

Unspent Funds Across Federal Agencies

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Agenda

1 Policy Issue

2 Unobligated Balances

3 Unliquidated Obligations

4 Recommendations

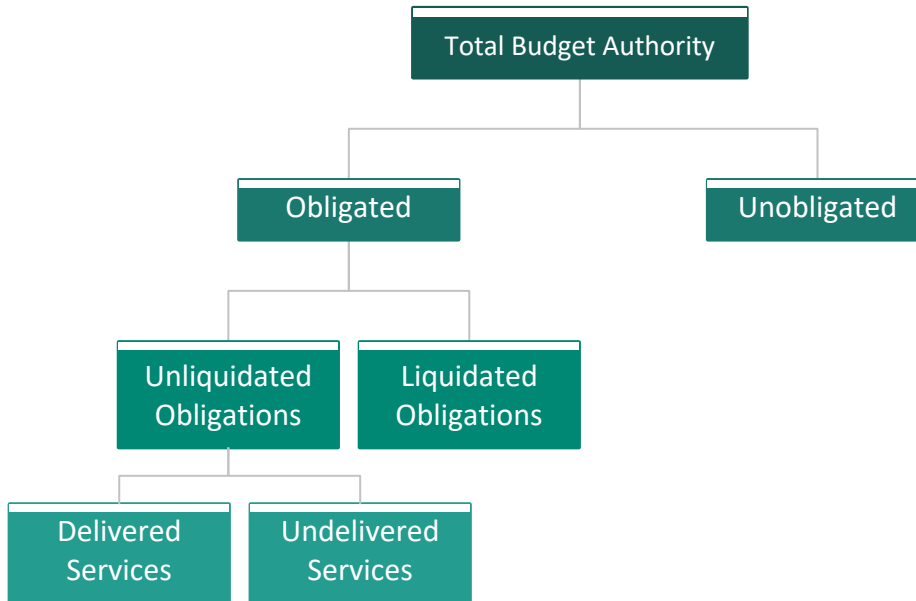
5 Questions

Policy Issue

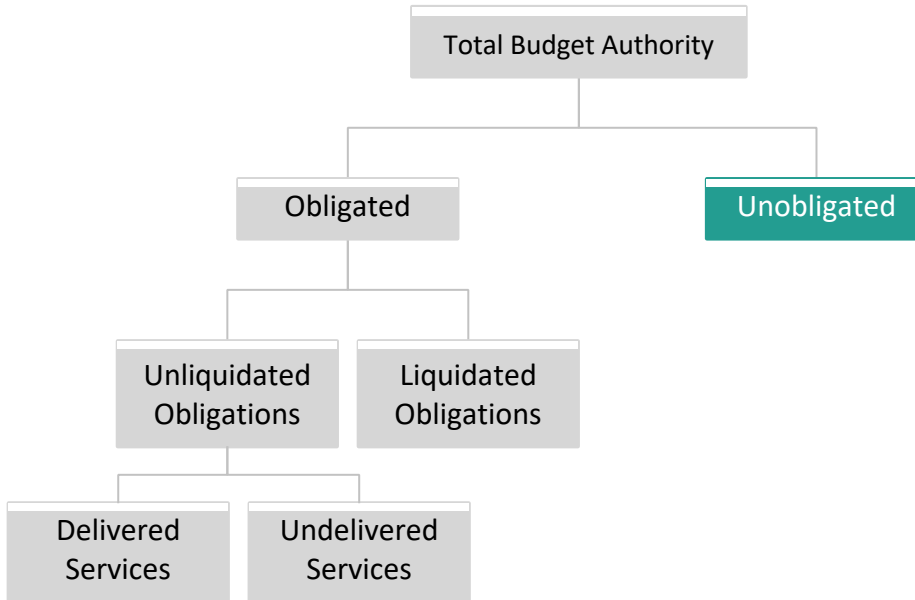
What are the **reasons** individual agencies have **unspent balances**?

In an era of both **budget austerity** and **uncertainty**, how can unspent money be monitored on a government-wide basis?

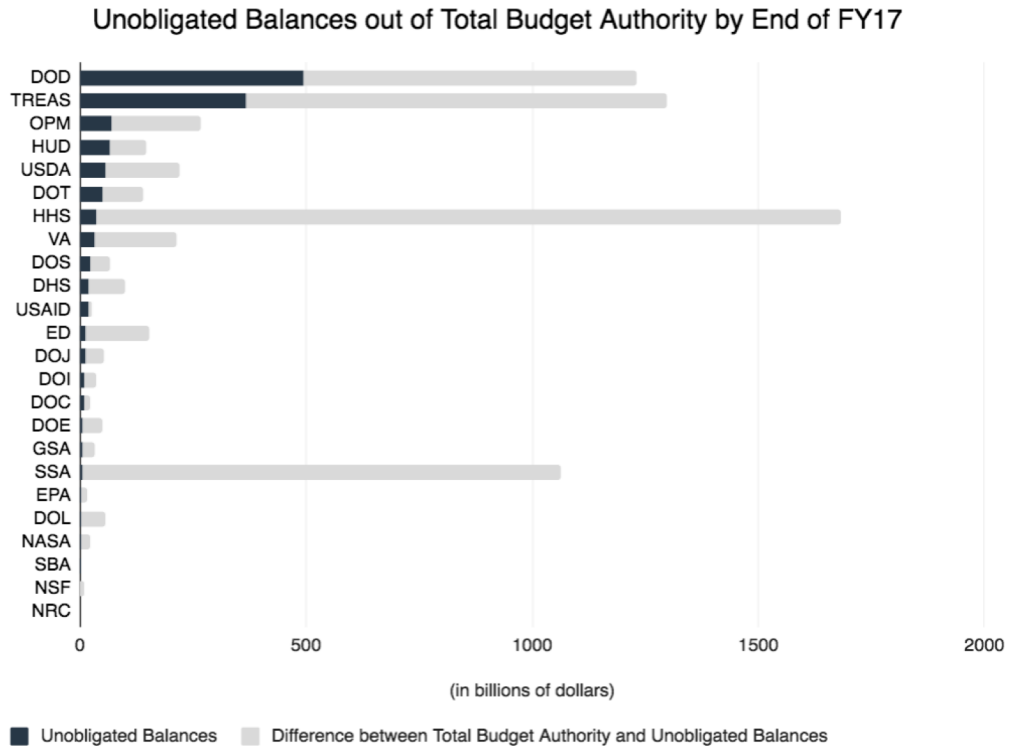
Unobligated Balances



Unobligated Balances



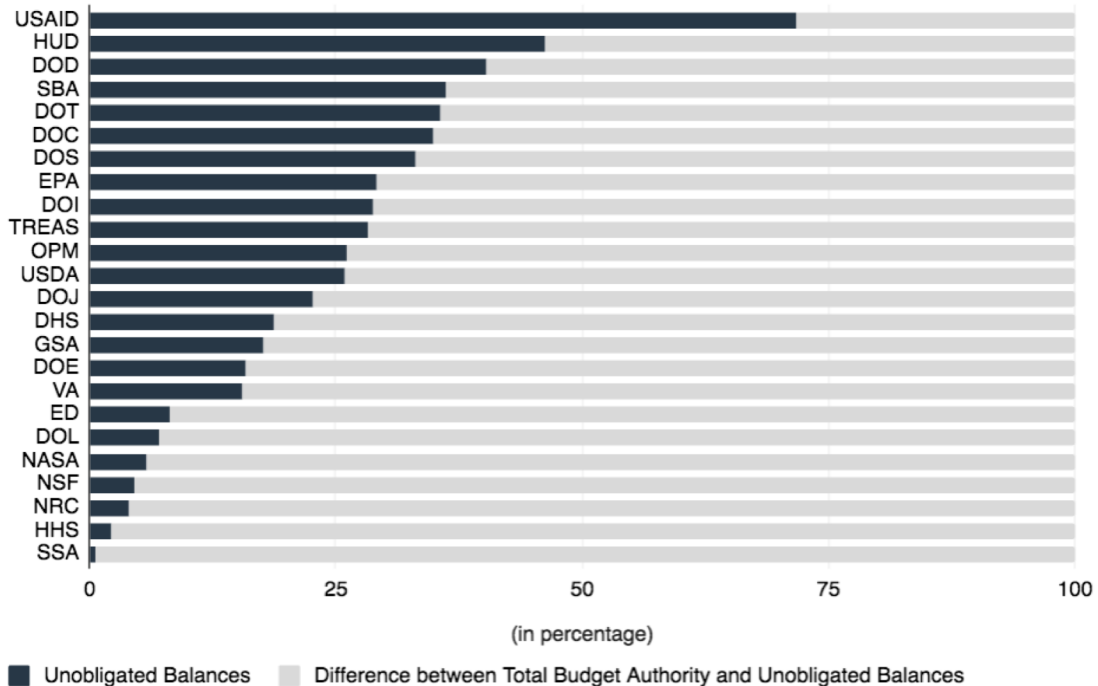
Unobligated Balances



Source: USAspending.gov

Unobligated Balances (Percentage)

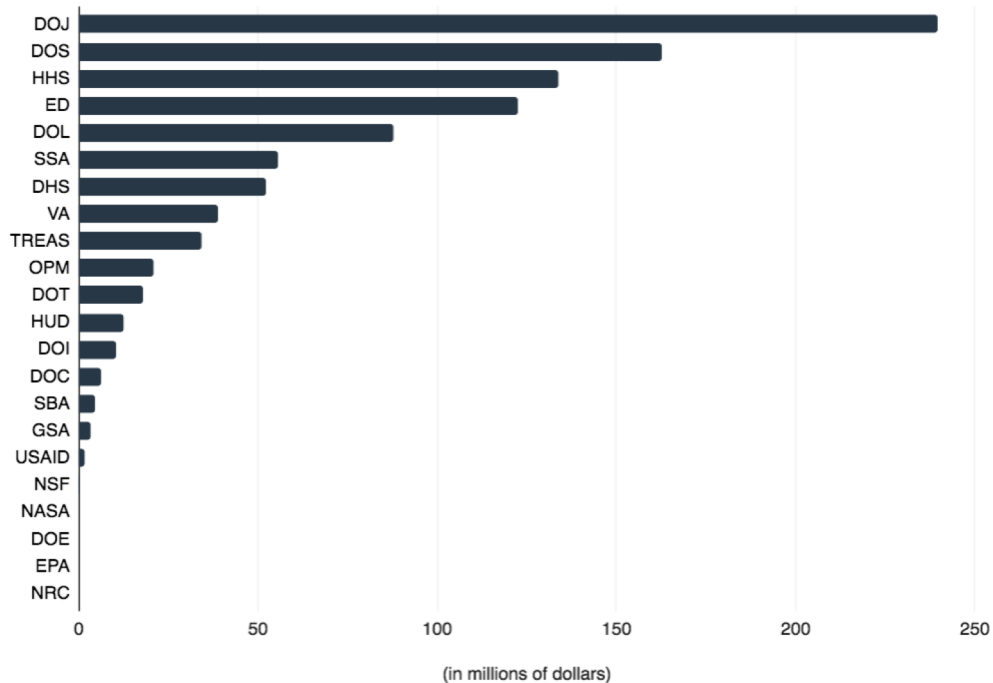
Unobligated Balances out of Total Budget Authority by End of FY17



Source: USAspending.gov

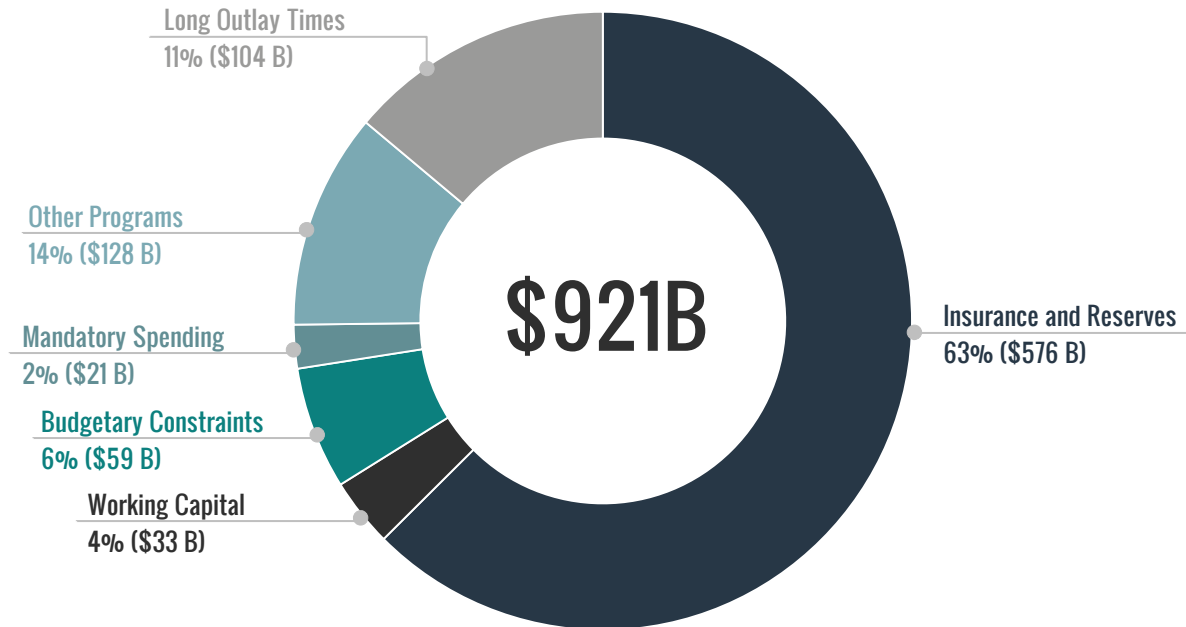
Unobligated Balance: Single Year

Single-year Unobligated Balances by End of FY17 (Excluding DOD and USDA)



Source: USAspending.gov

Reasons for Unobligated Balances



Source: Office of Management and Budget

Insurance Majority of Unobligated Balances

Insurance and Reserves



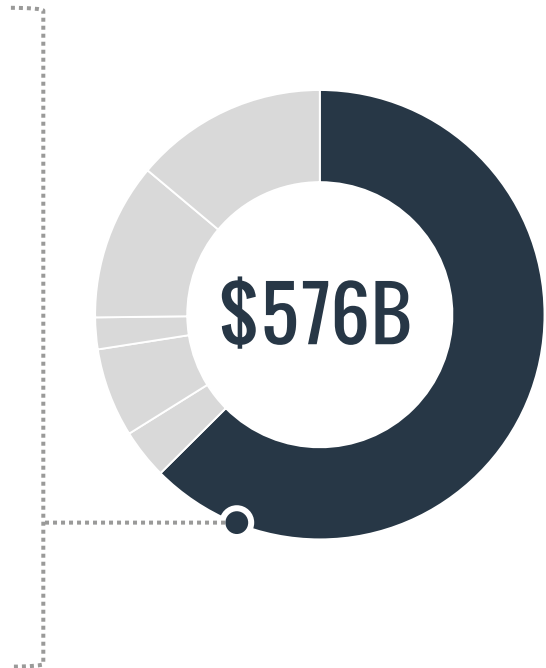
Fannie Mae and Freddie Mac



Federal Deposit Insurance Corporation



Federal Government Employees Benefits and Pensions



Source: Government Accountability Office and Office of Management and Budget

Long Outlay Time: Part of Budgeting

Long Outlay Times



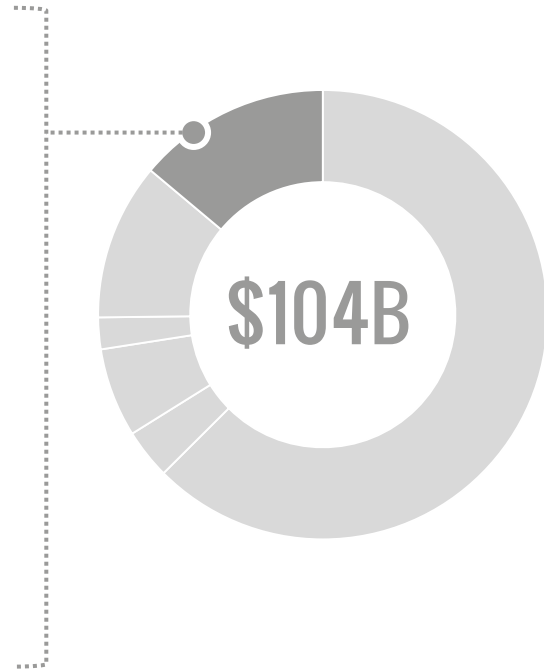
Fundamental budget principle



Projects take time to complete with construction, procurement, and R&D



Alternative: partial funding each year; BUT creates inefficiencies



Source: Government Accountability Office and Office of Management and Budget

Congress Limits Agency Spending

Budgetary Constraints



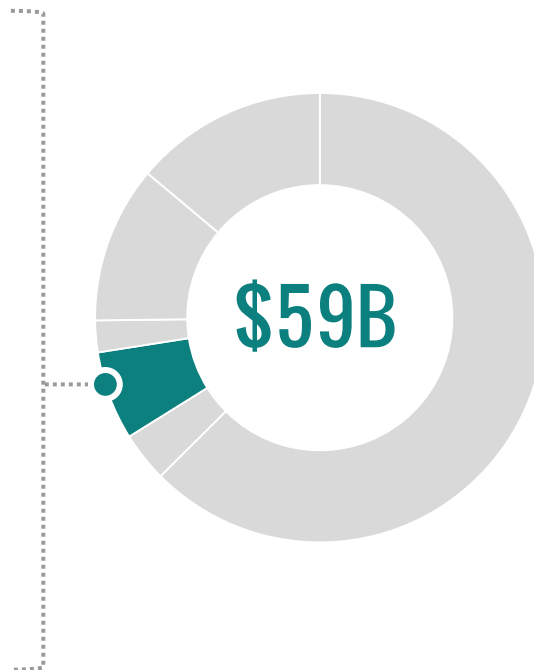
Overcollection of fees



Congress caps contract authority by annual or multi-year limitations



Example: Federal Highway Administration's obligation limit set lower than annual contract authority level



Source: Government Accountability Office and Office of Management and Budget

Policy Issue

Unobligated

Unliquidated

Recommendations

Working Capital Provides Liquidity

Working Capital



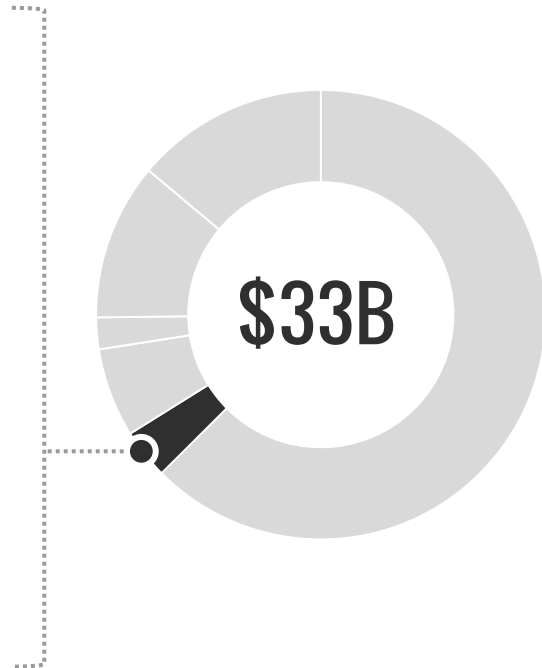
Accounts need working capital to produce goods and services to sell to customers



Unobligated Balances are necessary to have liquidity



Helps to satisfy maturing short-term debt and cover operational expenses



Source: Government Accountability Office and Office of Management and Budget

Mandatory Benefits Must Be Paid

Mandatory Spending



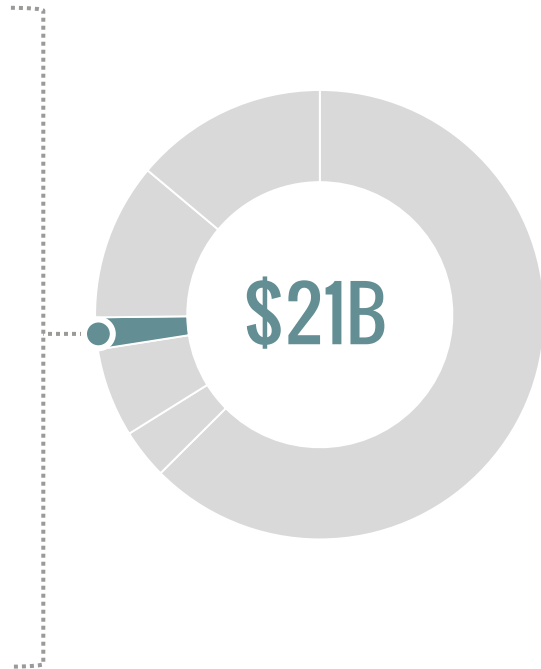
Mandatory spending as formula - uncertain of exact amount needed



Requires unobligated “cushion” to ensure payment of benefits



Eliminate need for agencies to ask for supplemental appropriations



Source: Government Accountability Office and Office of Management and Budget

Mismanagement, Politics, Uncertainty

Other Spending



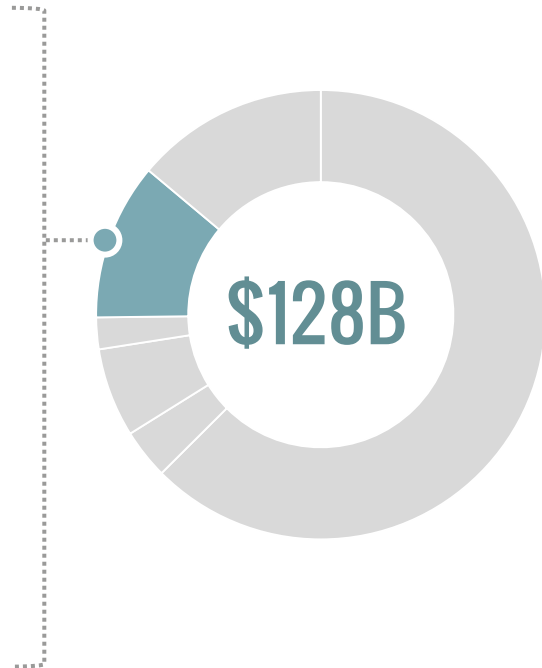
Budget Mismanagement: Slow Spendout Rate



Political: Agencies do not want to spend what they are appropriated

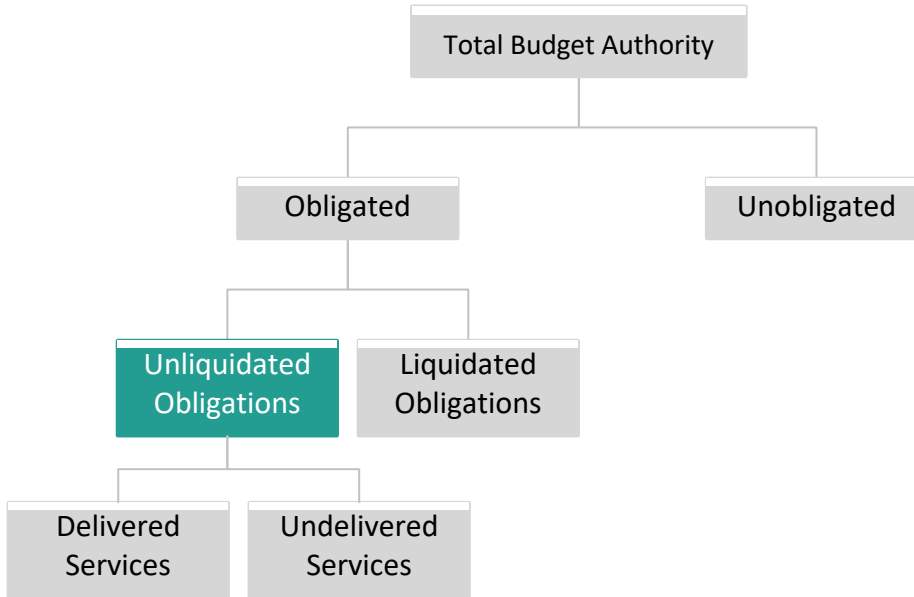


Budgetary Uncertainty: CRs and Sequestration, money held in reserve (WAPA)

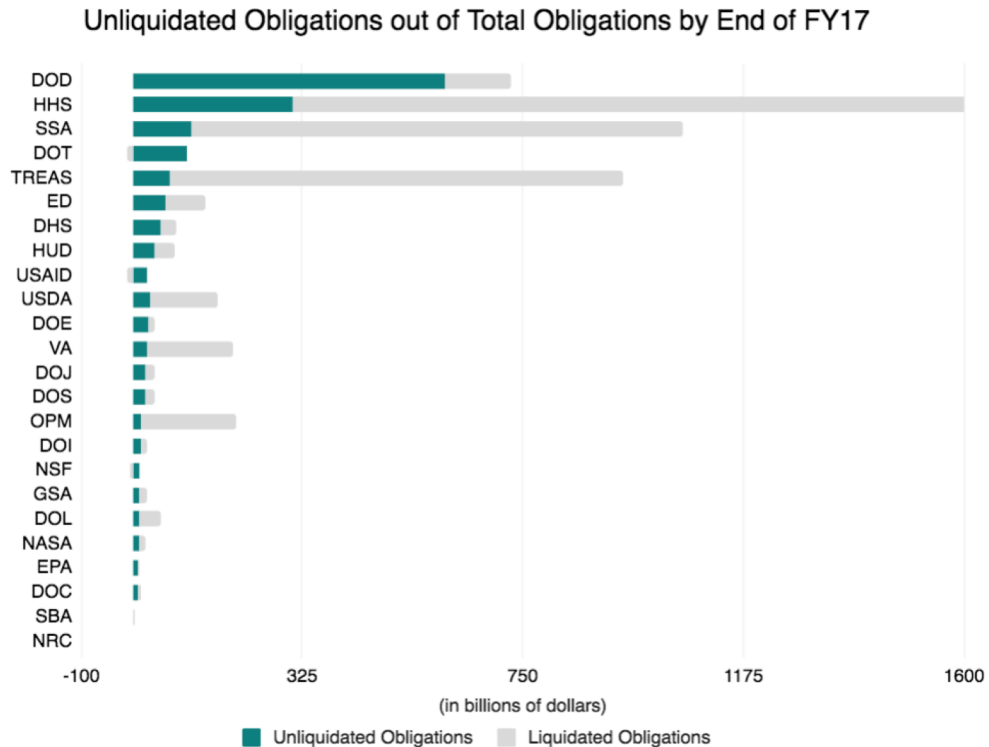


Source: Government Accountability Office and Office of Management and Budget

Unliquidated Obligations



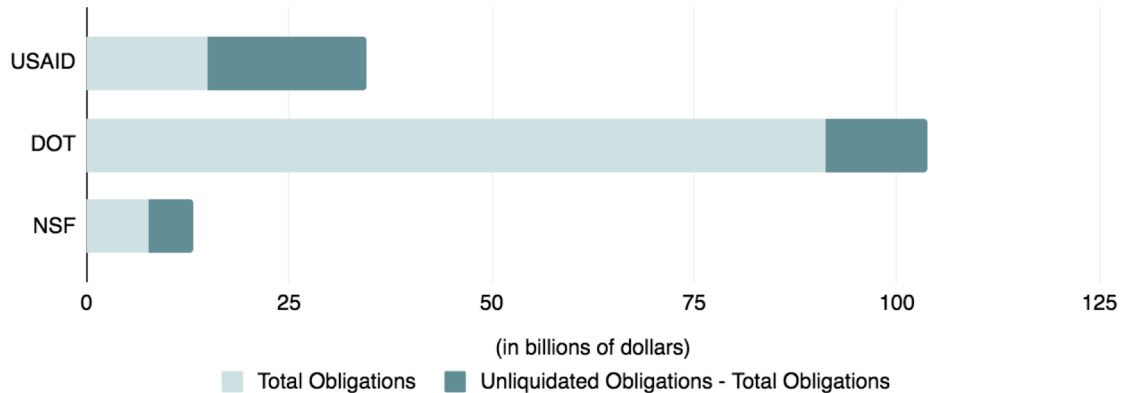
Unliquidated Obligations



Source: USAspending.gov

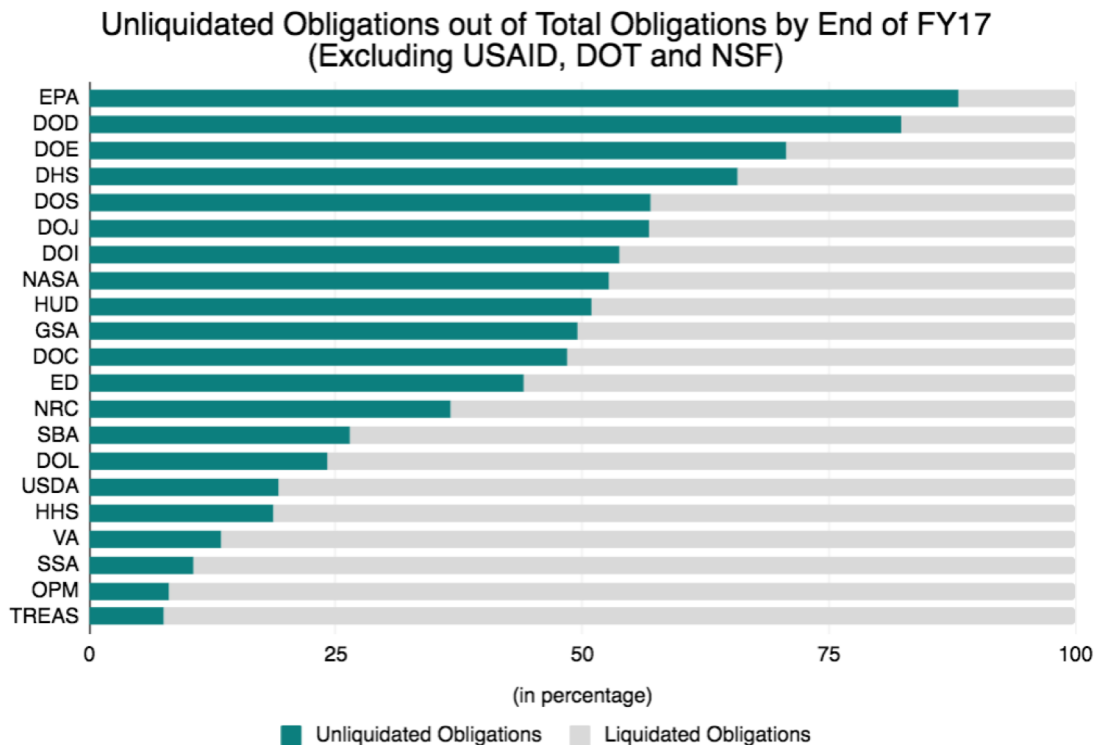
Unliquidated Obligations

Multi-year Unliquidated Obligations Exceed FY17 Total Obligations



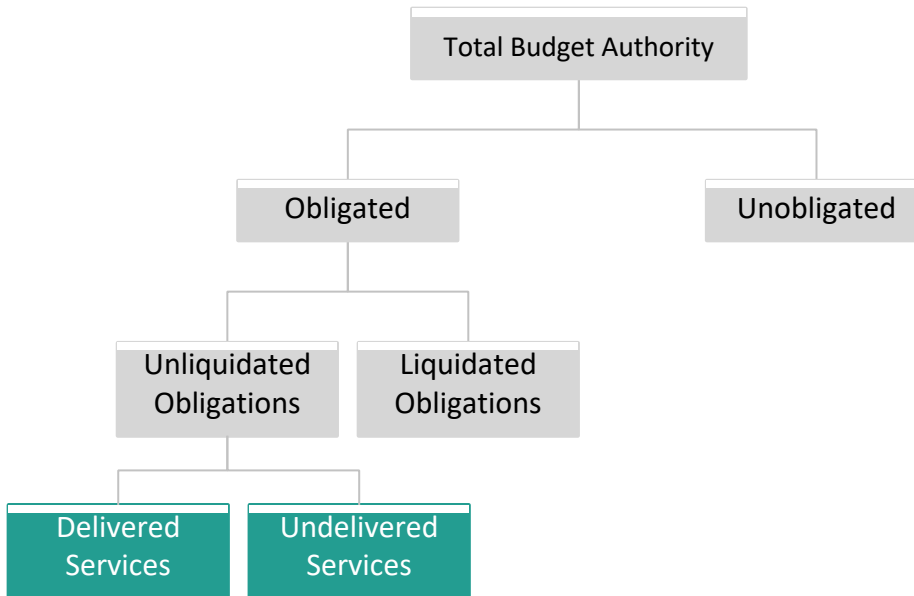
Source: USAspending.gov

Unliquidated Obligations (Percentage)

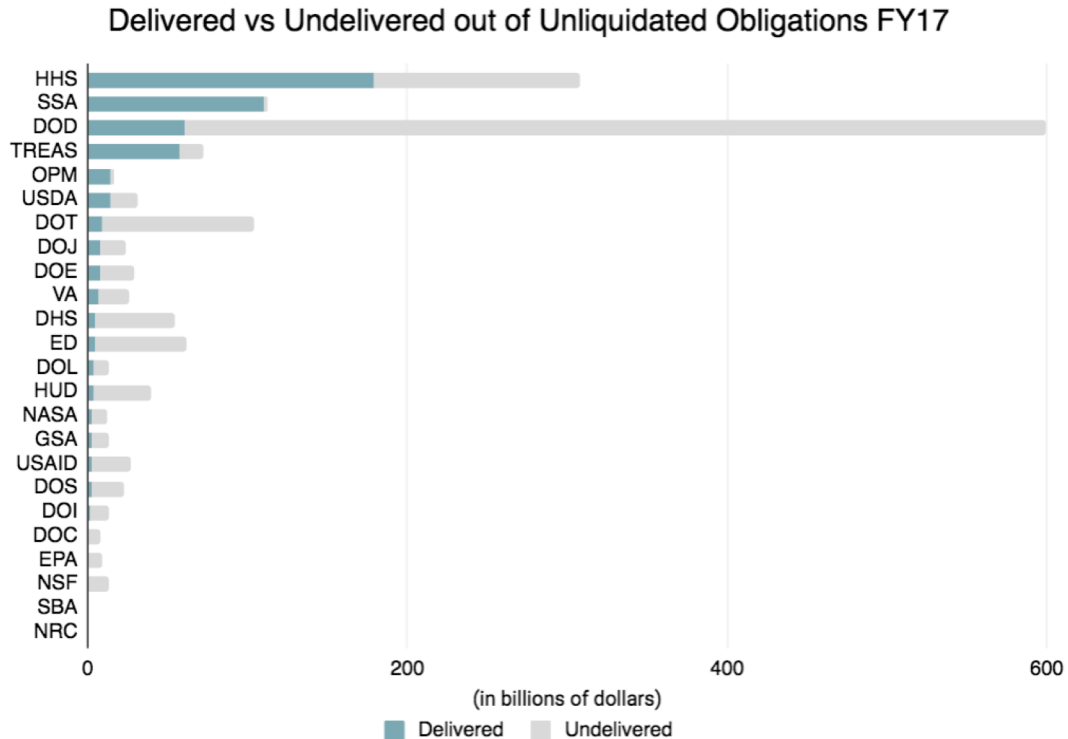


Source: USAspending.gov

Delivered vs Undelivered Services

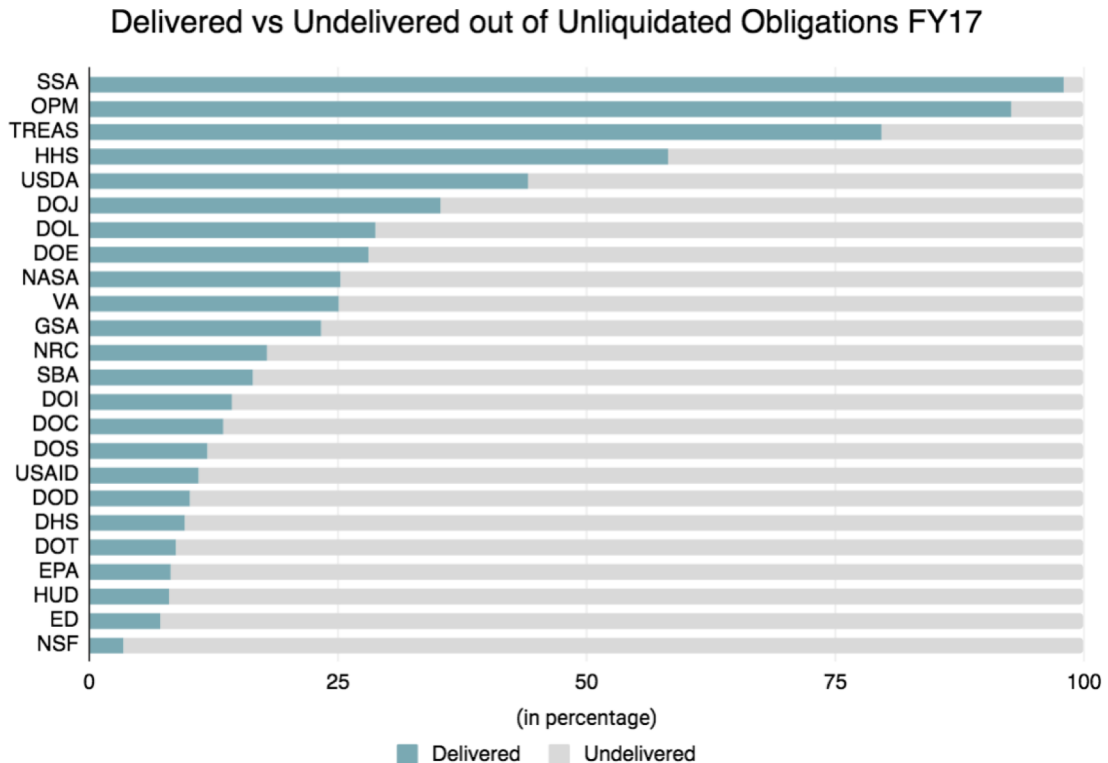


Delivered vs. Undelivered



Source: USAspending.gov

Delivered vs. Undelivered (Percentage)



Source: USAspending.gov

Unliquidated Obligations

Delivered > Undelivered

SSA

Pay out benefits after citizens have fulfilled their obligations of paying into the system (big “services” delivered but unpaid)

OPM

In charge of federal pensions

TREAS

Provides central payment services to federal agencies

Delivers administrative shared services to federal agencies

Source: Agency Financial Reports

Policy Issue

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Delivered < Undelivered

HUD

Provides grants to broad array of partners working on housing issues

Examples:

HOPE IV/Choice
Neighborhood Grants,
Community
Development Block
Grants

ED

Largest outlays are for portfolio of student loans and grant programs

Examples:

Pell Grant, Direct Loan

NSF

Provide grants in advance for research that will be “delivered” in the future

Encouraged faster payments to contractors

No significant risk of improper payments for grants/contracts/ payroll

Source: Agency Financial Reports

Policy Issue

What are the reasons individual agencies have unspent balances?

In an era of both budget austerity and uncertainty, how can unspent money be monitored on a government-wide basis?

Recommendations

- Examining top agencies that have more single-year unobligated funds
- For unliquidated obligations, look at agencies without a majority of undelivered or delivered services
- Tools to get agency specific information
 - Interview with agency officials
 - IG reports
 - FOIA requests
 - CRS reports
 - GAO spendout rate – more detailed analysis by agency

Questions

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