



SENATE COMMITTEE ON THE BUDGET BUDGET BULLETIN

CHAIRMAN MIKE ENZI | @BUDGETBULLETIN

115th Congress, 2nd Session: No. 4

August 2, 2018

Appropriations with Expired Authorizations

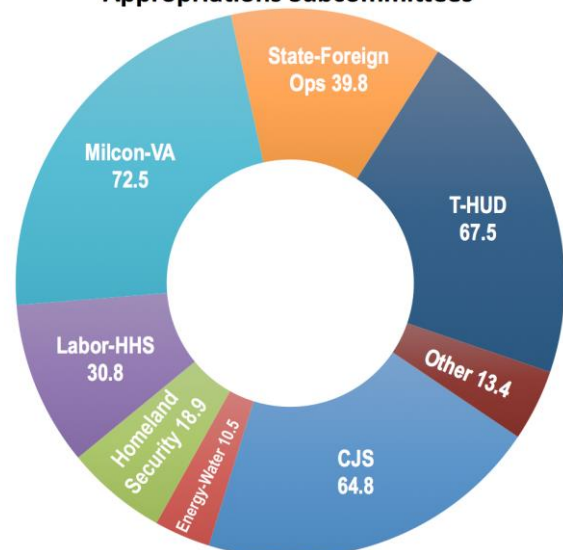
by Republican Budget Committee Staff

At the request of Budget Committee Chairman Mike Enzi, the Congressional Budget Office (CBO) recently updated its annual [*Expired and Expiring Authorizations of Appropriations*](#) report to reflect enactment of the Consolidated Appropriations Act, 2018. The updated report shows that of the \$1.4 trillion in discretionary spending provided for 2018, \$318 billion was spent on 1,035 agencies, programs, and functions with expired authorizations of appropriations from 261 different laws. These figures do not represent the universe of unauthorized spending – those figures are likely much higher – as CBO’s report only covers programs that at one point had an explicit authorization of appropriations.

There are several key takeaways from this report.

First, when it comes to spending with expired authorizations, pretty much everyone is doing it. CBO identified 2018 funding with expired authorizations within the jurisdiction of each appropriations subcommittee and each authorizing committee, with the exception of the Armed Services Committees, which reauthorize their programs annually through the National Defense Authorization Act.

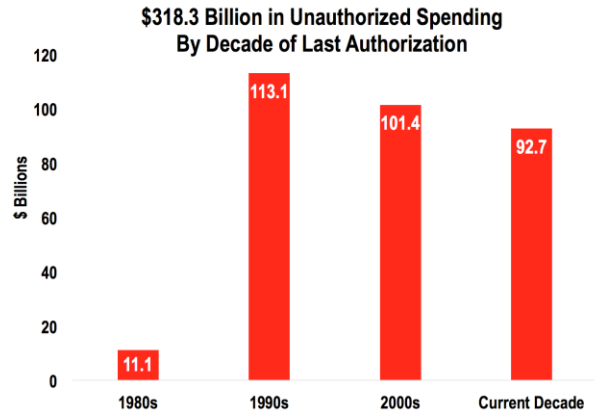
**\$318.3 Billion in Spending
Appropriations Subcommittees**



Note: "Other" includes FSGG, Leg. Branch, Agriculture, Defense, and Interior.

Second, the updated 2018 report shows little demonstrable success in curtailing spending on programs with expired authorizations when compared with CBO’s 2016 report (the last report that captured a full year’s appropriations activity). This year’s figure of \$318 billion shows a slight increase from 2016’s \$310 billion total. In its report, CBO noted that 86 percent of the 2016 spending on programs with expired authorizations was rooted in 15 laws. Two years later, 85 percent (\$272 billion) of such spending could be traced back to 12 of those same laws.

In fact, many of the programs funded have not been reauthorized in decades. Of the 2018 spending with expired authorizations, \$124 billion, or 40 percent, was last authorized prior to 2000.



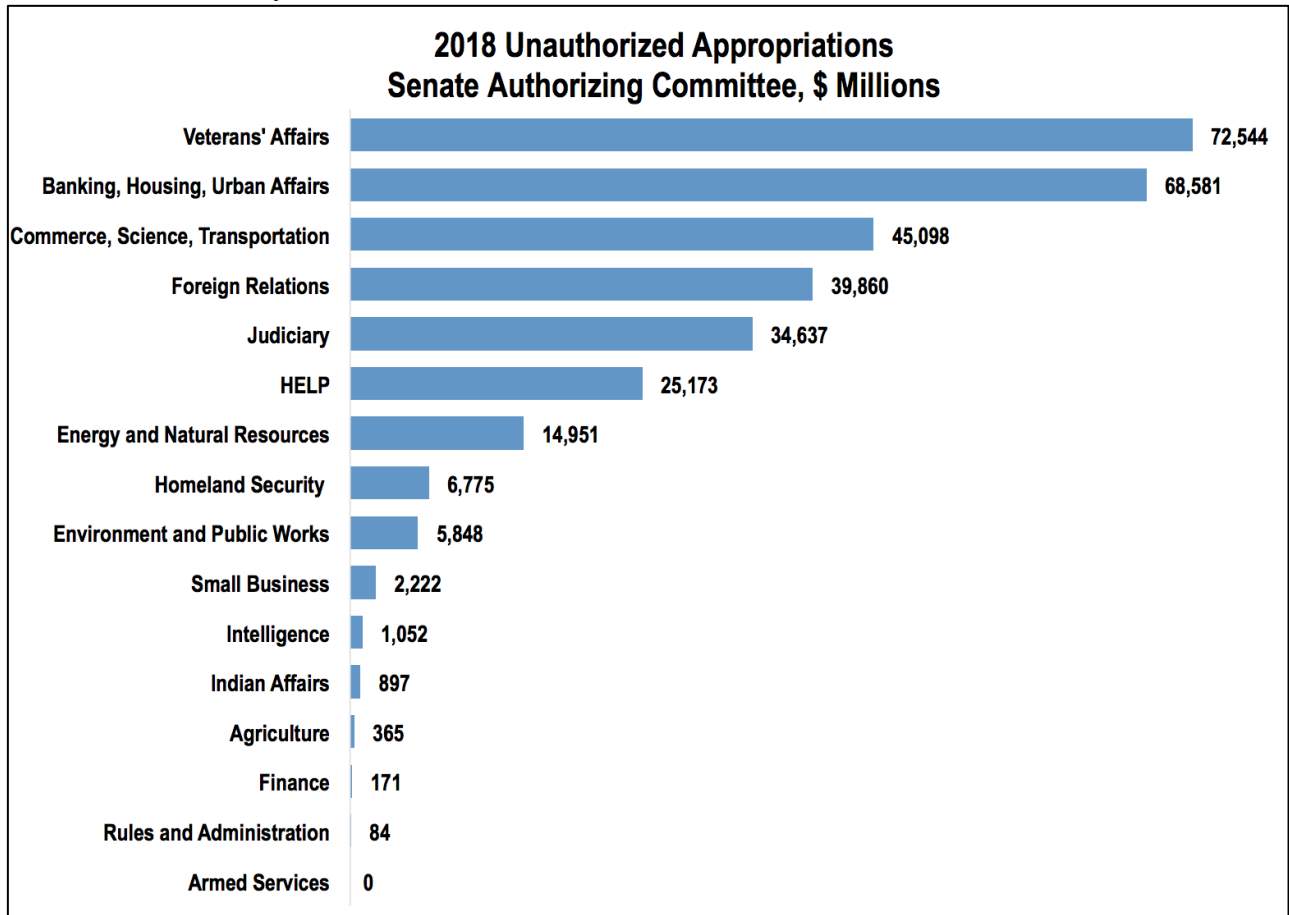
Perhaps in part as a consequence of this lag, CBO found funding levels for programs with expired authorizations continue to exceed the amounts most recently authorized.

Excluding programs with expired authorizations for indefinite amounts (i.e., “such sums as necessary”) and the \$28 billion in 2018 supplemental appropriations for the Community Development Block Grant Program, programs with expired authorizations received \$218 billion in 2018, \$49 billion more than the most recent authorization levels for these programs.

In 2016, \$209 billion was provided for such programs, \$49 billion more than the previously authorized amount and roughly on par with the 2018 level.

CBO’s next report on appropriations with expired and expiring authorizations is due by January 15, 2019.

View the supplemental data from CBO’s report [here](#).



Oversight Focus: Auditing DOD’s Accounting Systems

The Department of Defense (DOD) will spend more than \$900 million on audit-related programs in fiscal year 2018 alone, 60 percent of which will be used to address issues identified by earlier audits. But for DOD’s audit findings to produce improved management practices and demonstrate savings, DOD’s accounting systems first must be capable of generating reliable information that supports credible financial statements.



Currently, that is not the case. Despite the fact that the Pentagon has invested billions of dollars to acquire modern financial information technology (IT) systems, that decades-long effort has yet to fix the underlying problems. In fact, DOD’s own 2017 Annual Financial Report cites financial IT systems as the most pervasive challenge to achieving progress in its audits.

Since Congress enacted the Chief Financial Officers (CFO) Act of 1990, which calls for the modernization of federal financial management systems, most federal agencies have developed or acquired financial IT systems that generate auditable financial statements. The Defense Department, however, has failed to comply with the intent of the CFO Act and the Federal Financial Management Improvement Act of 1996.

Last month, Chairman Enzi, joined by Ranking Member Bernard Sanders (I-VT) and Senators Chuck Grassley (R-IA) and Ron Wyden (D-OR), [requested](#) that the Government Accountability Office (GAO) conduct an independent review of DOD’s efforts to modernize its accounting systems. In their [recent letter to GAO](#), the Budget Committee members noted that DOD today “remains mired in a morass of antiquated and incompatible financial IT systems.” The senators added, “Why has DOD, which routinely fields history’s most technologically advanced weapons, been unable to develop or acquire modern financial IT systems?”



Appropriated Entitlements

Federal spending is generally classified as discretionary if it is provided in annual appropriations bills. Mandatory spending, sometimes called direct spending, is generally federal spending that is not subject to that annual process. There are, however, exemptions to this standard classification system – primarily appropriated entitlements. Appropriated entitlements are programs whose funding levels are set through the authorization process but still require the appropriation of funds during the annual appropriations process. Notable examples include Medicaid and the Supplemental Nutrition Assistance Program (formerly food stamps). This treatment can be found in the scorekeeping guidelines accompanying the conference report on the Balanced Budget Act of 1997.

IN CASE YOU MISSED IT...

- Last month, Chairman Enzi and Senate HELP Chairman Lamar Alexander (R-TN) asked CBO to examine the effects of federal student loan policies on borrowing, loan repayment, cancellation, discharge, and forgiveness.
- In June, CBO published 184 cost estimates for legislation under consideration by Congress. This represented the highest monthly total in more than a decade.
- On July 18, Chairman Enzi filed a new budget scorekeeping report in the *Congressional Record* – the fifth for this year.

BUDGET BUSTERS

Continuing Resolutions Fuel Billions in Pentagon Waste

DOD has operated under a continuing resolution (CR) stopgap funding measure for an average of 85 days per year since 2001, and 132 days per year since 2009. Recently Navy Secretary Richard Spencer identified \$4 billion in Navy waste due to CR-fueled financial uncertainty. “Since 2011, we have put \$4 billion in a trashcan, poured lighter fluid on top of it, and burned it,” Secretary Spencer said. “Four billion is enough to buy a squadron of F-35s, two Arleigh Burke-class destroyers, or 3,000 Harpoon missiles.”

CRs Fuel Billions of Dollars in Pentagon Waste

Since 2009, the Defense Department has operated under stopgap funding measures for 132 days per year.

**STOPGAP
FUNDING**
132
DAYS A YEAR



Since 2011, the Navy has wasted **\$4 BILLION** because of continuing resolutions.

These funds could have been spent by the Navy on a squadron of F-35s, two Arleigh Burke-class destroyers, or 3,000 Harpoon missiles.

