

The Washington Times

Federal agencies end fiscal year with shopping spree

\$8,788 in hand sanitizer, \$33,000 in toilet paper among last-minute buys

Kellan Howell

October 1, 2015

If you ever doubted that Christmas shopping really begins in September, look no further than Uncle Sam.

Federal agencies went on a spree last month, spending whatever leftover federal funds they had rather than give back the excess money to taxpayers before the federal fiscal year ended Wednesday.

The Social Security Administration bought \$8,788 worth of hand sanitizers in its New York office alone, while its Maryland office dropped \$41,133 more on “housekeeping supplies.” The Interior Department, the agency charged with protecting the nation’s forests, spent \$33,472 on toilet paper. And overseas, the State Department’s embassy in Benin stocked up on more than \$37,000 worth of ink and toner.

The “use it or lose it” shopping spree for this September could end up costing taxpayers \$471 billion, according to analysts. It’s a mentality that frustrates fiscal watchdogs, who wonder why agencies simply don’t return to the Treasury their unused budget funds to help ease crushing deficits and a national debt over \$18 trillion.

“The end of the fiscal year in September is a glaring showcase of waste just as agencies rush to spend the very last dollar. Taxpayers, current and future, receive no consideration in this annual exercise, which takes place regardless of the size of the federal deficit,” said Romina Boccia, a research fellow in budgetary affairs at The Heritage Foundation.

The current expenses follow a September 2014 splurge that included \$1.8 million in artwork at the Department of Veterans Affairs, \$2.4 million for IRS toner supplies and \$100,000 for booze at the State Department.

“‘Use it or lose it’ with agency budgets is almost always a losing proposition for taxpayers,” said Pete Sepp, president of the National Taxpayers Union. “Toner can be expensive, but for one embassy to run up a tab this high must mean it’s going into the publishing business.”

For doling out billions of taxpayer dollars on last-minute shopping at the end of the budget year, the entire federal bureaucracy wins this week's Golden Hammer, a weekly distinction awarded by The Washington Times highlighting examples of wasteful federal spending.

The year-end spending issue was the subject of a Sept. 30 hearing by the Senate Homeland Security and Governmental Affairs Subcommittee on Federal Spending Oversight and Emergency Management and led by Sen. Rand Paul, Kentucky Republican, a presidential hopeful famous for bristling over taxpayer waste.

"I think really it is important that, if Congress is to assert its authority of the power of the purse, that we look in every nook and cranny of the budget and look for ways to save money," Mr. Paul said at the hearing. "To me, even when I was not in office, we often hear at every level of people having money at the end saying, 'Use it or lose it. Get rid of it. Spend it or you won't get it next year.'"

While many federal employees trade stories of trivial purchases made during the rush to spend money on the last day of the fiscal calendar, there has been little empirical proof that federal agencies have been engaging in a systematic spending spree.

But a new report from the Mercatus Center at George Mason University, which examines federal contract spending data between 2000 and 2013, demonstrates that federal agencies spend a remarkably large percentage of their budgets in September compared to the rest of the 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 2013, September, the Department of State spent 38.8 percent of its contracting expenditures and the Department of Health and Human Services spent 28.7 percent," Mercatus Senior Research Fellow Jason Fichtner wrote in his report.

In fact, according to Mr. Fichtner's research, between 2003 and 2013, across all executive departments, 16.9 percent of contract expenditures occurred in September. That's more than double the amount one would expect to see if contract spending was split evenly over 12 months.

The State Department is generally the biggest September spender, consistently spending over 35 percent of its budget in the last month of the fiscal year. It's unclear why.

Some experts argue that agencies may be saving resources to cover necessary end-of-the-year spending.

Even if that is the case, several reports have highlighted that some of this spending is indeed wasteful.

“Don’t forget the \$1 million that the State Department shelled out for the granite sculpture installation and the \$5 million it spent to have glassblower Simon Pearce create 20 unique sets of wine glasses and barware for our embassies overseas. No doubt the taxpayers would be happy to raise a toast to that largesse,” said Leslie Paige, vice president of Citizens Against Government Waste, a nonpartisan spending watchdog.

So what can be done to curb the “use it or lose it” September spending spree? Some budget experts say Congress should begin slowly shrinking federal budgets by a few percentage points each year.

“That would help mimic the steady increases in productivity in the private sector, where businesses figure out how to produce more output at lower cost year after year,” said Chris Edwards, a budget analyst at the Cato Institute.

Mr. Paul has proposed his own solution, sponsoring the Bonuses for Cost-Cutters Act of 2015, which would allow federal agencies’ inspectors general to pay a bonus of up to \$10,000 when a federal employee identifies surplus or unneeded funds.

“If you’re in the private marketplace and can save money for your employer, you often get a bonus. Why don’t we give people, instead of having the perverse incentive to spend it all at the end of the year, why don’t we actually give you a bonus if you turn it back in?” Mr. Paul said at the subcommittee hearing. But he added, “As you can imagine, every appropriator from both parties is opposed to my bill.”