non-holiday weekday trend; the bottom line shows the trend for all days. In the last three days of the month, agencies spent more than 5 percent of their total yearly contract expenditures. On the last day of September, they spent 2.2 percent—the highest daily expenditure in September.

Figure 12 plots the number of contracts signed each day in September as a percentage of total FY 2015 contracts. Showing a similar trend to daily

36. The first weekend in September is Labor Day weekend, which explains the three relatively lower data points in a row from September 5 to 7, 2015.

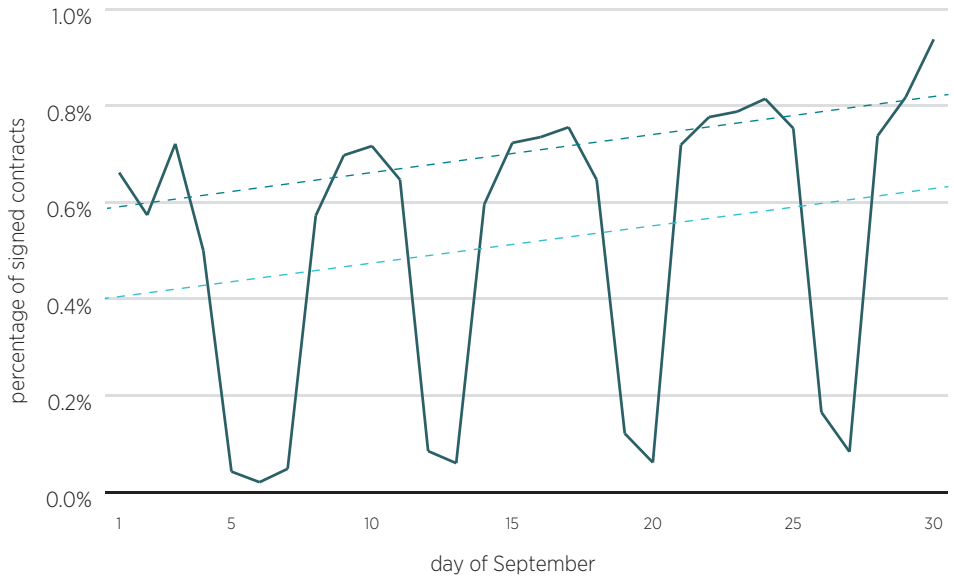
FIGURE 11. DAILY SEPTEMBER EXECUTIVE DEPARTMENT OBLIGATED CONTRACT EXPENDITURES, FY 2015



Note: The top trend line shows the non-holiday weekday trend. The bottom line shows the simple trend for all days in the month.

Source: USASpending.gov.

FIGURE 12. DAILY SEPTEMBER SIGNED EXECUTIVE DEPARTMENT CONTRACTS, FY 2015



Note: The top trend line shows the non-holiday weekday trend. The bottom line shows the simple trend for all days in the month.

Source: USASpending.gov.

expenditures, figure 12 indicates that the number of contracts signed steadily increased throughout the month. In the last three days of September, agencies signed 2.5 percent of their contracts, and 0.9 percent were signed on the last day. If contracts were evenly distributed, one would expect to see 0.5 percent of contracts signed each day.[37] While 0.9 percent of contracts may not appear excessive, it represents more than double the expected number of contracts signed had they been evenly distributed. Additionally, for some agencies, this number amounted to a lot of dollars. For example, although the State Department signed 2.18 percent of its total contracts on the last day of September, this amount accounted for 7.75 percent of the agency's total obligated dollars for the year.

WASTE-REDUCING SOLUTIONS FOR YEAR-END SPENDING SURGES

Significantly more literature exists on how to curb year-end spending than empirical analyses on the extent to which such spending is wasteful. One of the most frequently discussed strategies is to grant agencies some degree of carryover authority in their budgets.

Carryover authority allows agencies to move a certain percentage of unspent funds from the fiscal year in which they were appropriated to the subsequent year. Because many carryover programs have been implemented, a sizable amount of literature has assessed their impact on year-end spending surges. The results of these studies appear to be mixed.

Because of a 1992 law, the Department of Justice (DOJ), unlike other federal agencies, is allowed to carry over unlimited portions of unobligated balances that remain at the end of the fiscal year into a working capital fund.[38] These balances may accumulate and remain in the fund for an unlimited period and are used for "the department-wide acquisition of capital equipment, development and implementation of law enforcement or litigation related automated data processing systems, and for the improvement and implementation of the Department's financial management and payroll/personnel systems."[39]

As a result of this unique exception in the federal budgeting process, the DOJ's working capital fund has been the focus of multiple studies. In their recent paper, economists Liebman and Mahoney find that the DOJ's

37. This calculation assumes 260 weekdays per year minus the 10 standard federal holidays.
38. Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Act, 1992, Pub. L. No. 102-140, 28 U.S.C. § 527 note (1991).
39. Ibid.

information technology expenditures (which can tap the working capital fund) exhibit a relatively insignificant spending surge at the end of the fiscal year.[40] Year-end DOJ IT spending is also of relatively higher quality, suggesting that carryover spending authority improves quality.[41] However, Liebman and Mahoney "caution that our DOJ evidence on quality is based on a single agency and a small number of contracts."[42] Including all DOJ expenditures, they find that the DOJ, on average, spends 17.9 percent of its budget in the final month of the year—more than six other executive departments and twice the monthly amount that would be spent if agency funds were spread evenly across each month.[43] Liebman and Mahoney explain a potential problem with the DOJ's carryover arrangement: "Unless the rollover balances stay with the same part of the organization that managed to save them, agency subcomponents will still have an incentive to use up the entirety of their allocations."[44]

A 2008 study by the Senate Subcommittee on Federal Financial Management casts doubt on the effectiveness of the DOJ's carryover authority in curbing wasteful spending.[45] The study finds that the DOJ used this authority to accumulate and maintain unobligated fund balances in excess of $2.1 billion.[46] The study notes that the DOJ maintains a sizable working capital fund balance while realizing expansions in its congressionally appropriated budget.[47] It recommends that DOJ accounts with large carryover balances be subject to congressional oversight and that only 50 percent of unobligated funds be permitted to be carried over between fiscal years.[48] However, a 2012 GAO report finds that, although the DOJ's working capital fund has been unavailable for departmental priorities in recent years, it has been effectively managed in compliance with the law and has helped curb agency costs.[49]

Michael McPherson's 2007 survey of Department of Defense financial management and contracting careerists finds that 75 percent favor a carryover

40. Liebman and Mahoney, "Do Expiring Budgets Lead to Wasteful Year-End Spending?," 29.
41. Ibid.
42. Ibid., 3.
43. Ibid., 46 (table 2).
44. Ibid., 35.
45. Tom Coburn, *Justice Denied: Waste and Mismanagement at the Department of Justice* (Washington, DC: Office of Senator Tom Coburn, 2008), 82–85.
46. Ibid., 83.
47. Ibid.
48. Ibid., 85.
49. US Government Accountability Office, *Department of Justice: Working Capital Fund Adheres to Some Key Operating Principles but Could Better Measure Performance and Communicate with Customers*, GAO-12-289 (Washington, DC: US Government Accountability Office, 2012).

incentive.[50] And Robert McNab and Francois Melese argue that carryover provisions enable departments to achieve cost savings by "defeating the 'use it or lose it' behavior associated with control-oriented budgets."[51] Lawrence R. Jones concludes that allowing agencies to obligate funds beyond the one year for which they are appropriated could enable increased efficiency.[52] In 1997, Oklahoma began to allow government agencies to retain unspent appropriated funds for as long as 16.5 months.[53] James Douglas and Aimee Franklin conducted a survey of Oklahoma agency officials, which found that 72.5 percent think carryover provisions reduce wasteful year-end spending.[54] Douglas and Franklin explain that the Oklahoma legislature grants certain state agencies the authority to carry over funds each fiscal year.[55] In early June, agencies are required to estimate the amount of surplus funds they will have at the end of the fiscal year and explain why the surplus occurred.[56] Generally, carryover surpluses "must be spent on nonrecurring items to prevent agencies from relying on this type of money for regular operating expenditures."[57] However, 17.5 percent of the survey respondents found that Oklahoma's carryover law creates a costly paperwork burden,[58] and 12.5 percent worried that the use of a carryover would lead to cuts in balances and appropriations.[59]

Robert D. Behn of Harvard University expressed a similar concern at the International Public Management Network Symposium, citing multiple examples in which

"In 1998, the United Kingdom enabled government departments to carry over funds from one fiscal year to the next. Research shows that this adjustment has had little effect on the disproportionately high level of spending that takes place at the end of the fiscal year."

50. McPherson, "Analysis of Year-End Spending," 42.
51. Robert McNab and Francois Melese, "Implementing the GPRA: Examining the Prospects for Performance Budgeting in the Federal Government," *Public Budgeting and Finance* 23, no. 2 (2003): 73–95, 82.
52. Jones, "Outyear Budgetary Consequences," 167.
53. James Douglas and Aimee Franklin, "Putting the Brakes on the Rush to Spend Down End-of-Year Balances: Carryover Money in Oklahoma State Agencies," *Public Budgeting and Finance* 26 (2006): 46–64, 54.
54. Ibid., 57 (table 1).
55. Ibid., 54–55.
56. Ibid., 55.
57. Ibid., 65.
58. Ibid., 57 (table 1).
59. Ibid.

agencies saved surplus funds only to be required to give them back.[60] Thomas Gardner, administrative services director for the City of Ventura, California, from 2000 to 2005, also expressed reservations at the symposium about carryover spending authority.[61] He explained that carryover programs can incentivize "saving from over budgeting," thereby leading to the creation of a "rat hole" in which the agency annually accumulates excess funds.[62] This concern is similar to the concern expressed in the 2008 Senate subcommittee report over the DOJ's carryover authority.[63]

At the international level, the net effectiveness of carryover authority in curbing year-end expenditures and waste is similarly inconclusive. In 1998, the United Kingdom enabled government departments to carry over funds from one fiscal year to the next.[64] Research shows that this adjustment has had little effect on the disproportionately high level of spending that takes place at the end of the fiscal year.[65] In Canada, carryover authority was granted to all executive departments but was limited to 5 percent of fiscal year operating budgets.[66] An audit found that while subsequent year-end expenditures remained disproportionately high, "these expenditures were not made based on decisions to incur expenditures at year-end, but were part of the Secretariat's annual planning process."[67]

In a 2009 International Monetary Fund Technical Guidance Note, Ian Lienert and Gösta Ljungman counsel that "despite their popularity in [Organisation for Economic Co-operation and Development] countries, carry-over is generally not advisable for the vast majority of capacity-constrained countries operating basic budget systems."[68] They warn that if the size of carryovers is too large, a conflict can quickly escalate between "the spending priorities of the government and the action pursued by the budget manager."[69] For advanced countries such as the United States, the paper lists six conditions that must be met before the country implements carryover authority: (a) accurate appropriations, (b) well-developed accounting and reporting systems, (c) access to financing, (d) well-functioning internal control and external audit, (e) devolved

60. Jones, "Outyear Budgetary Consequences," 151.
61. Ibid., 156.
62. Ibid.
63. Coburn, *Justice Denied*, 82–85.
64. Crawford et al., "Survey of Public Spending," 11–12.
65. Ibid., 12.
66. Internal Audit Branch, "Treasury Board Secretariat Government Wide Review."
67. Ibid.
68. Lienert and Ljungman, "Carry-Over of Budget Authority," 13.
69. Ibid., 6.

budget management powers, and (f) medium-term approach to fiscal policy.[70] Even with these conditions met, the authors recommend that carryover be subject to a quantitative limit of 3–5 percent of the appropriation.[71]

Heightened budget transparency also may curb year-end spending. In 2002, Taiwan's government introduced a midyear budget execution review.[72] Government agencies determine the difference between amounts budgeted and actual results midway through the fiscal year (June in Taiwan, where the fiscal year ends in December).[73] The report is audited by the Ministry of Audit, then presented to the Congress, and then made public.[74] According to a 2012 study of the Taiwan Ministry of National Defense's operations and maintenance budgets, the budget execution rate of the second half year significantly decreased after the imposition of the midyear budget review.[75]

POLICY RECOMMENDATIONS AND CONCLUSION

Although correlation is not causation, and the data presented in this paper do not prove that wasteful year-end spending exists, some anecdotal evidence suggests that the current budget rule of "use it or lose it" is not optimal and may encourage wasteful spending of taxpayer dollars. The question remains: If such spending is indeed wasteful, what can be done to reduce it?

One idea expressed in the literature and discussed previously in this paper is to allow agencies limited rollover (also known as carryover) authority for funds not spent by the end of the fiscal year. But as Liebman and Mahoney point out, if subcomponent savings are aggregated at the agency level, subcomponents have a diminished incentive to save resources.[76]

To test the merits of limited rollover authority, we recommend that the federal government begin with a pilot exercise. In certain federal departments, agency subcomponents should be given the authority to roll over up to 5 percent of the contract budget authority into the next fiscal year. McPherson notes that Canada "has had 5% carry forward limit for its federal agencies since 1987,"[77] and the 5 percent figure is along the lines suggested by Lienert and Ljungman

70. Ibid., 11–13.
71. Ibid., 14.
72. Uang and Liang, "Does Monitoring Frequency Affect Budget Execution Patterns?
73. Ibid., 64.
74. Ibid.
75. Ibid., 73.
76. Liebman and Mahoney, "Do Expiring Budgets Lead to Wasteful Year-End Spending?," 35.
77. McPherson, "Analysis of Year-End Spending," 28.

"Even if year-end spending spikes were not inherently wasteful, enabling executive departments to manage their budgets without artificial deadlines would likely improve the efficiency of spending by the departments and their subcomponents."

in outlining best practices for agency rollover authority in advanced countries.[78] To maximize success in reducing waste, we recommend that rollover accounts of agency subcomponents be segregated. The separation of accounts increases the incentive to save, because only the agency subcomponents that achieve cost savings will be able to deploy those savings in subsequent fiscal years. Departments or agencies that wish to participate in the pilot program could submit a request to Congress, which could direct the GAO to oversee, audit, and evaluate the program.

A legitimate concern regarding carryover accounts is that they could have the perverse consequence of decreasing government accountability by serving as annual "rat holes."[79] We think midyear budget reviews could help address this concern and would further curb year-end spending surges. We recommend that executive departments be required to submit midyear budget reviews to Congress and the GAO in which they detail, by agency subcomponent, anticipated expenditures for the remainder of the fiscal year, anticipated surpluses at the end of the fiscal year, and the reasons for these surpluses. Midyear reports with similar components have yielded success in reducing "use it or lose it" pressures and year-end spending surges in Oklahoma and Taiwan.[80] Of course, such midyear reviews would have limited value if Congress failed to conduct appropriate oversight. If Congress does not conduct such oversight, these reports may just become mere paperwork—hardly our intended outcome.

To further curb waste, all rollover accounts—including the DOJ's working capital fund—should be permitted to roll over only 50 percent of their balance into the subsequent fiscal year, as recommended by the 2008 Senate subcommittee report.[81] To avoid lengthy delays in rollover

78. Lienert and Ljungman, "Carry-Over of Budget Authority," 14.
79. Jones, "Outyear Budgetary Consequences," 156.
80. Douglas and Franklin, "End-of-Year Balances" (Oklahoma); Uang and Liang, "Does Monitoring Frequency Affect Budget Execution Patterns?" (Taiwan).
81. Coburn, *Justice Denied*, 85.

fund savings being spent and to discourage large accumulations of rollover funds, we also recommend that such funds be spent within two years.

Another potential reform, presented in the Bonuses for Cost-Cutters Act of 2015 (S. 1378), is to create a cash bonus program for agency employees who identify savings and return the unspent budget authority to the Treasury (a portion of the saving is used for the bonuses). The proposal is intended to realign the incentives of individual employees who save public money. If properly implemented, these incentives could be similar to those in the private sector, where rigorous attention to costs, expenditures, and better budget management is often rewarded using bonuses.

We suggest that bonuses for waste reduction be included in the limited rollover pilot program discussed previously to test the efficacy of the new incentives. We are unaware of any literature that directly investigates the effectiveness of a bonus system for year-end cost savings in the public sector.[82] However, we suspect that coupling bonuses with rollover authority is crucial to keep the incentives of employees and managers aligned. A bonus-only program could create unproductive tension between employees who find cost savings and managers who still have a career incentive to protect their spending authority from budget cuts and who are rewarded through budget increases. In addition to bonuses and rollover authority, we also support testing the feasibility of rewarding managers who complete their programs in or under budget by scoring a high rating for fiscal responsibility on their annual performance reviews.[83]

These reforms may create undesirable new administrative burdens and could disrupt existing budgeting practices. However, we think that the short-term costs would be outweighed by the long-term benefits of relieving government agencies of (a) a perceived pressure to spend resources at the end of the fiscal year to protect their budgets from cuts and (b) the wasteful expenditures associated with that pressure. Furthermore, even if year-end spending spikes were not inherently wasteful, enabling executive departments to manage their budgets without artificial deadlines would likely improve the efficiency of spending by the departments and their subcomponents.

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82. Incentive pay in the private sector is commonplace and, as a result, has a large literature. Similar incentive systems in the public sector face different constraints and would need to be appropriately designed to mitigate unnecessary year-end budget spending. There is a relatively small literature on incentive pay in public-sector services that almost exclusively investigates the provision of public services. We are unaware of any literature that investigates internal budget-based incentive pay in the public sector.

83. Dean W. Sinclair, "Changing the Culture of Wasteful Spending in the Federal Workforce" (testimony before the Subcomm. on Federal Spending Oversight and Emergency Management of the S. Comm. on Homeland Security and Government Affairs, September 30, 2015).

Although the Department of Justice already has limited rollover authority for projects associated with its unique working capital fund, the DOJ experience is not generalizable to the rest of the federal government. Furthermore, observers have pointed out potentially wasteful consequences of the DOJ's fund structure. A pilot program that gave limited rollover authority to several departments, combined with congressional and GAO oversight of rollover accounts, would be a useful experiment to see whether our proposed changes to the federal budget process would reduce wasteful year-end spending.

APPENDIX

Executive Department Abbreviations

DOC	Department of Commerce
DHS	Department of Homeland Security
DOI	Department of the Interior
DOD	Department of Defense
DOE	Department of Energy
DOJ	Department of Justice
DOL	Department of Labor
DOS	Department of State
DOT	Department of Transportation
ED	Department of Education
HHS	Department of Health and Human Services
HUD	Department of Housing and Urban Development
TREAS	Department of the Treasury
USDA	Department of Agriculture
VA	Department of Veterans Affairs

TABLE A1. OCTOBER, NOVEMBER, AUGUST, AND SEPTEMBER (LAST MONTH OF THE FISCAL YEAR) EXECUTIVE DEPARTMENT PRIME CONTRACT AWARD EXPENDITURES, FY 2003–2015

Agency (by year)	Total	October		November		August		September	
2003									
DOC	$1,380,195,943	$71,982,942	(5.2%)	$30,394,750	(2.2%)	$97,721,341	(7.1%)	$278,396,855	(20.2%)
DHS	$4,047,582,025	$22,733,591	(0.6%)	$10,789,536	(0.3%)	$322,136,896	(8.0%)	$794,117,799	(19.6%)
DOI	$3,811,946,910	$114,519,329	(3.0%)	$198,148,698	(5.2%)	$380,184,151	(10.0%)	$874,592,674	(22.9%)
DOD	$212,858,910,762	$17,568,503,908	(8.3%)	$19,441,647,547	(9.1%)	$14,343,732,072	(6.7%)	$30,055,153,140	(14.1%)
DOE	$30,510,088,748	$2,392,983,632	(7.8%)	$2,145,619,102	(7.0%)	$585,837,243	(1.9%)	$1,440,667,635	(4.7%)
DOJ	$3,374,272,982	$532,917,530	(15.8%)	$141,674,386	(4.2%)	$247,019,892	(7.3%)	$777,941,524	(23.1%)
DOL	$1,688,265,411	$194,619,639	(11.5%)	$235,583,535	(14.0%)	$106,630,856	(6.3%)	$165,709,998	(9.8%)
DOS	$3,472,713,808	$47,440,741	(1.4%)	$72,411,634	(2.1%)	$223,831,349	(6.4%)	$1,875,207,654	(54.0%)
DOT	$2,642,291,019	$429,160,951	(16.2%)	$440,087,858	(16.7%)	$187,180,645	(7.1%)	$228,007,896	(8.6%)
ED	$1,125,490,495	$5,753,040	(0.5%)	$49,697,714	(4.4%)	$93,387,667	(8.3%)	$225,292,200	(20.0%)
HHS	$7,779,572,696	$197,161,954	(2.5%)	$237,564,242	(3.1%)	$638,450,243	(8.2%)	$2,831,558,984	(36.4%)
HUD	$1,062,135,157	$7,275,677	(0.7%)	$28,577,613	(2.7%)	$203,014,088	(19.1%)	$135,464,771	(12.8%)
TREAS	$3,005,304,668	$532,518,739	(17.7%)	$139,819,237	(4.7%)	$168,262,580	(5.6%)	$280,868,603	(9.3%)
USDA	$4,533,267,440	$372,099,234	(8.2%)	$256,709,534	(5.7%)	$469,056,573	(10.3%)	$1,169,332,206	(25.8%)
VA	$6,850,650,044	$1,169,852,223	(17.1%)	$84,264,749	(1.2%)	$315,423,426	(4.6%)	$2,154,307,906	(31.4%)
2004									
DOC	$1,776,052,150	$98,704,412	(5.6%)	$34,280,330	(1.9%)	$142,296,693	(8.0%)	$338,600,978	(19.1%)
DHS	$7,880,856,596	$569,490,108	(7.2%)	$369,709,007	(4.7%)	$865,812,057	(11.0%)	$1,341,076,615	(17.0%)
DOI	$4,681,836,397	$354,716,815	(7.6%)	$267,278,084	(5.7%)	$445,093,152	(9.5%)	$774,127,690	(16.5%)
DOD	$231,083,116,330	$28,208,189,303	(12.2%)	$19,250,342,690	(8.3%)	$13,518,805,466	(5.9%)	$26,560,569,693	(11.5%)
DOE	$21,825,805,821	$1,837,519,099	(8.4%)	$1,500,876,592	(6.9%)	$457,026,403	(2.1%)	$946,373,368	(4.3%)
DOJ	$4,062,623,308	$607,010,664	(14.9%)	$152,701,330	(3.8%)	$322,411,996	(7.9%)	$734,731,097	(18.1%)
DOL	$1,782,120,505	$211,361,630	(11.9%)	$168,566,712	(9.5%)	$182,224,820	(10.2%)	$253,529,087	(14.2%)
DOS	$4,161,816,700	$226,506,626	(5.4%)	$175,187,804	(4.2%)	$293,079,037	(7.0%)	$1,490,023,310	(35.8%)
DOT	$2,188,695,294	$735,716,435	(33.6%)	$44,709,608	(2.0%)	$178,828,929	(8.2%)	$286,513,600	(13.1%)
ED	$1,455,270,954	$1,476,181	(0.1%)	$6,008,006	(0.4%)	$98,392,570	(6.8%)	$321,608,926	(22.1%)
HHS	$8,565,520,523	$321,338,467	(3.8%)	$217,400,357	(2.5%)	$1,001,622,667	(11.7%)	$2,693,937,213	(31.5%)
HUD	$1,165,518,210	$19,678,744	(1.7%)	$14,093,121	(1.2%)	$61,731,387	(5.3%)	$208,110,662	(17.9%)
TREAS	$4,677,988,726	$381,227,085	(8.1%)	$175,246,765	(3.7%)	$634,521,140	(13.6%)	$1,112,723,130	(23.8%)
USDA	$4,091,605,935	$353,412,588	(8.6%)	$244,472,537	(6.0%)	$462,293,942	(11.3%)	$721,553,300	(17.6%)
VA	$7,640,283,084	$2,412,455,519	(31.6%)	$108,461,740	(1.4%)	$350,770,360	(4.6%)	$1,256,512,893	(16.4%)
2005									
DOC	$2,064,049,763	$94,671,398	(4.6%)	$52,284,710	(2.5%)	$238,336,733	(11.5%)	$485,543,862	(23.5%)
DHS	$12,786,767,783	$468,089,764	(3.7%)	$944,266,932	(7.4%)	$713,468,476	(5.6%)	$5,334,019,706	(41.7%)
DOI	$4,922,637,819	$390,957,802	(7.9%)	$315,619,683	(6.4%)	$450,442,960	(9.2%)	$983,542,653	(20.0%)
DOD	$270,868,494,757	$32,752,828,084	(12.1%)	$21,323,491,890	(7.9%)	$14,998,896,942	(5.5%)	$36,517,838,883	(13.5%)
DOE	$23,221,641,916	$2,505,506,258	(10.8%)	$716,395,830	(3.1%)	$819,212,136	(3.5%)	$1,457,503,635	(6.3%)

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Agency (by year)	Total	October		November		August		September	
DOJ	$4,534,931,226	$1,299,759,048	(28.7%)	$203,592,426	(4.5%)	$318,187,286	(7.0%)	$822,078,481	(18.1%)
DOL	$1,723,947,630	$239,306,122	(13.9%)	$93,172,671	(5.4%)	$127,000,594	(7.4%)	$278,681,579	(16.2%)
DOS	$5,893,503,806	$217,452,999	(3.7%)	$103,845,547	(1.8%)	$591,015,081	(10.0%)	$1,864,138,907	(31.6%)
DOT	$1,693,533,590	$265,708,869	(15.7%)	$75,845,478	(4.5%)	$241,923,114	(14.3%)	$246,475,532	(14.6%)
ED	$1,403,739,579	$1,607,226	(0.1%)	$70,929,361	(5.1%)	$148,097,419	(10.6%)	$306,848,045	(21.9%)
HHS	$10,230,108,487	$297,694,898	(2.9%)	$1,148,715,974	(11.2%)	$901,057,443	(8.8%)	$2,821,537,679	(27.6%)
HUD	$1,077,171,472	$44,365,817	(4.1%)	$67,872,073	(6.3%)	$56,772,632	(5.3%)	$180,767,870	(16.8%)
TREAS	$3,648,625,894	$276,377,542	(7.6%)	$232,156,931	(6.4%)	$337,751,956	(9.3%)	$540,394,811	(14.8%)
USDA	$4,062,941,929	$315,147,251	(7.8%)	$251,006,522	(6.2%)	$418,701,918	(10.3%)	$636,932,617	(15.7%)
VA	$9,167,942,840	$1,970,028,167	(21.5%)	$199,257,097	(2.2%)	$960,057,456	(10.5%)	$1,426,361,049	(15.6%)
2006									
DOC	$2,244,435,471	$124,856,157	(5.6%)	$69,541,283	(3.1%)	$206,074,348	(9.2%)	$522,291,916	(23.3%)
DHS	$16,478,953,844	$1,387,729,168	(8.4%)	$1,211,226,452	(7.4%)	$1,170,465,684	(7.1%)	$2,380,594,098	(14.4%)
DOI	$4,741,022,124	$331,359,390	(7.0%)	$330,849,201	(7.0%)	$436,040,204	(9.2%)	$937,776,007	(19.8%)
DOD	$300,588,766,778	$23,351,608,232	(7.8%)	$17,678,562,570	(5.9%)	$20,900,883,451	(7.0%)	$46,127,648,955	(15.3%)
DOE	$22,948,865,247	$2,080,872,303	(9.1%)	$1,200,107,027	(5.2%)	$2,406,282,548	(10.5%)	$1,278,147,154	(5.6%)
DOJ	$4,941,595,765	$1,361,765,797	(27.6%)	$228,428,845	(4.6%)	$338,602,758	(6.9%)	$820,386,819	(16.6%)
DOL	$1,775,705,299	$185,646,239	(10.5%)	$171,585,442	(9.7%)	$149,073,564	(8.4%)	$178,257,919	(10.0%)
DOS	$5,400,422,326	$231,946,321	(4.3%)	$241,516,784	(4.5%)	$634,796,004	(11.8%)	$1,606,737,400	(29.8%)
DOT	$2,261,348,586	$210,148,693	(9.3%)	$72,048,318	(3.2%)	$228,945,021	(10.1%)	$544,720,361	(24.1%)
ED	$1,416,793,552	$531,448	(0.0%)	$71,188,291	(5.0%)	$94,243,766	(6.7%)	$279,060,819	(19.7%)
HHS	$12,656,213,687	$723,163,258	(5.7%)	$465,747,308	(3.7%)	$1,235,640,393	(9.8%)	$2,898,596,991	(22.9%)
HUD	$1,094,020,530	$60,052,358	(5.5%)	$68,719,679	(6.3%)	$52,795,239	(4.8%)	$190,574,533	(17.4%)
TREAS	$4,157,556,799	$297,566,723	(7.2%)	$224,537,058	(5.4%)	$391,756,078	(9.4%)	$637,541,038	(15.3%)
USDA	$4,159,688,645	$421,751,986	(10.1%)	$291,091,752	(7.0%)	$425,189,002	(10.2%)	$684,732,942	(16.5%)
VA	$10,612,797,849	$4,131,765,660	(38.9%)	$299,613,258	(2.8%)	$571,637,622	(5.4%)	$1,481,032,872	(14.0%)
2007									
DOC	$2,243,000,396	$61,241,410	(2.7%)	$49,499,422	(2.2%)	$390,731,574	(17.4%)	$441,395,545	(19.7%)
DHS	$12,459,981,568	$616,632,827	(4.9%)	$830,296,533	(6.7%)	$1,832,786,523	(14.7%)	$2,253,717,561	(18.1%)
DOI	$4,093,571,712	$250,017,211	(6.1%)	$208,531,102	(5.1%)	$374,580,064	(9.2%)	$1,050,008,842	(25.7%)
DOD	$333,663,116,058	$29,288,081,423	(8.8%)	$31,490,446,704	(9.4%)	$23,750,571,471	(7.1%)	$48,769,044,694	(14.6%)
DOE	$23,394,695,765	$2,032,744,485	(8.7%)	$1,026,690,209	(4.4%)	$1,154,570,019	(4.9%)	$1,636,628,457	(7.0%)
DOJ	$7,037,370,767	$1,176,955,263	(16.7%)	$251,758,214	(3.6%)	$420,839,794	(6.0%)	$1,057,772,438	(15.0%)
DOL	$1,857,811,233	$258,066,856	(13.9%)	$55,510,848	(3.0%)	$135,913,298	(7.3%)	$173,741,119	(9.4%)
DOS	$5,995,449,696	$129,558,857	(2.2%)	$111,466,329	(1.9%)	$556,027,620	(9.3%)	$2,487,474,647	(41.5%)
DOT	$4,791,686,915	$207,388,968	(4.3%)	$230,084,160	(4.8%)	$679,176,192	(14.2%)	$688,491,555	(14.4%)
ED	$1,448,873,321	$1,894,923	(0.1%)	$39,445,139	(2.7%)	$68,291,167	(4.7%)	$335,473,938	(23.2%)
HHS	$14,321,963,135	$768,363,763	(5.4%)	$666,038,958	(4.7%)	$1,205,623,242	(8.4%)	$3,288,354,991	(23.0%)
HUD	$846,076,866	$61,983,746	(7.3%)	$25,077,948	(3.0%)	$59,762,769	(7.1%)	$119,423,166	(14.1%)
TREAS	$4,133,237,462	$353,444,636	(8.6%)	$242,263,263	(5.9%)	$379,736,203	(9.2%)	$543,907,600	(13.2%)
USDA	$4,622,481,039	$266,312,713	(5.8%)	$270,335,755	(5.8%)	$611,796,781	(13.2%)	$818,213,705	(17.7%)

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Agency (by year)	Total	October		November		August		September	
VA	$12,698,469,425	$1,797,940,763	(14.2%)	$555,833,105	(4.4%)	$1,166,202,777	(9.2%)	$2,894,085,700	(22.8%)
2008									
DOC	$2,492,941,301	$72,824,710	(2.9%)	$124,881,444	(5.0%)	$239,947,713	(9.6%)	$598,412,290	(24.0%)
DHS	$14,033,454,696	$691,533,642	(4.9%)	$571,732,840	(4.1%)	$1,121,996,114	(8.0%)	$3,216,972,430	(22.9%)
DOI	$3,803,206,804	$172,428,465	(4.5%)	$153,851,970	(4.0%)	$421,702,499	(11.1%)	$979,960,991	(25.8%)
DOD	$397,497,817,762	$26,371,865,019	(6.6%)	$25,988,788,404	(6.5%)	$29,120,595,768	(7.3%)	$84,379,529,870	(21.2%)
DOE	$24,194,359,764	$1,792,970,116	(7.4%)	$1,398,004,913	(5.8%)	$1,060,415,557	(4.4%)	$1,491,675,595	(6.2%)
DOJ	$5,893,464,182	$874,784,863	(14.8%)	$316,637,822	(5.4%)	$369,363,264	(6.3%)	$1,083,218,426	(18.4%)
DOL	$1,839,807,842	$159,789,389	(8.7%)	$155,473,686	(8.5%)	$165,868,399	(9.0%)	$139,664,941	(7.6%)
DOS	$6,185,436,092	$120,698,113	(2.0%)	$168,247,144	(2.7%)	$656,493,968	(10.6%)	$2,119,023,863	(34.3%)
DOT	$5,696,223,135	$348,193,874	(6.1%)	$252,633,590	(4.4%)	$448,647,827	(7.9%)	$1,094,957,588	(19.2%)
ED	$1,379,118,056	$11,147,769	(0.8%)	$62,136,141	(4.5%)	$61,440,814	(4.5%)	$189,413,235	(13.7%)
HHS	$13,832,674,327	$1,070,885,962	(7.7%)	$508,548,388	(3.7%)	$1,237,535,420	(8.9%)	$3,483,550,118	(25.2%)
HUD	$990,128,306	$98,522,280	(10.0%)	$6,069,500	(0.6%)	$56,687,503	(5.7%)	$213,480,220	(21.6%)
TREAS	$4,561,017,940	$357,159,236	(7.8%)	$320,313,202	(7.0%)	$417,772,132	(9.2%)	$530,743,837	(11.6%)
USDA	$5,337,927,668	$440,702,437	(8.3%)	$377,239,173	(7.1%)	$670,207,124	(12.6%)	$857,107,711	(16.1%)
VA	$14,924,536,098	$5,956,881,399	(39.9%)	$397,070,152	(2.7%)	$772,372,263	(5.2%)	$3,118,293,411	(20.9%)
2009									
DOC	$3,213,034,372	$254,223,686	(7.9%)	$158,911,149	(4.9%)	$207,044,933	(6.4%)	$613,352,563	(19.1%)
DHS	$14,286,606,249	$865,065,295	(6.1%)	$1,172,024,433	(8.2%)	$1,017,378,667	(7.1%)	$3,068,370,674	(21.5%)
DOI	$4,342,778,484	$170,488,001	(3.9%)	$271,961,508	(6.3%)	$409,600,788	(9.4%)	$1,465,420,795	(33.7%)
DOD	$373,208,447,472	$30,527,212,743	(8.2%)	$26,968,720,107	(7.2%)	$26,141,856,854	(7.0%)	$61,528,278,813	(16.5%)
DOE	$31,656,515,505	$5,398,467,318	(17.1%)	$854,706,614	(2.7%)	$1,325,291,524	(4.2%)	$3,066,341,762	(9.7%)
DOJ	$7,617,069,978	$1,338,903,026	(17.6%)	$335,214,733	(4.4%)	$462,894,162	(6.1%)	$1,647,414,679	(21.6%)
DOL	$2,047,850,645	$163,836,674	(8.0%)	$104,581,504	(5.1%)	$172,520,513	(8.4%)	$226,451,326	(11.1%)
DOS	$7,479,746,657	$57,026,507	(0.8%)	$216,653,492	(2.9%)	$716,998,253	(9.6%)	$2,735,641,007	(36.6%)
DOT	$5,802,045,197	$344,236,811	(5.9%)	$427,365,857	(7.4%)	$598,970,908	(10.3%)	$1,022,886,726	(17.6%)
ED	$1,507,616,631	$7,917,332	(0.5%)	$114,255,653	(7.6%)	$101,911,673	(6.8%)	$187,398,030	(12.4%)
HHS	$19,538,083,037	$1,037,674,356	(5.3%)	$535,241,919	(2.7%)	$2,106,257,740	(10.8%)	$4,740,437,242	(24.3%)
HUD	$868,865,796	$100,482,655	(11.6%)	$31,528,664	(3.6%)	$51,768,509	(6.0%)	$216,452,214	(24.9%)
TREAS	$4,895,087,737	$482,087,542	(9.8%)	$341,541,562	(7.0%)	$379,253,356	(7.7%)	$721,879,318	(14.7%)
USDA	$5,417,054,539	$420,523,508	(7.8%)	$379,270,133	(7.0%)	$500,498,433	(9.2%)	$1,051,030,110	(19.4%)
VA	$14,810,192,007	$4,185,780,355	(28.3%)	$601,222,245	(4.1%)	$1,059,276,531	(7.2%)	$2,497,823,676	(16.9%)
2010									
DOC	$3,952,524,574	$407,369,804	(10.3%)	$389,834,283	(9.9%)	$460,946,166	(11.7%)	$570,230,630	(14.4%)
DHS	$13,576,479,219	$593,733,418	(4.4%)	$798,251,625	(5.9%)	$1,033,055,104	(7.6%)	$3,143,322,305	(23.2%)
DOI	$6,165,230,029	$176,563,667	(2.9%)	$284,496,307	(4.6%)	$562,705,875	(9.1%)	$1,418,940,197	(23.0%)
DOD	$367,962,894,340	$21,904,811,763	(6.0%)	$25,169,667,353	(6.8%)	$25,693,994,437	(7.0%)	$65,431,500,254	(17.8%)
DOE	$25,692,022,456	$1,730,061,111	(6.7%)	$8,243,055,792	(32.1%)	$1,060,902,543	(4.1%)	$1,474,287,716	(5.7%)
DOJ	$6,751,935,837	$928,758,683	(13.8%)	$367,004,086	(5.4%)	$544,930,388	(8.1%)	$1,098,397,957	(16.3%)

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Agency (by year)	Total	October		November		August		September	
DOL	$2,239,037,335	$91,313,902	(4.1%)	$188,134,738	(8.4%)	$186,904,201	(8.3%)	$225,974,265	(10.1%)
DOS	$8,137,422,558	$64,099,785	(0.8%)	$226,125,669	(2.8%)	$905,392,852	(11.1%)	$3,152,027,024	(38.7%)
DOT	$6,322,029,932	$189,016,249	(3.0%)	$340,330,780	(5.4%)	$690,848,766	(10.9%)	$1,068,724,961	(16.9%)
ED	$1,835,448,675	$1,145,496	(0.1%)	$86,007,380	(4.7%)	$67,409,746	(3.7%)	$361,416,076	(19.7%)
HHS	$19,131,133,732	$1,282,725,641	(6.7%)	$676,845,059	(3.5%)	$1,642,141,793	(8.6%)	$4,988,361,263	(26.1%)
HUD	$1,673,229,217	$6,612,930	(0.4%)	$7,745,967	(0.5%)	$223,394,639	(13.4%)	$228,790,523	(13.7%)
TREAS	$6,089,314,957	$569,592,972	(9.4%)	$365,116,232	(6.0%)	$554,955,055	(9.1%)	$721,712,042	(11.9%)
USDA	$6,136,997,239	$282,341,906	(4.6%)	$407,105,251	(6.6%)	$736,140,656	(12.0%)	$937,736,411	(15.3%)
VA	$16,235,855,987	$2,363,248,165	(14.6%)	$900,129,399	(5.5%)	$1,498,870,552	(9.2%)	$2,567,188,619	(15.8%)
2011									
DOC	$2,382,062,297	$173,199,571	(7.3%)	$68,070,487	(2.9%)	$356,914,983	(15.0%)	$522,911,390	(22.0%)
DHS	$14,240,554,935	$580,594,566	(4.1%)	$1,384,454,854	(9.7%)	$1,435,874,871	(10.1%)	$3,507,241,766	(24.6%)
DOI	$4,176,984,153	$111,885,150	(2.7%)	$140,602,205	(3.4%)	$549,678,375	(13.2%)	$1,099,389,055	(26.3%)
DOD	$374,160,151,829	$23,750,771,433	(6.3%)	$26,115,939,042	(7.0%)	$29,564,937,020	(7.9%)	$64,668,063,888	(17.3%)
DOE	$25,091,037,810	$2,785,938,092	(11.1%)	$500,961,980	(2.0%)	$1,418,593,707	(5.7%)	$1,476,274,323	(5.9%)
DOJ	$7,322,861,881	$918,892,629	(12.5%)	$390,699,439	(5.3%)	$572,708,464	(7.8%)	$1,343,965,720	(18.4%)
DOL	$1,964,143,750	$70,645,920	(3.6%)	$224,252,413	(11.4%)	$242,784,760	(12.4%)	$221,430,855	(11.3%)
DOS	$9,179,887,383	$42,843,107	(0.5%)	$241,882,000	(2.6%)	$1,146,582,096	(12.5%)	$3,238,722,075	(35.3%)
DOT	$6,310,227,606	$187,643,888	(3.0%)	$286,347,153	(4.5%)	$589,309,264	(9.3%)	$1,117,733,978	(17.7%)
ED	$1,864,906,980	$19,940,528	(1.1%)	$181,000,965	(9.7%)	$91,784,482	(4.9%)	$355,295,902	(19.1%)
HHS	$19,574,913,448	$656,808,149	(3.4%)	$1,190,524,366	(6.1%)	$2,239,673,894	(11.4%)	$4,576,575,247	(23.4%)
HUD	$1,697,197,350	$9,958,532	(0.6%)	$225,933,629	(13.3%)	$67,011,087	(3.9%)	$279,665,707	(16.5%)
TREAS	$7,228,010,478	$495,185,899	(6.9%)	$482,894,172	(6.7%)	$825,780,174	(11.4%)	$1,002,180,652	(13.9%)
USDA	$5,281,304,649	$286,033,070	(5.4%)	$324,849,742	(6.2%)	$732,078,680	(13.9%)	$1,113,222,548	(21.1%)
VA	$17,503,218,907	$2,989,702,911	(17.1%)	$714,257,316	(4.1%)	$1,261,332,471	(7.2%)	$3,698,439,446	(21.1%)
2012									
DOC	$2,361,406,667	$93,041,680	(3.9%)	$139,890,360	(5.9%)	$316,642,959	(13.4%)	$369,924,309	(15.7%)
DHS	$12,409,034,172	$307,475,488	(2.5%)	$799,256,698	(6.4%)	$1,224,746,884	(9.9%)	$2,409,720,036	(19.4%)
DOI	$4,147,643,054	$44,467,062	(1.1%)	$97,233,196	(2.3%)	$697,039,649	(16.8%)	$1,118,660,592	(27.0%)
DOD	$361,593,594,294	$19,171,341,588	(5.3%)	$21,448,097,502	(5.9%)	$24,758,239,233	(6.8%)	$62,111,393,731	(17.2%)
DOE	$25,155,984,021	$2,370,205,294	(9.4%)	$1,468,281,334	(5.8%)	$1,056,646,440	(4.2%)	$1,260,889,900	(5.0%)
DOJ	$6,648,176,935	$901,336,403	(13.6%)	$380,071,195	(5.7%)	$487,639,677	(7.3%)	$1,363,142,562	(20.5%)
DOL	$2,014,770,774	$159,514,285	(7.9%)	$135,343,375	(6.7%)	$101,927,100	(5.1%)	$246,582,741	(12.2%)
DOS	$8,315,467,866	$53,454,888	(0.6%)	$478,842,365	(5.8%)	$721,670,698	(8.7%)	$3,646,548,452	(43.9%)
DOT	$6,404,053,760	$206,679,561	(3.2%)	$311,055,456	(4.9%)	$702,084,447	(11.0%)	$971,690,730	(15.2%)
ED	$2,061,985,966	$918,806	(0.0%)	$154,894,411	(7.5%)	$197,721,998	(9.6%)	$352,159,338	(17.1%)
HHS	$19,238,618,782	$398,632,235	(2.1%)	$1,557,160,577	(8.1%)	$2,880,260,355	(15.0%)	$4,687,013,243	(24.4%)
HUD	$1,451,823,200	$80,347,664	(5.5%)	$33,700,154	(2.3%)	$182,257,525	(12.6%)	$297,304,988	(20.5%)
TREAS	$5,911,528,160	$505,106,035	(8.5%)	$450,445,924	(7.6%)	$621,363,425	(10.5%)	$817,306,245	(13.8%)
USDA	$5,248,763,530	$304,071,951	(5.8%)	$332,975,385	(6.3%)	$699,076,084	(13.3%)	$1,178,881,401	(22.5%)
VA	$17,285,288,474	$2,495,335,542	(14.4%)	$1,303,860,813	(7.5%)	$1,182,525,441	(6.8%)	$3,307,602,035	(19.1%)

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Agency (by year)	Total	October		November		August		September	
2013									
DOC	$2,298,565,529	$193,709,775	(8.4%)	$82,075,898	(3.6%)	$273,238,263	(11.9%)	$509,541,651	(22.2%)
DHS	$12,230,567,804	$589,479,567	(4.8%)	$1,360,716,558	(11.1%)	$1,208,787,907	(9.9%)	$2,429,640,659	(19.9%)
DOI	$3,687,124,139	$21,844,600	(0.6%)	$148,663,378	(4.0%)	$627,152,666	(17.0%)	$962,790,034	(26.1%)
DOD	$308,242,488,005	$22,742,796,036	(7.4%)	$24,485,720,752	(7.9%)	$22,165,840,927	(7.2%)	$56,406,263,800	(18.3%)
DOE	$23,954,010,428	$8,005,081,960	(33.4%)	$598,317,428	(2.5%)	$1,199,582,770	(5.0%)	$1,430,564,041	(6.0%)
DOJ	$7,267,817,297	$1,063,497,250	(14.6%)	$333,896,624	(4.6%)	$736,421,256	(10.1%)	$1,211,767,270	(16.7%)
DOL	$1,958,350,398	$317,108,145	(16.2%)	$36,898,968	(1.9%)	$97,672,493	(5.0%)	$181,932,367	(9.3%)
DOS	$7,334,415,105	$90,891,163	(1.2%)	$214,457,398	(2.9%)	$857,767,119	(11.7%)	$2,843,646,433	(38.8%)
DOT	$6,095,962,285	$237,929,113	(3.9%)	$415,439,590	(6.8%)	$716,426,411	(11.8%)	$906,049,255	(14.9%)
ED	$2,627,989,210	$13,097,963	(0.5%)	$185,864,139	(7.1%)	$293,523,353	(11.2%)	$365,391,502	(13.9%)
HHS	$19,973,620,522	$772,044,857	(3.9%)	$770,842,458	(3.9%)	$2,405,105,317	(12.0%)	$5,727,069,754	(28.7%)
HUD	$1,582,129,780	$2,503,937	(0.2%)	$57,306,621	(3.6%)	$71,692,234	(4.5%)	$142,642,021	(9.0%)
TREAS	$6,870,628,676	$560,287,387	(8.2%)	$617,818,099	(9.0%)	$514,156,537	(7.5%)	$678,541,852	(9.9%)
USDA	$5,145,656,679	$391,367,791	(7.6%)	$526,479,728	(10.2%)	$698,223,719	(13.6%)	$861,217,033	(16.7%)
VA	$18,277,463,787	$2,758,836,858	(15.1%)	$704,382,781	(3.9%)	$1,376,881,471	(7.5%)	$3,755,005,687	(20.5%)
2014									
DOC	$2,959,881,787	$121,083,003	(4.1%)	$172,093,299	(5.8%)	$381,879,365	(12.9%)	$547,885,831	(18.5%)
DHS	$12,860,174,183	$509,006,700	(4.0%)	$860,594,892	(6.7%)	$1,139,385,561	(8.9%)	$2,610,438,033	(20.3%)
DOI	$4,190,893,957	$21,489,775	(0.5%)	$111,928,207	(2.7%)	$746,072,845	(17.8%)	$1,115,843,238	(26.6%)
DOD	$284,313,879,940	$15,333,892,659	(5.4%)	$17,230,666,849	(6.1%)	$19,848,385,866	(7.0%)	$47,443,783,091	(16.7%)
DOE	$25,453,060,374	$4,255,878,707	(16.7%)	$958,422,287	(3.8%)	-$140,611,178	-(0.6%)	$1,430,889,172	(5.6%)
DOJ	$7,200,783,411	$596,418,073	(8.3%)	$527,403,566	(7.3%)	$510,345,445	(7.1%)	$1,882,884,969	(26.1%)
DOL	$2,143,433,952	$234,335,309	(10.9%)	$165,147,766	(7.7%)	$520,630,976	(24.3%)	$325,711,718	(15.2%)
DOS	$9,068,469,889	$24,853,581	(0.3%)	$289,918,074	(3.2%)	$719,934,841	(7.9%)	$3,311,801,735	(36.5%)
DOT	$6,222,784,624	$135,791,013	(2.2%)	$348,885,223	(5.6%)	$709,599,977	(11.4%)	$879,371,597	(14.1%)
ED	$2,937,355,896	$10,710,053	(0.4%)	$737,997,358	(25.1%)	$210,990,114	(7.2%)	$432,604,109	(14.7%)
HHS	$20,209,144,147	$898,012,678	(4.4%)	$483,554,778	(2.4%)	$2,249,104,169	(11.1%)	$4,812,674,295	(23.8%)
HUD	$1,206,066,431	-$5,086,919	-(0.4%)	$65,378,755	(5.4%)	-$34,887,158	-(2.9%)	$146,942,757	(12.2%)
TREAS	$5,577,101,793	$501,276,784	(9.0%)	$367,965,379	(6.6%)	$517,487,116	(9.3%)	$785,636,448	(14.1%)
USDA	$5,387,142,318	$189,459,240	(3.5%)	$400,427,192	(7.4%)	$655,223,846	(12.2%)	$1,096,665,835	(20.4%)
VA	$19,042,860,113	$2,691,687,160	(14.1%)	$711,971,617	(3.7%)	$1,526,791,716	(8.0%)	$3,572,352,028	(18.8%)
2015									
DOC	$3,141,960,514	$117,110,178	(3.7%)	$88,332,653	(2.8%)	$415,084,452	(13.2%)	$611,529,659	(19.5%)
DHS	$13,411,456,145	$546,147,198	(4.1%)	$711,663,563	(5.3%)	$903,354,608	(6.7%)	$2,859,731,693	(21.3%)
DOI	$4,154,793,667	$21,662,376	(0.5%)	$116,850,742	(2.8%)	$444,506,210	(10.7%)	$985,008,129	(23.7%)
DOD	$273,503,736,574	$20,792,205,534	(7.6%)	$21,559,412,800	(7.9%)	$20,105,213,366	(7.4%)	$41,100,957,550	(15.0%)
DOE	$25,155,408,606	$3,384,585,552	(13.5%)	$420,279,644	(1.7%)	$682,835,800	(2.7%)	$1,424,743,479	(5.7%)
DOJ	$7,697,901,884	$801,536,620	(10.4%)	$383,632,604	(5.0%)	$522,824,851	(6.8%)	$1,345,912,698	(17.5%)
DOL	$2,197,950,922	$108,754,866	(4.9%)	$118,169,038	(5.4%)	$288,438,475	(13.1%)	$374,610,877	(17.0%)

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Agency (by year)	Total	October		November		August		September	
DOS	$8,374,067,912	$73,477,899	(0.9%)	$111,402,289	(1.3%)	$827,910,385	(9.9%)	$2,920,821,187	(34.9%)
DOT	$6,098,432,827	$247,089,573	(4.1%)	$181,758,230	(3.0%)	$639,111,571	(10.5%)	$863,479,312	(14.2%)
ED	$2,669,682,267	$53,822,909	(2.0%)	$451,843,979	(16.9%)	$140,743,011	(5.3%)	$648,133,484	(24.3%)
HHS	$21,870,437,825	$1,435,826,930	(6.6%)	$622,427,449	(2.8%)	$2,164,261,358	(9.9%)	$5,503,207,276	(25.2%)
HUD	$1,169,796,297	$62,028,028	(5.3%)	-$8,674,851	-(0.7%)	$29,767,290	(2.5%)	$380,949,367	(32.6%)
TREAS	$5,692,397,246	$524,641,007	(9.2%)	$376,211,809	(6.6%)	$558,922,142	(9.8%)	$922,077,590	(16.2%)
USDA	$6,117,011,342	$240,435,802	(3.9%)	$365,159,077	(6.0%)	$911,005,523	(14.9%)	$1,218,756,052	(19.9%)
VA	$20,071,397,203	$3,201,564,191	(16.0%)	$916,298,110	(4.6%)	$1,528,940,476	(7.6%)	$3,142,016,175	(15.7%)
2003–2015									
DOC	$32,558,153,085	$1,884,018,727	(5.8%)	$1,460,090,066	(4.5%)	$3,731,716,105	(11.5%)	$6,428,084,674	(19.7%)
DHS	$161,647,101,944	$7,747,711,334	(4.8%)	$11,024,983,924	(6.8%)	$14,002,710,345	(8.7%)	$35,972,164,926	(22.3%)
DOI	$56,927,957,575	$2,182,399,642	(3.8%)	$2,646,014,280	(4.6%)	$6,544,982,543	(11.5%)	$13,766,569,063	(24.2%)
DOD		$311,764,107,726	(7.7%)	$298,151,504,211	(7.4%)	$285,007,492,864	(7.0%)	$634,559,788,321	(15.6%)
DOE	$329,695,661,044	$40,572,813,928	(12.3%)	$21,031,718,753	(6.4%)	$13,090,730,895	(4.0%)	$19,817,777,930	(6.0%)
DOJ	$80,231,614,831	$12,402,535,849	(15.5%)	$4,012,715,271	(5.0%)	$5,815,886,568	(7.2%)	$15,228,411,171	(19.0%)
DOL	$25,217,088,938	$2,394,298,977	(9.5%)	$1,852,420,695	(7.3%)	$2,477,093,051	(9.8%)	$2,989,445,379	(11.9%)
DOS	$89,352,696,649	$1,380,250,586	(1.5%)	$2,651,956,529	(3.0%)	$8,870,087,962	(9.9%)	$33,441,921,610	(37.4%)
DOT	$62,770,276,395	$3,744,704,000	(6.0%)	$3,426,591,302	(5.5%)	$6,604,725,517	(10.5%)	$9,920,906,094	(15.8%)
ED	$24,346,479,187	$129,963,675	(0.5%)	$2,211,268,537	(9.1%)	$1,667,949,317	(6.9%)	$4,422,499,098	(18.2%)
HHS	$207,522,749,716	$9,860,333,148	(4.8%)	$9,080,611,834	(4.4%)	$21,925,069,463	(10.6%)	$52,985,060,963	(25.5%)
HUD	$16,701,544,456	$548,725,449	(3.3%)	$623,328,872	(3.7%)	$1,248,891,936	(7.5%)	$2,734,161,732	(16.4%)
TREAS	$66,753,768,607	$5,836,471,586	(8.7%)	$4,336,329,633	(6.5%)	$6,314,210,074	(9.5%)	$9,385,018,774	(14.1%)
USDA	$65,218,879,548	$4,283,659,476	(6.6%)	$4,427,121,783	(6.8%)	$7,945,796,377	(12.2%)	$12,333,346,047	(18.9%)
VA	$185,100,436,900	$38,125,078,913	(20.6%)	$7,496,622,382	(4.1%)	$13,574,531,745	(7.3%)	$34,896,763,082	(18.9%)

TABLE A2. OCTOBER, NOVEMBER, AUGUST, AND SEPTEMBER EXECUTIVE DEPARTMENT PRIME CONTRACTS SIGNED, FY 2015

Agency	Total contracts signed	October		November		August		September	
DOC	26,075	963	(3.7%)	1,308	(5.0%)	3,485	(13.4%)	4,297	(16.5%)
DHS	82,268	5,051	(6.1%)	4,491	(5.5%)	8,598	(10.5%)	12,541	(15.2%)
DOI	71,528	1,114	(1.6%)	3,099	(4.3%)	9,337	(13.1%)	11,884	(16.6%)
DOD	2,097,269	242,053	(11.5%)	309,917	(14.8%)	283,133	(13.5%)	336,567	(16.0%)
DOE	13,506	566	(4.2%)	655	(4.8%)	1,284	(9.5%)	2,238	(16.6%)
DOJ	152,347	17,450	(11.5%)	9,151	(6.0%)	12,519	(8.2%)	18,358	(12.1%)
DOL	7,998	348	(4.4%)	425	(5.3%)	806	(10.1%)	1,477	(18.5%)
DOS	96,453	3,981	(4.1%)	4,853	(5.0%)	9,885	(10.2%)	21,297	(22.1%)
DOT	22,351	1,295	(5.8%)	1,288	(5.8%)	2,273	(10.2%)	2,982	(13.3%)
ED	3,531	165	(4.7%)	170	(4.8%)	343	(9.7%)	854	(24.2%)
HHS	90,550	3,851	(4.3%)	4,891	(5.4%)	10,229	(11.3%)	13,089	(14.5%)
HUD	3,419	126	(3.7%)	203	(5.9%)	429	(12.5%)	777	(22.7%)
TREAS	25,040	2,562	(10.2%)	1,543	(6.2%)	2,156	(8.6%)	3,360	(13.4%)
USDA	68,548	4,758	(6.9%)	3,619	(5.3%)	9,394	(13.7%)	10,411	(15.2%)
VA	214,412	26,146	(12.2%)	13,466	(6.3%)	17,785	(8.3%)	23,416	(10.9%)

TABLE A3. QUARTERLY EXECUTIVE DEPARTMENT PRIME CONTRACT AWARD EXPENDITURES AND CONTRACTS SIGNED, FY 2015

Panel A. Expenditures

Agency	Total expenditures	Q1		Q2		Q3		Q4	
DOC	$3,141,960,514	$478,163,225	(15.2%)	$591,328,706	(18.8%)	$774,478,105	(24.6%)	$1,297,990,478	(41.3%)
DHS	$13,411,456,145	$2,054,869,977	(15.3%)	$2,794,516,205	(20.8%)	$3,951,021,377	(29.5%)	$4,611,048,586	(34.4%)
DOI	$4,154,793,667	$412,445,181	(9.9%)	$820,070,734	(19.7%)	$916,240,994	(22.1%)	$2,006,036,758	(48.3%)
DOD	$273,503,736,574	$66,231,561,696	(24.2%)	$70,465,887,433	(25.8%)	$54,969,226,880	(20.1%)	$81,837,060,565	(29.9%)
DOE	$25,155,408,606	$5,606,074,283	(22.3%)	$11,606,516,219	(46.1%)	$4,392,915,048	(17.5%)	$3,549,903,056	(14.1%)
DOJ	$7,697,901,884	$1,674,063,290	(21.7%)	$2,204,729,593	(28.6%)	$1,386,597,642	(18.0%)	$2,432,511,358	(31.6%)
DOL	$2,197,950,922	$285,339,042	(13.0%)	$353,903,866	(16.1%)	$418,239,567	(19.0%)	$1,140,468,448	(51.9%)
DOS	$8,374,067,912	$562,546,711	(6.7%)	$1,216,678,966	(14.5%)	$2,125,385,951	(25.4%)	$4,469,456,285	(53.4%)
DOT	$6,098,432,827	$823,684,496	(13.5%)	$1,912,423,940	(31.4%)	$1,433,123,024	(23.5%)	$1,929,201,368	(31.6%)
ED	$2,669,682,267	$604,150,011	(22.6%)	$421,298,544	(15.8%)	$754,441,042	(28.3%)	$889,792,670	(33.3%)
HHS	$21,870,437,825	$2,903,944,000	(13.3%)	$4,645,255,158	(21.2%)	$5,105,275,264	(23.3%)	$9,215,963,404	(42.1%)
HUD	$1,169,796,297	$113,691,783	(9.7%)	$100,777,911	(8.6%)	$375,397,842	(32.1%)	$579,928,760	(49.6%)
TREAS	$5,692,397,246	$1,295,798,446	(22.8%)	$1,141,664,136	(20.1%)	$1,379,437,305	(24.2%)	$1,875,497,359	(32.9%)
USDA	$6,117,011,342	$983,332,433	(16.1%)	$878,851,281	(14.4%)	$1,417,112,973	(23.2%)	$2,837,714,654	(46.4%)
VA	$20,071,397,203	$5,496,468,303	(27.4%)	$4,201,787,371	(20.9%)	$4,323,622,231	(21.5%)	$6,049,519,298	(30.1%)

Panel B. Contracts

Agency	Total contracts signed	Q1		Q2		Q3		Q4	
DOC	26,075	3,888	(14.9%)	5,164	(19.8%)	6,445	(24.7%)	10,578	(40.6%)
DHS	82,268	14,779	(18.0%)	17,862	(21.7%)	20,949	(25.5%)	28,678	(34.9%)
DOI	71,528	8,883	(12.4%)	16,915	(23.6%)	16,897	(23.6%)	28,833	(40.3%)
DOD	2,097,269	534,122	(25.5%)	444,924	(21.2%)	498,523	(23.8%)	619,700	(29.5%)
DOE	13,506	2,098	(15.5%)	3,076	(22.8%)	3,637	(26.9%)	4,695	(34.8%)
DOJ	152,347	38,844	(25.5%)	35,742	(23.5%)	35,099	(23.0%)	42,662	(28.0%)
DOL	7,998	1,417	(17.7%)	1,600	(20.0%)	1,959	(24.5%)	3,022	(37.8%)
DOS	96,453	14,888	(15.4%)	19,648	(20.4%)	22,276	(23.1%)	39,641	(41.1%)
DOT	22,351	4,242	(19.0%)	5,593	(25.0%)	5,255	(23.5%)	7,261	(32.5%)
ED	3,531	507	(14.4%)	640	(18.1%)	939	(26.6%)	1,445	(40.9%)
HHS	90,550	14,976	(16.5%)	21,233	(23.4%)	22,113	(24.4%)	32,228	(35.6%)
HUD	3,419	583	(17.1%)	642	(18.8%)	704	(20.6%)	1,490	(43.6%)
TREAS	25,040	5,924	(23.7%)	6,130	(24.5%)	5,675	(22.7%)	7,311	(29.2%)
USDA	68,548	12,774	(18.6%)	12,992	(19.0%)	16,871	(24.6%)	25,911	(37.8%)
VA	214,412	56,161	(26.2%)	49,866	(23.3%)	49,629	(23.1%)	58,756	(27.4%)

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