



November 2018

# FEDERAL BUDGET

## Government-Wide Inventory of Accounts with Spending Authority and Permanent Appropriations, Fiscal Years 1995 to 2015

# GAO Highlights

Highlights of [GAO-19-36](#), a report to congressional requesters

## Why GAO Did This Study

Congress can provide budget authority to federal agencies and programs through the annual appropriations process. It can also provide budget authority through laws other than annual appropriations acts, or through permanent appropriations that permit the agency to obligate budget authority without further congressional action. Analysis of these authorities helps provide Congress with visibility into spending authority that is not considered during the annual appropriations process.

GAO was asked to update its 1996 report that had provided an inventory of accounts with spending authority and permanent appropriations for fiscal years 1985 through 1994. This report discusses (1) federal budget accounts with spending authority and permanent appropriations, including the statutory references for the authorities, changes in the number of accounts and dollar amounts since fiscal year 1994, and other relevant information; and (2) whether the identified accounts are subject to or exempt from sequestration, or subject to any special sequestration rules or limitations. GAO also is providing an online dataset of the inventory of accounts with spending authority and permanent appropriations on GAO's public website at <https://www.gao.gov/products/GAO-19-36>.

View [GAO-19-36](#). For more information, contact Tranchau (Kris) T. Nguyen at (202) 512-6806 or [nguyent@gao.gov](mailto:nguyent@gao.gov); Julia C. Matta at (202) 512-4023 or [mattaj@gao.gov](mailto:mattaj@gao.gov).

November 2018

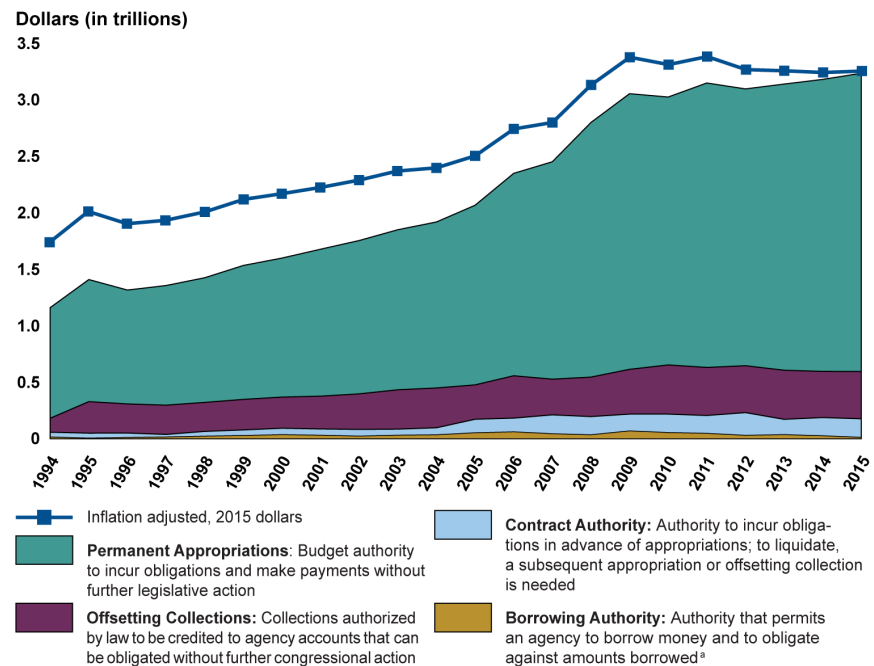
## FEDERAL BUDGET

### Government-Wide Inventory of Accounts with Spending Authority and Permanent Appropriations, Fiscal Years 1995 to 2015

## What GAO Found

A total of \$3.2 trillion in spending authority and permanent appropriations was reported in fiscal year 2015; an increase of 88 percent from fiscal year 1994 adjusted for inflation in fiscal year 2015 dollars. Fiscal year 1994 was the last year included in GAO's prior work. For the purposes of this report, spending authority and permanent appropriations is budget authority provided to agencies through laws other than annual appropriations acts or available permanently by law without further legislation. These authorities include permanent appropriations, contract authority, borrowing authority, offsetting collections, and monetary credits or bartering. As shown in figure 1, permanent appropriations were the primary driver of the increase in spending authority and permanent appropriations. Offsetting collections authority—which includes certain fees, fines, and penalties—also grew. Agencies reported no use of monetary credits or bartering.

**Figure 1 : Growth of Spending Authority and Permanent Appropriations Government-Wide by Budget Authority Type, Fiscal Years 1994 through 2015**



Source: GAO analysis of Office of Management and Budget data and information from federal agencies. | GAO-19-36

Note: Federal agencies reported no use of any monetary credits or bartering—the authority to make purchases with seller credits or something other than dollar amounts, such as land or services.

<sup>a</sup>For purposes of this report, borrowing authority does not include the Department of the Treasury's authority to borrow from the public or other sources under chapter 31, of title 31 of the U.S. Code.

GAO analyzed Office of Management and Budget (OMB) budget data to identify accounts with spending authority and permanent appropriations. GAO reviewed data through fiscal year 2015 because that was the most recent data available when GAO began its work. GAO reviewed agency information to confirm data and statutory authority. Agencies also reviewed and verified the final data for their accounts. For the sequestration designation, GAO analyzed OMB data for fiscal years 2013 and 2015—the most recently completed years for which sequestration occurred and OMB identified designations when GAO began its work.

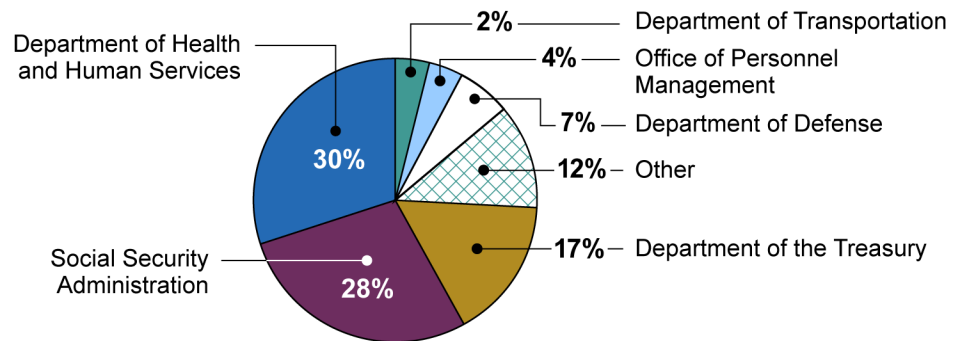
GAO provided a draft of this report and the online dataset to the Director of OMB for review and comment. OMB staff provided technical comments, which GAO incorporated as appropriate.

Permanent appropriations fund federal entitlement programs, such as Medicare, administered by the Department of Health and Human Services (HHS), and the Social Security Administration's (SSA) Old-Age, Survivors, and Disability Insurance program. These programs are a significant proportion of reported budget authority in GAO's inventory of accounts in fiscal year 2015. These programs continue to show spending increases largely as a result of the aging population and rising health care costs and are projected to continue to increase in the future. In fiscal year 2015, 7 of the 10 accounts reporting the largest dollar amounts of spending authority and permanent appropriations funded entitlement programs.

Three agencies comprised three quarters of the total government-wide spending authority and permanent appropriations in fiscal year 2015 (see figure 2 below).

- HHS reported the largest amount of spending authority and permanent appropriations with \$979 billion, or about 30 percent—mainly from Medicare. HHS overtook SSA and reported the highest dollar amounts of permanent appropriations for the first time in fiscal year 2006.
- SSA reported \$920 billion, or about 28 percent of total spending authority and permanent appropriations—mainly from its Old-Age and Survivor's Insurance program and the Disability Insurance program.
- The Department of the Treasury reported the third largest amount—\$542 billion, or about 17 percent—the majority of which is for interest on debt held by the public and intragovernmental debt. This interest dropped as a percentage of permanent appropriations since fiscal year 1994, due to lower interest rates that allow the government to borrow money more cheaply. However, interest rates are predicted to rise in the long term, which would increase the net interest costs on the debt.

**Figure 2: Agencies Reporting the Largest Percentage of Total Spending Authority and Permanent Appropriations Used, Fiscal Year 2015**



Source: GAO analysis of Office of Management and Budget data and information from federal agencies. | GAO-19-36

Note: The "Other" category combines agencies with a much smaller percentage of spending authority and permanent appropriations use.

The second largest reported budget authority type was offsetting collections—a total of \$421 billion in fiscal year 2015, more than double the fiscal year 1994 amount, adjusted for inflation. The Postal Service reported the largest use of offsetting collections authority in fiscal year 2015 in its Postal Service Fund, which includes revenue from mail services.

Sequestration—cancellation of budgetary resources under a presidential order—is a process established in statute which helps to enforce spending limits and thereby control the deficit. In fiscal year 2015, 57 percent of spending authority and permanent appropriations authorities were exempt from sequestration, up from 37 percent in fiscal year 1994. This means that fewer of these authorities were subject to this budgetary enforcement mechanism in fiscal year 2015.

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# Contents

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Letter		1
	Background	4
	Reported Use of Spending Authority and Permanent Appropriations Has Increased Government-Wide, and Agencies Using the Authorities Have Changed	11
	The Percentage of Spending Authority and Permanent Appropriations Authorities Subject to Sequestration in Fiscal Year 2015 Decreased Compared to Fiscal Year 1994	36
	Agency Comments	39
Appendix I	Objectives, Scope, and Methodology	42
Appendix II	Additional Description of Spending Authority and Permanent Appropriations	55
Appendix III	Spending Authority and Permanent Appropriations Use by Agency and Authority Type, Fiscal Year 2015	60
Appendix IV	Five Largest Permanent Appropriations, Contract, and Borrowing Authority Accounts, Fiscal Year 2015	62
Appendix V	GAO Contacts and Staff Acknowledgements	64
Tables		
	Table 1: Amount of Reported Spending Authority and Permanent Appropriations, by Budget Authority Type, Fiscal Years 1994 and 2015	14
	Table 2: Budget Accounts Reporting the Largest Amounts of Spending Authority and Permanent Appropriations, Fiscal Year 2015	22
	Table 3: Sequestration Designation Categories	37
	Table 4: Number and Percentage of Authorities by Sequestration Designation, Fiscal Years 1994 and 2015	38

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Table 5: Budget Line Numbers Associated with Spending Authority and Permanent Appropriations, Fiscal Years 1995 through 2015	44
Table 6: Variables in Our Online Dataset of Federal Budget Accounts	53
Table 7: Budget Authority Included in Our Inventory of Accounts	56
Table 8: Budget Authority that Does Not Meet Our Definition of Spending Authority and Permanent Appropriations	57
Table 9: Spending Authority and Permanent Appropriations Use by Agency and Authority Type, Fiscal Year 2015 (dollars in millions)	60
Table 10: Accounts Reporting Largest Amounts of Permanent Appropriations, Fiscal Year 2015	62
Table 11: Accounts Reporting Largest Amounts of Contract Authority, Fiscal Year 2015	63
Table 12: Accounts Reporting Largest Amounts of Borrowing Authority, Fiscal Year 2015	63

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Figures

Figure 1: Types of Budget Authority Included in Spending Authority and Permanent Appropriations	5
Figure 2: Mandatory Spending as a Share of All Federal Spending, Fiscal Years 1997, 2007, and 2017	8
Figure 3: Growth of Spending Authority and Permanent Appropriations Government-Wide, Fiscal Years 1994 through 2015	12
Figure 4: Growth of Spending Authority and Permanent Appropriations Government-Wide by Budget Authority Type, Fiscal Years 1994 through 2015	13
Figure 5: Number of Budget Accounts with Spending Authority and Permanent Appropriations, by Authority Type, Fiscal Years 1995 through 2015 Compared to 1994	15
Figure 6: Agencies Reporting the Largest Percentage of Total Spending Authority and Permanent Appropriations Used, Fiscal Year 2015	20
Figure 7: Agencies Reporting the Largest Percentage of Total Permanent Appropriations Used in Fiscal Years 1994, 2005, and 2015	24

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Figure 8: Agencies Reporting the Largest Percentage of Total Contract Authority Used in Fiscal Years 1994, 2005, and 2015	27
Figure 9: Agencies Reporting the Largest Percentage of Total Borrowing Authority Used in Fiscal Years 1994, 2005, and 2015	30

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### Abbreviations

BBEDCA	Balanced Budget and Emergency Deficit Control Act of 1985
BCA	Budget Control Act of 2011
BEA	Budget Enforcement Act of 1990
CBA	Congressional Budget and Impoundment Control Act of 1974
DOD	Department of Defense
DOE	Department of Energy
DOT	Department of Transportation
FDIC	Federal Deposit Insurance Corporation
HHS	Department of Health and Human Services
MAX	MAX A-11 Data Entry System
NTIA	National Telecommunications and Information Administration
OMB	Office of Management and Budget
RRB	Railroad Retirement Board
SIPC	Securities Investor Protection Corporation
SSA	Social Security Administration
Treasury	U.S. Department of the Treasury
USDA	U.S. Department of Agriculture

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November 29, 2018

### Congressional Requesters

Congress exercises its constitutional power, in part, by appropriating funds and prescribing the conditions governing their use. Budget authority refers to the authority provided by federal law to enter into financial obligations that result in immediate or future outlays involving government funds.<sup>1</sup> Although Congress can provide budget authority to federal agencies and programs through the annual appropriations process, it also can provide budget authority to agencies and programs through laws other than annual appropriations acts, or through permanent appropriations that permit the agency to obligate budget authority without further congressional action.<sup>2</sup> For the purpose of this report, we refer to the types of budget authority in these cases as spending authority and permanent appropriations.<sup>3</sup> These include permanent appropriations, contract authority, borrowing authority, offsetting collections, and monetary credits or bartering.<sup>4</sup> These types of budget authority provide some flexibility for agencies because they do not have to await congressional action to incur obligations and make payments. Although Congress does not review these authorities annually as part of the annual

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<sup>1</sup>An “obligation” is a definite commitment that creates a legal liability of the government for the payment of goods and services ordered or received, or a legal duty on the part of the United States that could mature into a legal liability by virtue of actions on the part of the other party beyond the control of the United States.

<sup>2</sup>Although the appropriations process is annual, not all budget authority is available for a single year. Agencies are appropriated multi-year or no-year budget authority when Congress deems it appropriate. Laws other than annual appropriation acts include authorizing legislation. A permanent appropriation is not the same as having multi-year or no-year budget authority.

<sup>3</sup>Permanent appropriations may have been made available through annual appropriations acts or through laws other than the annual appropriations acts. We are also reporting on offsetting collections enacted in annual appropriations acts, given that they permit obligation and expenditure without further action from Congress. See GAO, *Permanent Funding Authorities: Some Selected Entities Should Review Financial Management, Oversight, and Transparency Policies*, [GAO-17-59](#) (Washington, D.C.: Dec. 9, 2016), and *Federal Fees, Fines, and Penalties: Observations on Agency Spending Authorities*, [GAO-17-268T](#) (Washington, D.C.: Dec. 1, 2016).

<sup>4</sup>For purposes of this report, borrowing authority does not include the Department of the Treasury’s authority to borrow from the public or other sources under chapter 31, of title 31 of the U.S. Code because this authority is used to finance legislation already enacted by Congress and the President.



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appropriations process, they are still subject to congressional oversight at any point in time. Also, Congress can place limitations on the authorities in any given year.

You asked us to update our 1996 report on spending authority and permanent appropriations to help provide Congress with visibility into spending authorities that are not considered in the annual appropriations process.<sup>5</sup> For the 1996 report, we examined federal budget accounts—that is, accounts used to record resources for obligation and outlay. This report discusses (1) federal budget accounts with spending authority and permanent appropriations, including the statutory references for the authorities, changes in the number of accounts and dollar amounts since fiscal year 1994, and other relevant information; and (2) whether the identified accounts are subject to or exempt from sequestration, or subject to any special sequestration rules or limitations. In addition to this report, we are providing an online dataset of our inventory (list) of accounts with spending authority and permanent appropriations, which can be accessed on our public website at <https://www.gao.gov/products/GAO-19-36>.

For our first objective, we analyzed budget data from fiscal years 1995 through 2015. We selected these years to cover the period from our prior work, which had analyzed budget data through fiscal year 1994, through the most recent year for which data were available when we began our work, which was fiscal year 2015.<sup>6</sup> To identify and analyze budget accounts that used spending authority and permanent appropriations during this time frame, we used the Office of Management and Budget's (OMB) MAX A-11 Data Entry system (MAX).<sup>7</sup> We used the Program and

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<sup>5</sup>See GAO, *Budget Issues: Inventory of Accounts With Spending Authority and Permanent Appropriations, 1996*, [GAO/AIMD-96-79](#) (Washington, D.C.: May 31, 1996). This report was supplemented by a letter with additional account information and revisions; see *Budget Issues: Inventory of Accounts With Spending Authority and Permanent Appropriations, 1997*, [GAO/OGC-98-23](#) (Washington D.C.: Jan. 19, 1998). The Congressional Budget Act of 1974, as amended by the Balanced Budget and Emergency Deficit Control Act of 1985, requires that we update the inventory of accounts with spending authority and permanent appropriations from time to time. 2 U.S.C. § 654. This report satisfies our mandate.

<sup>6</sup>Fiscal year 2015 actual budget data are presented in the Fiscal Year 2017 President's Budget Appendix.

<sup>7</sup>MAX is a computer system used to collect and process most of the information required for preparing the President's budget for the federal government. MAX contains numerous edit checks to help ensure data consistency.



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Financing Schedule's Budgetary Resources line number descriptions in OMB Circular A-11—OMB's guidance to agencies for preparing and submitting budget information—to select line numbers in MAX that align with our definition of spending authority and permanent appropriations.<sup>8</sup> We worked with OMB staff to ensure that the line numbers used were correct. We used our 1996 report as our initial source of data on monetary credits or bartering. Using these line numbers, we pulled the data by account and asked agencies to confirm the data and to confirm or provide statutory references for each account. We reviewed the information and, as needed, discussed the accounts with the agencies. In some cases, we compared the fiscal year 2015 data to the fiscal year 1994 data from our prior report in discussing changes over time.

To determine whether the identified accounts are subject to or exempt from sequestration, or subject to any special rules or limitations, we used datasets provided by OMB to identify the sequestration designation for accounts in our final inventory. The data were from fiscal years 2013 and 2015, since 2013 was the most recent year for which sequestration occurred for discretionary spending and fiscal year 2015 matches the end year of our inventory data. We compared the designations with those in our 1996 report for fiscal year 1994. We then provided those data to agencies for their review. Based on reviews of the databases and discussions with OMB staff, we determined the MAX and OMB sequestration data were sufficiently reliable for the purposes of our report. For more information on our objectives, scope, and methodology, see appendix I. See appendix II for a detailed explanation of the types of budget authority included in our definition, and those authority types that do not meet our definition and therefore are excluded.

We conducted this performance audit from March 2016 to November 2018 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings based on our audit objectives.

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<sup>8</sup>Line numbers are those that appear under the budgetary resources section of the Program and Financing Schedule of the President's Budget Appendix. These lines do not include data on monetary credits or bartering, as agencies are not required to report on these authorities separately. For a summary of the line numbers used by year, see appendix I.

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## Background

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### Spending Authority and Permanent Appropriations

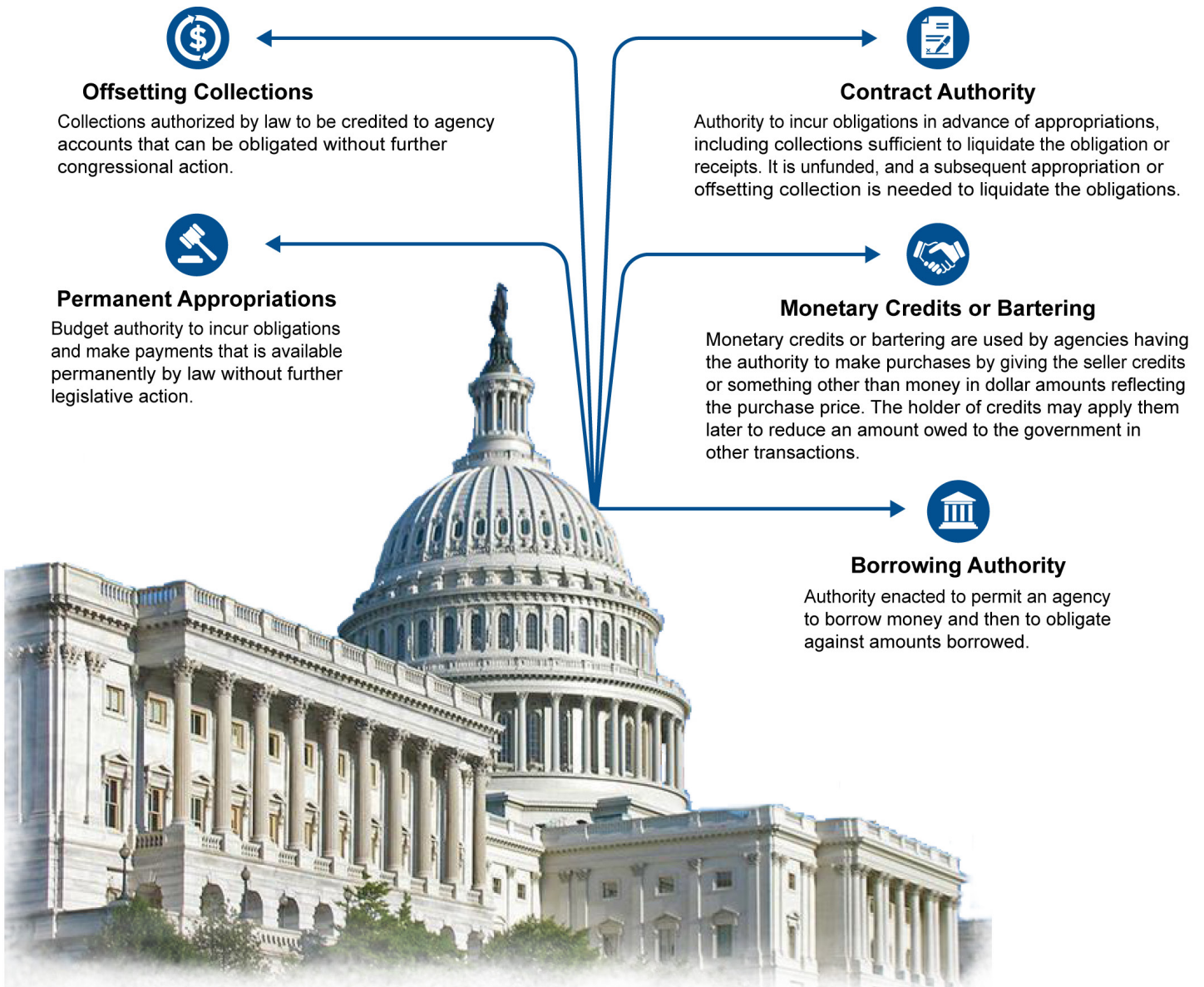
#### **“Backdoor Authority” or “Backdoor Spending”**

These are similar but not identical terms for spending authority and permanent appropriations. Backdoor authority and backdoor spending are colloquial phrases for budget authority that Congress has provided in laws other than appropriations acts. This includes contract authority and borrowing authority, as well as entitlement authority. Entitlement authority is a type of permanent appropriation. It refers to the authority to make payments for which budget authority is not provided in advance by appropriation acts to any person or government if, under the provisions of law containing such authority, the U.S. government is legally required to make such payments. The terms backdoor authority and backdoor spending refer to the process by which federal money “goes out the door.” Annual appropriations are said to go out the “front door” as the annual appropriations cycle provides a regularly-scheduled forum where Congress may exercise oversight over spending. Other appropriations are said to go out the “back door” as they do not go through the annual appropriations process.

Source: GAO. | GAO-19-36

For the purposes of this report, our definition of spending authority and permanent appropriations includes the five types of budget authority described in figure 1. We are defining spending authority as budget authority made available through laws other than annual appropriation acts. Also, we are defining a permanent appropriation as budget authority to incur obligations and make payments that is available permanently by law without further legislative action. A permanent appropriation may have been made available through an annual appropriations act or through laws other than the annual appropriations acts. We are including both in our inventory based on the intent of the request for developing our inventory.

**Figure 1: Types of Budget Authority Included in Spending Authority and Permanent Appropriations**



Source: GAO. | GAO-19-36

For some accounts, Congress provides spending authority and permanent appropriations to allow agencies the flexibility to spend fee revenue without further legislative action. Specifically, Congress has authorized some agencies to establish working capital funds—a type of intragovernmental revolving fund—in which an agency may deposit fees

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from federal, and sometimes nonfederal, customers for performing administrative services, or the sale of government products, within their statutory authority.<sup>9</sup> For example, in addition to appropriations and reimbursements from federal agencies, the Department of Energy (DOE) has a working capital fund with the authority to collect funds. Those collections are then made available for DOE expenses necessary for the maintenance and operation of common administrative services for economy and efficiency, such as office space and communication services.<sup>10</sup> This and other working capital funds operate as a self-supporting entity conducting business-like activities for the agency.

Spending authority and permanent appropriations may be subject to further restrictions from Congress. For example, in one or more annual appropriations acts, Congress could restrict the use of some or all of the budget authority, thereby using the annual appropriations process to control the use of spending authority and permanent appropriations.<sup>11</sup> For example, the U.S. Department of Agriculture (USDA) has a permanent appropriation which states that 10 percent of all receipts from the use and occupancy of national forest system lands during each fiscal year are available for maintaining roads and trails within the national forests.<sup>12</sup> In past annual appropriations acts, Congress has limited that permanent appropriation by transferring all funds made available for that fiscal year to the General Fund of the Treasury. Those funds are then unavailable for obligation unless appropriated once again.<sup>13</sup>

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<sup>9</sup>A revolving fund is established by Congress to finance a cycle of businesslike operations through amounts received by the fund. The budget records the collections and the outlays of revolving funds in the same account.

<sup>10</sup>42 U.S.C. § 7263.

<sup>11</sup>Restrictions passed in an annual appropriations act can be either temporary or permanent based on their statutory language. Unless the statutory language specifies that the restriction is permanent or otherwise indicates an expiration date, restrictions passed in annual appropriations acts are assumed to be in effect only for that given fiscal year.

<sup>12</sup>16 U.S.C. § 501.

<sup>13</sup>See Consolidated and Further Continuing Appropriations Act, 2015, Pub. L. No. 113-235, Division F, Title III, 128 Stat. 2130, 2428 (Dec. 16, 2014).

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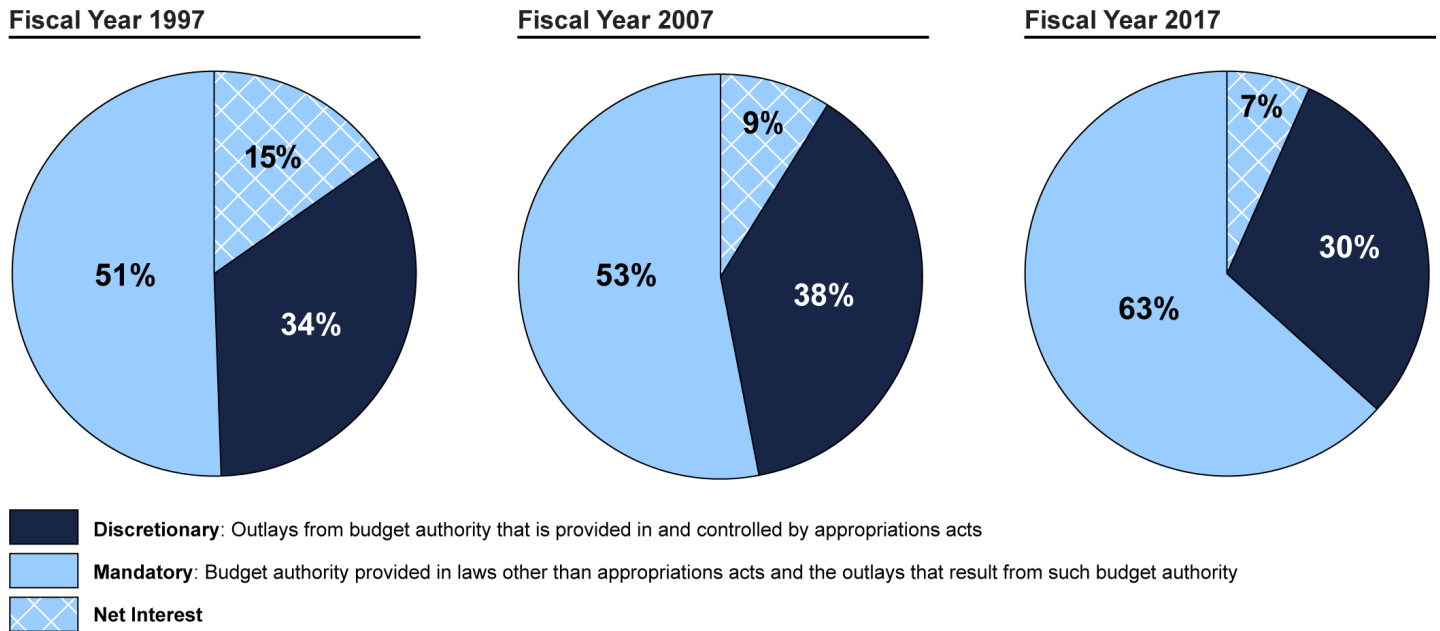
## Trends in Federal Spending

In fiscal year 2017, the federal government's total outlays were almost \$4 trillion of which about \$2.5 trillion was in outlays for mandatory spending. Mandatory spending, also known as direct spending, refers to budget authority provided in laws other than appropriations acts and the outlays that result from such budget authority. Medicare is an example of a program that is funded by mandatory spending.<sup>14</sup> Discretionary spending, on the other hand, refers to budget authority that is provided in and controlled by appropriations acts. During the annual appropriations process, Congress may choose to appropriate the amount in the President's budget request, increase or decrease those levels, eliminate proposals, or add other programs. For example, most defense and education programs are funded with discretionary spending. As shown in figure 2, mandatory spending as a share of all federal spending grew from about 51 percent in fiscal year 1997 to about 63 percent in fiscal year 2017. Another form of federal spending is net interest, which is primarily interest paid on debt held by the public.

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<sup>14</sup>Medicare is a federal program that pays for covered health care services of qualified beneficiaries (individuals aged 65 and older, and permanently disabled individuals under the age of 65).

**Figure 2: Mandatory Spending as a Share of All Federal Spending, Fiscal Years 1997, 2007, and 2017**



Source: GAO analysis of Office of Management and Budget data. | GAO-19-36

While the majority of the accounts in our inventory have mandatory budget authority, not all mandatory spending fits our definition of spending authority and permanent appropriations. For example, while annually appropriated entitlement programs—such as the Supplemental Nutrition Assistance Program—are provided for in annual appropriations acts, they are treated as mandatory spending because the authorizing legislation entitles beneficiaries to receive payment or otherwise obligates the government to make a payment.<sup>15</sup> As annually appropriated entitlements are subject to the annual appropriations process, they did not meet our definition of spending authority and permanent appropriations. Conversely, not all spending authority and permanent appropriations are mandatory spending. For example, our inventory includes permanent appropriations made available in annual appropriations acts.

<sup>15</sup>The Supplemental Nutrition Assistance Program is an entitlement program that provides eligible, low-income individuals and families with nutrition assistance. 7 U.S.C. § 2013. Funds are appropriated through the annual appropriations process. See, e.g. Pub. L. 113-235, 128 Stat. at 2155.

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The increase in mandatory spending, and corresponding increase in spending authority and permanent appropriations, has long-term implications for the nation's fiscal outlook overall, including the growing federal debt. The growth in mandatory spending drove federal spending that outpaced revenue growth in fiscal year 2017 and, absent policy change, is projected to continue to do so in the future given the aging population and rising health care costs and their relation to large federal budget accounts funding programs, such as Social Security and Medicare.<sup>16</sup>

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## Spending Limits and Sequestration

Sequestration—cancellation of budgetary resources under a presidential order—was first established in the Balanced Budget and Emergency Deficit Control Act of 1985 (BBEDCA) to control the deficit. BBEDCA, as amended, requires OMB to calculate the reduction to budgetary resources required each year to reduce the deficit by at least an additional \$1.2 trillion, over a 10 year period.<sup>17</sup> A percentage reduction, or sequestration rate (calculated by OMB), is applied to nonexempt (subject to sequestration) accounts to achieve the total reduction amount required for the fiscal year. The sequestration rate varies from year to year based on a formula outlined in BBEDCA. The annual reduction amount OMB calculates is split evenly between the defense and nondefense functions.<sup>18</sup> The calculated amount is then allocated between discretionary appropriations and mandatory spending in each function in proportion to the share of total spending within the function.

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<sup>16</sup>GAO, *The Nation's Fiscal Health: Action is Needed to Address the Federal Government's Fiscal Future*, [GAO-18-299SP](#) (Washington, D.C.: June 21, 2018).

<sup>17</sup>This requirement was enacted in section 251A of BBEDCA, classified at 2 U.S.C. § 901a, as added by the Budget Control Act of 2011 (BCA). Pub. L. No. 112-25, Title III, § 302(a), 125 Stat. 240, 256 (Aug. 2011). Section 901a has been amended numerous times since its addition. See Pub. L. No. 112-240, Title IX, Subtitle A, § 901, 126 Stat. 2313, 2370 (Jan. 2013); Pub. L. No. 113-67, Div. A, Title I, Subtitle A, § 101, 127 Stat. 1165, 1166-69 (Dec. 2013); Pub. L. No. 113-82, § 1, 128 Stat. 1009, 1009 (Feb. 2014); Pub. L. No. 113-93, Title II, § 222, 128 Stat. 1040, 1077 (Apr. 2014); Pub. L. No. 114-74, Title I, § 101, 129 Stat. 584, 585 (Nov. 2015); Pub. L. No. 115-123, Div. C, Title I, § 30101, 132 Stat. 64, 123 (Feb. 2018).

<sup>18</sup>Generally, OMB assigns each account 1 of 21 functional classifications that identify the major purpose served. These classifications include categories such as national defense, health, or income security. The "defense function" means accounts in budget function 050, which is the national defense budget function. The "nondefense" function refers to accounts in all other functions.



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Prior to BBEDCA, the Congressional Budget and Impoundment Control Act of 1974 (CBA) attempted to limit the creation of new contract authority and authority to borrow. In 1990, Congress further sought to limit spending authority by establishing controls over discretionary spending and a system of controls over legislative changes in mandatory spending. The Budget Enforcement Act of 1990 (BEA) amended both CBA and BBEDCA. In addition to establishing dollar limits for total annual appropriations, BEA contained a “pay-as-you-go” provision requiring that any legislation that reduced taxes or expanded mandatory spending programs be offset by mandatory spending cuts or revenue increases. This provision was to be enforced through sequestration of nonexempt mandatory spending programs at the end of the congressional session. Both the discretionary limit and “pay-as-you-go” rules were extended through fiscal year 2002 and were not subsequently reauthorized. In 2010, the Statutory Pay-As-You-Go Act of 2010 reinstated a version of the “pay-as-you-go” requirement. The act provided that if the net effect of mandatory spending and revenue legislation enacted in a year increases the deficit, then a sequestration of nonexempt mandatory spending will occur to eliminate the increase.

The Budget Control Act of 2011 (BCA) further amended BBEDCA and revived sequestration as a budgetary enforcement mechanism to reduce the deficit. BCA established the Joint Select Committee on Deficit Reduction (Joint Committee). The Joint Committee was tasked with proposing legislation to reduce the deficit. Such legislation was not proposed or enacted, which triggered the sequestration process provided in section 251A of BBEDCA, known as the Joint Committee sequestration. BBEDCA currently requires a sequestration of mandatory spending in each year through fiscal year 2027 and a reduction of discretionary spending limits in fiscal years 2020 and 2021.<sup>19</sup> A sequestration of discretionary spending could still occur in any year through fiscal year 2021 if Congress and the President enact appropriations that exceed discretionary spending limits established by BBEDCA. As of September 2018, the President has ordered the

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<sup>19</sup>Since fiscal year 2013, Congress and the President have periodically enacted legislation to prevent the reduction of discretionary spending limits under the Joint Committee sequestration process. For example, in fiscal year 2018, Congress and the President enacted the Bipartisan Budget Act of 2018, which temporarily raised the discretionary spending limits for fiscal years 2018 and 2019, and provided an exception to their reduction under the section 251A process. The Bipartisan Budget Act of 2018, Pub. L. No. 115-123, Div. C, Title I, § 30101, 132 Stat. 64, 122-23 (Feb. 9, 2018).

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sequestration of mandatory spending in each year since fiscal year 2013, and the sequestration of discretionary appropriations in fiscal year 2013.

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## Reported Use of Spending Authority and Permanent Appropriations Has Increased Government-Wide, and Agencies Using the Authorities Have Changed

### Reported Budget Authority Amount Was Higher for Three of the Five Authority Types in Fiscal Year 2015, as Compared to Fiscal Year 1994

The amount of spending authority and permanent appropriations reported government-wide grew 88 percent, from fiscal years 1994 through 2015 adjusted for inflation. Specifically, in fiscal year 2015, approximately \$3.2 trillion was reported, compared with approximately \$1.2 trillion in fiscal year 1994 (\$1.7 trillion in fiscal year 2015 dollars, see figure 3).<sup>20</sup>

#### Changes in Federal Outlays

Between fiscal years 1994 and 2015, the federal government's total outlays grew 69 percent adjusted for inflation from about \$1.5 trillion (\$2.2 trillion in fiscal year 2015 dollars) to about \$3.7 trillion. Outlays are the issuance of checks, disbursement of cash, or electronic transfer of funds made to liquidate a federal obligation. Outlays also occur when interest on the Treasury debt held by the public accrues and when the government issues cash-equivalent instruments in order to liquidate obligations. Outlays may be for payment of obligations incurred in prior years or in the same year.

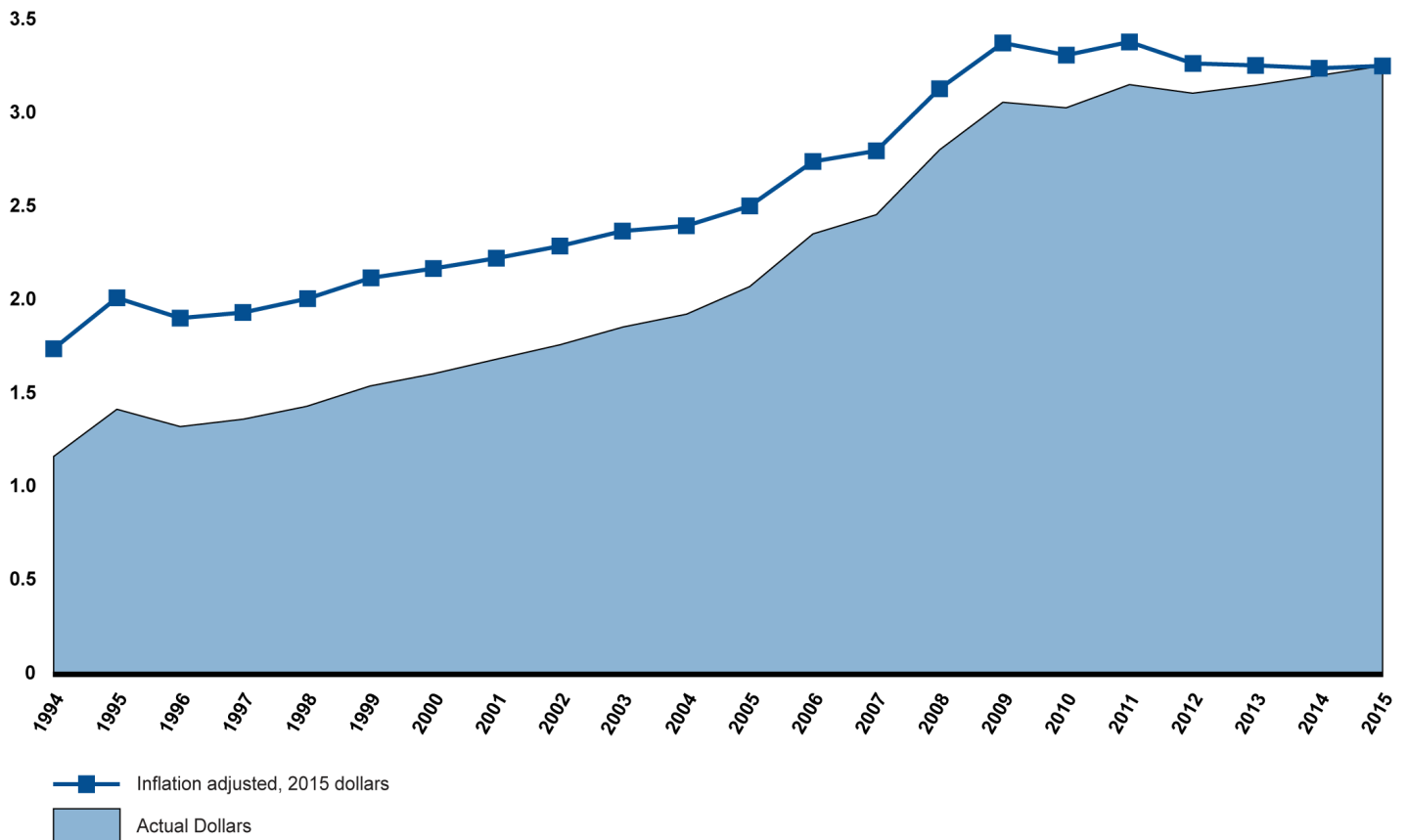
Source: GAO. | GAO-19-36

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<sup>20</sup>When discussing budget authority amounts, we considered “reported” or “used” as the actual budget authority amount, as shown in the “actual” column in the Program and Finance schedule of the President’s Budget Appendix. The total that we report for all spending authority and permanent appropriations and for offsetting collections likely overstates actual spending authority and permanent appropriations. For example, many accounts with offsetting collections authority report collections from federal and non-federal sources, or refunds of prior paid obligations, together in the President’s Budget. In general, collections from federal sources and refunds are not within our definition of spending authority and permanent appropriations. We included the entirety of the reported offsetting collections amounts because we and the agencies we asked were unable to reliably subtract collections from federal sources or refunds of prior paid obligations.

**Figure 3: Growth of Spending Authority and Permanent Appropriations Government-Wide, Fiscal Years 1994 through 2015**

Dollars (in trillions)

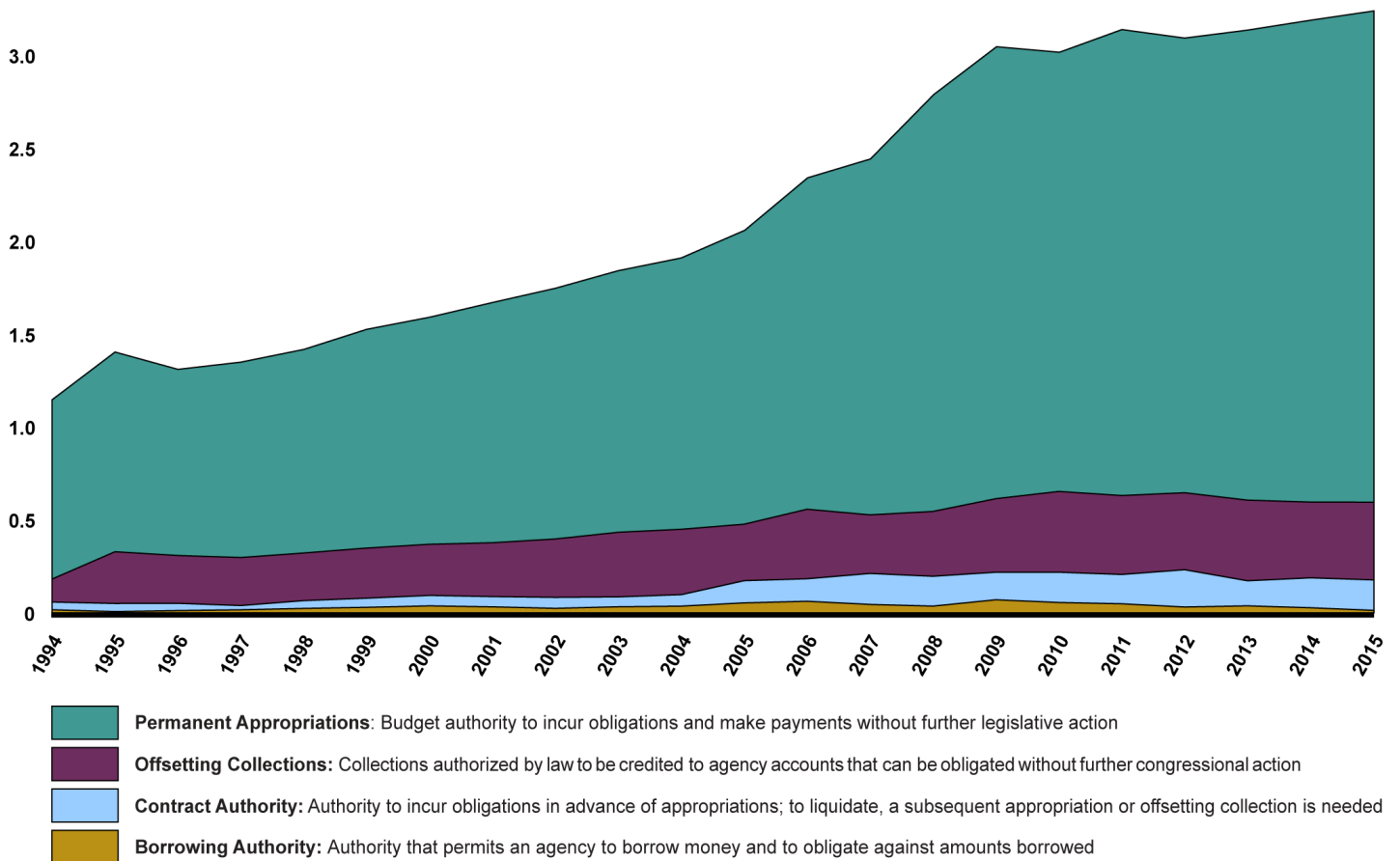


Source: GAO analysis of Office of Management and Budget data and information from federal agencies. | GAO-19-36

Although the total reported amount of spending authority and permanent appropriations increased over time, the changes for each authority type varied when comparing fiscal years 1994 to 2015 (see figure 4). Reported budget authority grew for three of the five authority types—permanent appropriations, offsetting collections, and contract authority—in fiscal year 2015, as compared to fiscal year 1994. For example, about \$2.6 trillion permanent appropriations were reported in fiscal year 2015, up from approximately \$982.5 billion in fiscal year 1994 (\$1.5 trillion adjusted for inflation to 2015 dollars). Generally, the reported amount of permanent appropriations increased gradually, with the biggest growth occurring in fiscal year 2008. Borrowing authority decreased, and agencies reported no use of monetary credits or bartering at any time during fiscal years 1995 through 2015.

**Figure 4: Growth of Spending Authority and Permanent Appropriations Government-Wide by Budget Authority Type, Fiscal Years 1994 through 2015**

Dollars (in trillions)  
3.5



Source: GAO analysis of Office of Management and Budget data and information from federal agencies. | GAO-19-36

Note: Monetary credits or bartering is not shown because federal agencies reported no use of this authority from fiscal year 1995 through 2015. This is the authority to make purchases with seller credits or something other than dollar amounts, such as land or commodities.

Table 1 provides comparisons between reported budget authority in fiscal years 1994 and 2015 for all authority types.

**Table 1: Amount of Reported Spending Authority and Permanent Appropriations, by Budget Authority Type, Fiscal Years 1994 and 2015**

Type of authority	1994 actual budget authority (in billions) <sup>a</sup>	1994 adjusted budget authority (2015 dollars in billions) <sup>b</sup>	2015 actual budget authority (in billions)	Percent change from 1994 to 2015 (inflation adjusted)
Permanent appropriations	\$ 982	\$1,467	\$2,648	81
Offsetting collections	124	186	421	126
Contract authority	42	62	165	166
Borrowing authority	16	24	13	-46
Monetary credits or bartering <sup>c</sup>	N/A	N/A	0	N/A
<b>Total</b>	<b>1,165</b>	<b>1,739</b>	<b>3,247</b>	<b>87</b>

Source: GAO analysis of Office of Management and Budget data and information from federal agencies. | GAO-19-36

Note: Totals may not equal because of rounding.

<sup>a</sup>The numbers in this table may not match numbers in our 1996 report ([GAO/AIMD-96-79](#)) for fiscal year 1994—the last year reported. We issued a supplement in 1998 ([GAO/OGC-98-23](#)), which amended the 1996 report.

<sup>b</sup>Dollars adjusted for inflation in 2015 dollars.

<sup>c</sup>The 1996 report reported accounts that had this authority, but not the dollar amounts used so we used N/A for the fiscal year 1994 data. According to the agencies with monetary credit or bartering authority, none of these were used from fiscal years 1995 through 2015.

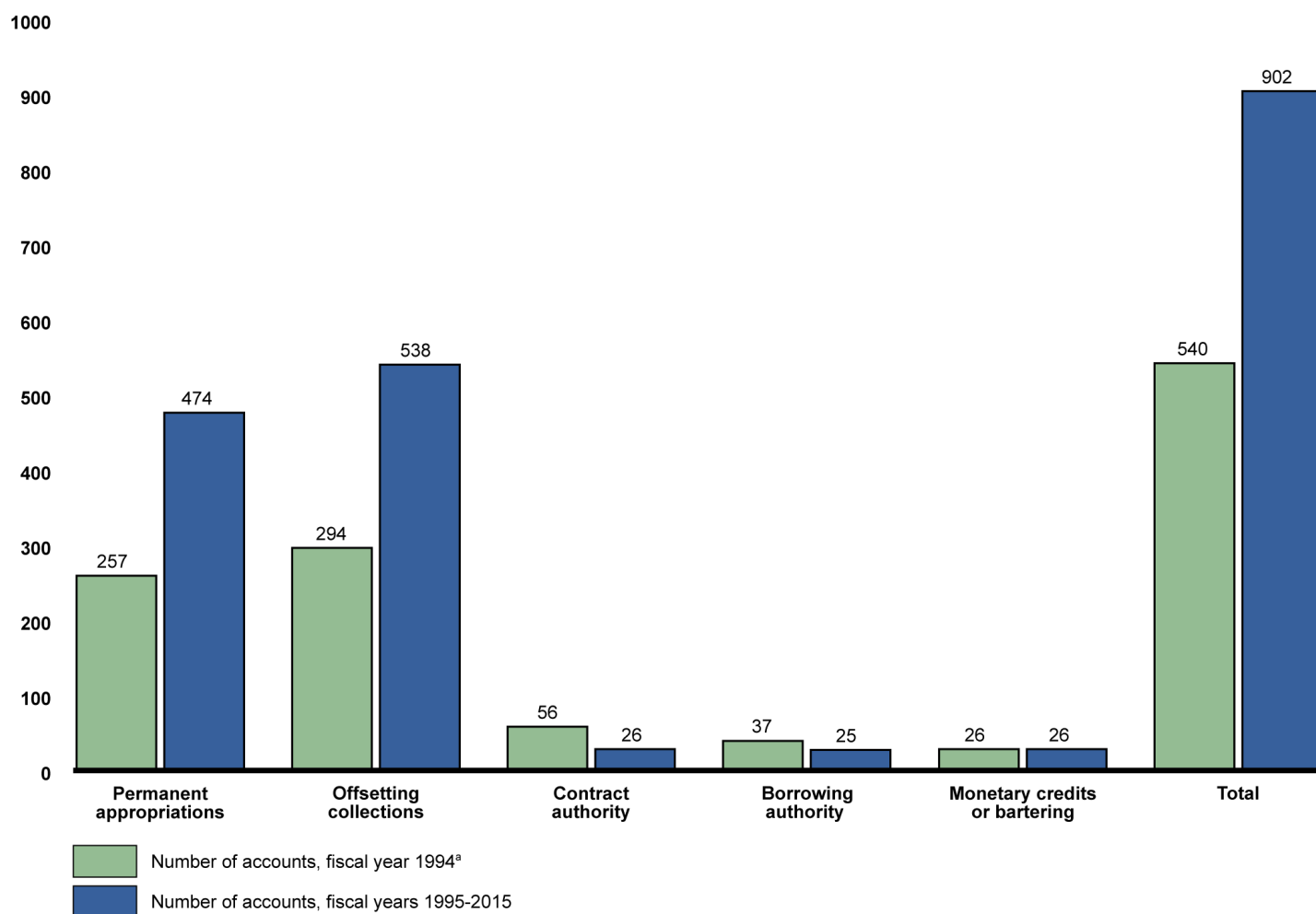
The amount of budget authority is not necessarily indicative of the prevalence of spending authority and permanent appropriations since the amount of budget authority in different accounts can vary by billions of dollars. From fiscal years 1995 through 2015, agencies had 1,089 authorities in 902 budget accounts.<sup>21</sup> We previously reported on the use of 670 authorities in 540 budget accounts in fiscal year 1994.<sup>22</sup> In comparing fiscal years 1994 to 2015, we found that the number of accounts with permanent appropriations and offsetting collections

<sup>21</sup>The 1,089 authorities include authorities in which agencies did not report budget authority during our timeframe (unused authorities), and may include expired or repealed authorities. A total of 846 of these authorities (about 78 percent) are in accounts that were still in the President’s Budget as of fiscal year 2017. While this is a rough indicator that an authority may still be used because the account is still active, some authorities within an active account may have expired or been repealed.

<sup>22</sup>Our 1996 report had 690 authorities in 558 accounts. However, the 1998 supplement noted that some authorities and accounts should be deleted from the inventory after further information was received from agencies. See [GAO/AIMD-96-79](#) and [GAO/OGC-98-23](#).

increased while contract and borrowing authority decreased. Figure 5 summarizes the number of accounts with each type of authority over the years.

**Figure 5: Number of Budget Accounts with Spending Authority and Permanent Appropriations, by Authority Type, Fiscal Years 1995 through 2015 Compared to 1994**



Source: GAO analysis of Office of Management and Budget data and information from federal agencies. | GAO-19-36

Note: The counts in the table are of accounts that have statutory authority for each authority type; some of these accounts did not use their authorities. There are accounts with multiple types of authority, which is why the total is smaller than the sum of the columns. If an account has been classified in OMB MAX under discretionary and mandatory offsetting collections, they are only counted once in the offsetting collections.

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<sup>a</sup>The numbers in this table do not match the numbers in our 1996 report ([GAO/AIMD-96-79](#)). We issued a supplement in 1998 ([GAO/OGC-98-23](#)), which amended the 1996 report.

The overall growth in spending authority and permanent appropriations is driven primarily by permanent appropriations growth. Entitlement programs, such as Medicare and the Social Security Administration's (SSA) Old-Age and Survivors Insurance and Disability Insurance programs, are funded through permanent appropriations, and are a significant proportion of budget authority in our inventory, as discussed below. Since many spending authorities and permanent appropriations provide agencies budget authority based on program use and eligibility, demographic and program demand changes can affect the amount of budget authority. For example, since the Old-Age and Survivors Insurance and Disability Insurance programs administer benefits based on eligibility requirements and statutory formulas, the amount of budget authority used for the programs increases as more people become entitled.<sup>23</sup> Higher income levels result in higher average benefit amounts and cost of living adjustments increase monthly benefit amounts for current beneficiaries.

Other factors affected the growth in the use of spending authority and permanent appropriations to a lesser extent.

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<sup>23</sup>The programs' appropriations are held in the Old-Age and Survivors Insurance Trust Fund and Disability Insurance Trust Fund. These amounts largely come from contributions in the form of payroll taxes, interest on the trust funds, and income taxes on some Social Security benefits. These amounts are permanently available for obligation by the Social Security Administration for the purpose of administering the program without subsequent congressional action. 42 U.S.C. § 401.



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- **Enactment of new authorities.** From 1995 to 2015, 329 new authorities for spending authority and permanent appropriations were enacted.<sup>24</sup> For example, the Housing and Economic Recovery Act of 2008 granted the Department of the Treasury (Treasury) the authority to purchase any obligations and other securities issued by government-sponsored enterprises, such as Fannie Mae.<sup>25</sup> According to the act, Treasury was authorized to use this authority until December 31, 2009, with certain actions permitted after that date. This authority resulted in \$200 billion in permanent appropriations reported in both fiscal years 2008 and 2009, and another \$46 billion in fiscal year 2013.
  - **Amendment of existing authorities.** Some existing authorities were amended to allow for increased use—permanently or temporarily. Some authorities have amounts specified by statute—such as maximum amounts the agency can use or set amounts that the agency can charge users. For these authorities, increases in the use of an authority may be attributed to enacted increases in the specified amounts. For example, the National Flood Insurance Fund reported an increase of \$878 million in offsetting collections in 2012 after legislation increased the annual limitation on premium increases for certain insurance premiums.<sup>26</sup>
  - **Increased use of spending authority and permanent appropriations, at agency’s discretion.** Other authorities did not experience statutory changes, but agencies increased the use of the

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<sup>24</sup>An “authority” is a single type of spending authority and permanent appropriations within an account. An account may have multiple authorities. For example, an account may have both borrowing authority and contract authority. We would count two authorities for that account, and each authority would be listed separately in our inventory. Since our analysis for enactment year is based on calendar years, we included those that were enacted in calendar year 1995 or later in our count of new authorities. There could have been additional authorities that were passed between the start of fiscal year 1995 (Oct. 1, 1994) and Dec. 31, 1994. We did not analyze authorities that were repealed or expired during our timeframe. Our count of new authorities does not include expanded authorities. For example, an account may have had permanent appropriations authority that drew from one statute enacted prior to our time period, and a second statute providing permanent appropriations authority for that account may have been enacted later. While both applicable statutes would be cited for the account in our inventory, we are only reporting the earlier enactment date. Therefore, this would not be counted as a new authority enacted during our time period.

<sup>25</sup>Housing and Economic Recovery Act of 2008, Pub. L. No. 110-289, § 1117, 122 Stat. 2654, 2683-88 (July 30, 2008).

<sup>26</sup>Biggert-Waters Flood Insurance Reform Act of 2012, Pub. L. No. 112-141, § 100205, 126 Stat. 405, 917-19 (July 6, 2012).

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authorities at their discretion to meet program needs. When no maximum amount is specified as a limit on the agency's authority, variation in use is due to agency discretion in response to circumstances. For example, the Federal Deposit Insurance Corporation's (FDIC) Deposit Insurance Fund account began reporting increased offsetting collections for amounts assessed against depository institutions insured by FDIC, in fiscal years 2009 and 2010.<sup>27</sup> The reported collections increased to highs of \$26.5 billion in fiscal year 2009 and \$57.3 billion in fiscal year 2010, after reported budget authority levels of \$2.2 billion in fiscal year 2006. According to an agency official and as stated in the FDIC's 2009 Annual Report, this increase primarily resulted from its adoption of the Deposit Insurance Fund Restoration Plan and the prepayment of future risk-based deposit insurance assessments by depository institutions to provide FDIC with the necessary liquidity to resolve failed depository institutions during the financial crisis. A FDIC official stated that the Deposit Insurance Fund Restoration Plan addressed the need to return the Deposit Insurance Fund to its mandated minimum reserve ratio of 1.15 percent of estimated insured deposits.<sup>28</sup>

- **Events other than legislative or agency actions.** Programs may experience increased fee revenue, penalty payment, or use of the authority for circumstances that do not involve legislative or agency action. For example, the United States Coast Guard's Maritime Oil Spill Programs account reported \$743 million in permanent appropriations in fiscal year 2010 after receiving transfers from the Oil Spill Liability Trust Fund to assist with cleanup after the 2010

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<sup>27</sup> 12 U.S.C. §§ 1817, 1821.

<sup>28</sup> The Restoration Plan was amended in 2009. See Federal Deposit Insurance Corporation Restoration Plan, 73 Fed. Reg. 61598 (Oct. 16, 2008); Federal Deposit Insurance Corporation Amended Restoration Plan, 74 Fed. Reg. 9564 (Mar. 4, 2009). The final rule for prepayment of assessments was published in the Federal Register in 2009, and covered the risk-based deposit insurance assessments assigned to insured institutions for the fourth calendar quarter of 2009 and calendar years 2010 through 2012. See 74 Fed. Reg. 59056 (Nov. 17, 2009). In 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank) raised the FDIC's required reserve ratio to 1.35 percent of estimated insured deposits and made additional changes to the assessment requirements. Pub. L. No. 111-203, § 334, 124 Stat. 1376, 1539 (July 2010). The reserve ratio is the ratio of the Deposit Insurance Fund balance to estimated insured deposits.

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Deepwater Horizon oil spill.<sup>29</sup> Amounts from the Oil Spill Liability Trust Fund are available to fund federal response activities in the event of an oil spill or imminent threat of an oil spill on navigable waters of the United States. In the case of the 2010 Deepwater Horizon oil spill, the Coast Guard was authorized to obtain one or more advances from the Oil Spill Liability Trust Fund, as needed to address costs associated with federal activities in response to the oil spill, with up to a maximum of \$100 million for each advance.<sup>30</sup>

As a result of the growth of spending authority and permanent appropriations from fiscal years 1994 through 2015, more budget authority is available to agencies that does not require them to await congressional action to incur obligations. For example, USDA has the authority to use its portion of the fee for Agricultural Quarantine Inspection without congressional action.<sup>31</sup>

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### Agencies Reporting the Largest Amount of Spending Authority and Permanent Appropriations in Fiscal Year 2015 Have Changed, as Compared to Fiscal Year 1994

The majority of spending authority and permanent appropriations reported in fiscal year 2015 was concentrated in large agencies and budget accounts that fund entitlement programs such as Social Security and Medicare. The Department of Health and Human Services (HHS) reported the highest use of spending authority and permanent appropriations. HHS also had the most accounts in the list of top 10 accounts in fiscal year 2015. This is a change since fiscal year 1994 when SSA reported using the most spending authority and permanent appropriations. Together, in fiscal year 2015, the top three agencies—HHS, SSA, and Treasury—comprised three quarters of the total government-wide spending authority and permanent appropriations (see figure 6).

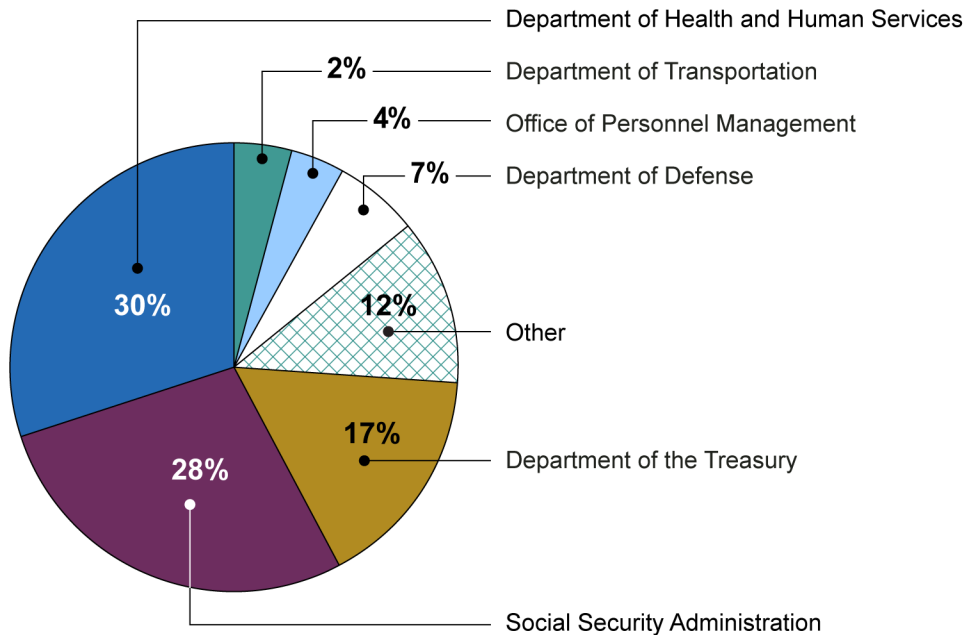
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<sup>29</sup>A trust fund account is usually either a receipt, an expenditure, or a revolving fund account. Except in rare circumstances, a trust fund account imposes no fiduciary responsibility on the federal government.

<sup>30</sup>26 U.S.C. § 9509; 33 U.S.C. §§ 2712(a)(4), 2752(b).

<sup>31</sup>21 U.S.C. § 136a.

**Figure 6: Agencies Reporting the Largest Percentage of Total Spending Authority and Permanent Appropriations Used, Fiscal Year 2015**



Source: GAO analysis of Office of Management and Budget data and information from federal agencies. | GAO-19-36

Note: The “Other” category combines agencies with a much smaller percentage of spending authority and permanent appropriations use.

HHS reported the largest amount of spending authority and permanent appropriations in fiscal year 2015 with about \$979 billion, or about 30 percent.<sup>32</sup> (See appendix III for a list of budget authority use by agency for fiscal year 2015.) HHS’s largest three accounts in our inventory all fund Medicare.<sup>33</sup> SSA, which oversees the Old-Age and Survivors Insurance program, the Disability Insurance and Supplemental Security Income

<sup>32</sup>Our definition of “agency” includes departments, agencies, government corporations, offices, boards, commissions, and other entities. While, generally, these are listed as “agencies” in OMB’s MAX system, many are listed as “Other Independent Agencies,” or as separate bureaus in OMB MAX under the Executive Office of the President, Legislative Branch, or Judicial Branch. Our 1996 report found that 82 agencies used or had spending authority and permanent appropriations during the timeframe of the review. Because of slight differences in the definition of “agency,” our counts are only generally comparable.

<sup>33</sup>Multiple budget accounts fund Medicare because the program has several components and trust funds. This necessitates separate financial reporting units.

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programs, as well as the Special Benefits for Certain World War II Veterans program, reported about \$920 billion or about 28 percent of total spending authority and permanent appropriations.<sup>34</sup> Programs administered by HHS and SSA continue to show spending increases largely as a result of the aging of the population and increasing health care costs.<sup>35</sup> Treasury reported the third highest amount of spending authority and permanent appropriations, about \$542 billion, the majority of which is for interest on debt held by the public and intragovernmental debt.

These agency usage patterns are echoed when analyzing spending authority and permanent appropriations by account. The 10 largest accounts represented about 72 percent of spending authority and permanent appropriations in fiscal year 2015, as shown in table 2. All of these are permanent appropriations, except for the Postal Service's Postal Service Fund account which is an offsetting collection that includes revenue for mail services. Seven of the 10 accounts fund entitlement programs.

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<sup>34</sup>The Special Benefits for Certain World War II Veterans program provides monthly benefits for certain veterans of World War II who live outside of the United States.

<sup>35</sup>For more information on the key drivers of federal spending, see [GAO-18-299SP](#).

**Table 2: Budget Accounts Reporting the Largest Amounts of Spending Authority and Permanent Appropriations, Fiscal Year 2015**

Account name	Account number	Agency	Bureau	Actual budget authority used (dollars in billions)	Percent of government-wide spending authority and permanent appropriations
Federal Old-Age and Survivors Insurance Trust Fund	28-8006	Social Security Administration	Social Security Administration	\$742	23
Payments to Health Care Trust Funds	75-0580	Department of Health and Human Services	Centers for Medicare and Medicaid Services	289	9
Federal Hospital Insurance Trust Fund	75-8005	Department of Health and Human Services	Centers for Medicare and Medicaid Services	282	9
Federal Supplementary Medical Insurance Trust Fund	75-8004	Department of Health and Human Services	Centers for Medicare and Medicaid Services	268	8
Interest on Treasury Debt Securities (gross)	20-0550	Department of the Treasury	Interest on the Public Debt	251	8
Federal Disability Insurance Trust Fund	28-8007	Social Security Administration	Social Security Administration	145	4
Interest Paid to Trust Fund Receipt Accounts - Shadow Account	20-0555	Department of the Treasury	Interest on the Public Debt	141	4
Civil Service Retirement and Disability Fund	24-8135	Office of Personnel Management	Office of Personnel Management	82	3
Medicare Prescription Drug Account, Federal Supplementary Insurance Trust Fund	75-8308	Department of Health and Human Services	Centers for Medicare and Medicaid Services	80	2
Postal Service Fund	18-4020	Postal Service	Postal Service	74	2
<b>Total</b>				<b>2,354</b>	<b>72</b>

Source: GAO analysis of Office of Management and Budget data and information from federal agencies. | GAO-19-36

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## Use of Permanent Appropriations Driven by HHS, SSA, and Treasury



### Permanent Appropriations

Budget authority to incur obligations and make payments that is available permanently by law without further legislative action.

Source: GAO. | GAO-19-36

Similar to the fiscal year 2015 data for all spending authority and permanent appropriations, HHS, SSA, and Treasury reported the greatest use of permanent appropriations in fiscal years 2015, 2005, and 1994 (see figure 7).<sup>36</sup> HHS reported the highest dollar amount of permanent appropriations for the first time in fiscal year 2006, likely due to rising health care costs.<sup>37</sup>

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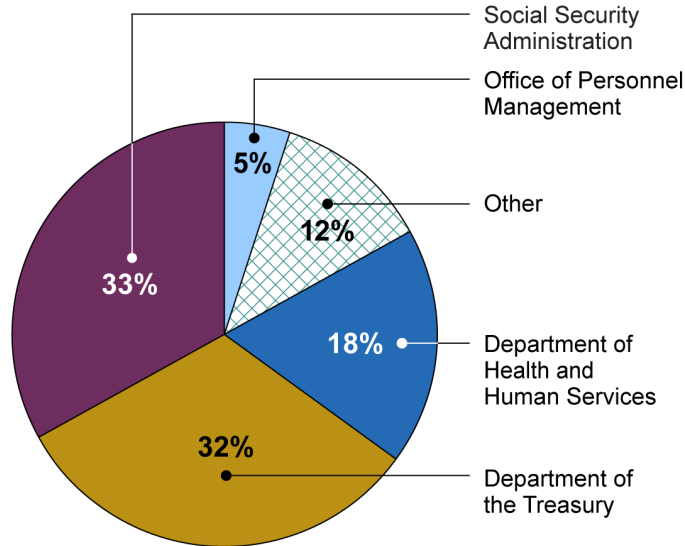
<sup>36</sup>We selected fiscal year 2005 to show the reported use of the authority during the middle of the time period reviewed.

<sup>37</sup>See [GAO-18-299SP](#). Spending for the major health and retirement programs is projected to increase in coming decades, in part due to an aging population and projected continued increases in health care costs per beneficiary.

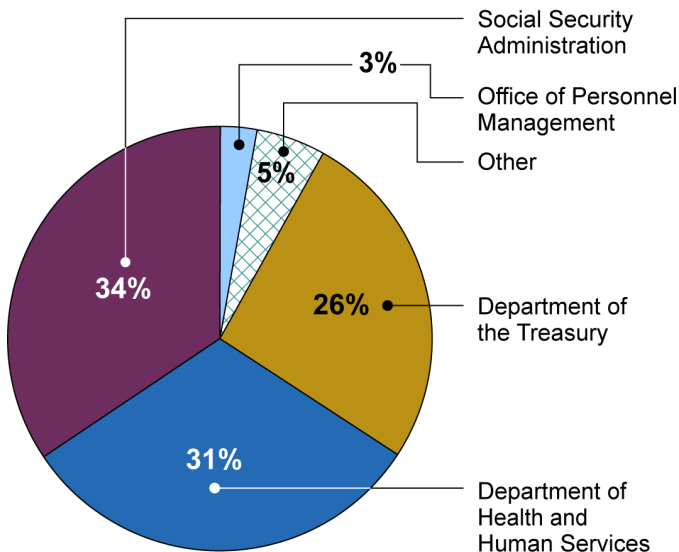


**Figure 7: Agencies Reporting the Largest Percentage of Total Permanent Appropriations Used in Fiscal Years 1994, 2005, and 2015**

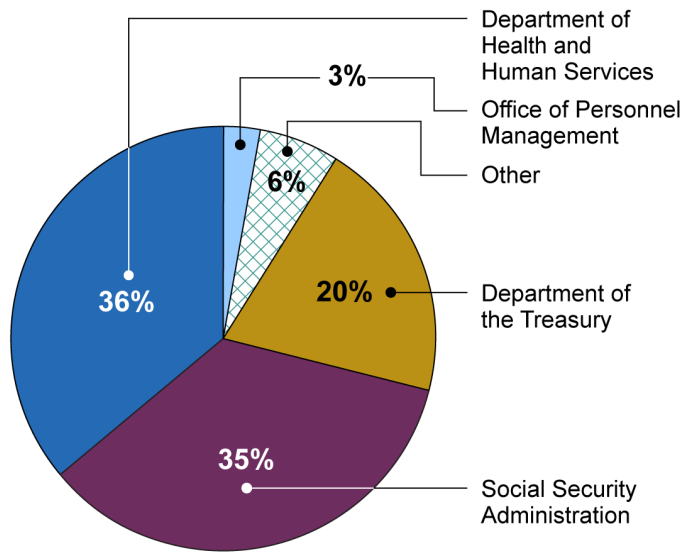
**Fiscal Year 1994**



**Fiscal Year 2005**



**Fiscal Year 2015**



Source: GAO analysis of Office of Management and Budget data and information from federal agencies. | GAO-19-36

Note: The "Other" category combines agencies with a much smaller percentage of permanent appropriations use.

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Interest on the federal debt, administered by Treasury, has dropped as a percentage of total permanent appropriations since fiscal year 1994. This drop is due to lower interest rates, which have allowed the government to borrow more cheaply in recent years. However, interest remains a top permanent appropriation—\$402 billion in fiscal year 2015, compared with \$296.3 billion in fiscal year 1994 (\$442.5 billion adjusted for inflation in 2015 dollars).<sup>38</sup> The Congressional Budget Office and others project that interest rates will rise in the long term, increasing the net interest costs on the debt.<sup>39</sup> Our work has shown that net interest on the federal debt is on track to be larger than any other category of spending in coming years due to continued projected growth in federal debt and expected increases in interest rates.<sup>40</sup>

While the highest reported amounts of permanent appropriations were concentrated in three agencies, the majority of agencies had permanent appropriations from fiscal years 1995 through 2015—these agencies are shown in appendix III. Furthermore, government-wide, 192 accounts in our inventory have new permanent appropriations authority since 1995. The text box examples below describe permanent appropriations in other accounts.

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<sup>38</sup>In 1996 we reported that Treasury account 20-0550, Interest on the Public Debt, used the most permanent appropriations in fiscal year 1994. Starting in fiscal year 2004, interest is reported in three additional accounts: 20-0555, 20-0556, and 20-0557. These four accounts are the equivalent to account 20-0550 used prior to fiscal year 2004.

<sup>39</sup>[GAO-18-299SP](#).

<sup>40</sup>The \$402 billion in our data for fiscal year 2015 is interest on the debt held by the public and intragovernmental debt.

**Examples of Different Accounts with and Uses of Permanent Appropriations**

*Office of Personnel Management, Civil Service Retirement and Disability Fund.* The Civil Service Retirement and Disability Fund finances benefits for federal employees covered under the Civil Service Retirement System and the Federal Employees' Retirement System. The fund is primarily financed through government and employee contributions which are paid into the fund and are available without further appropriation to cover benefits and administrative expenses.<sup>a</sup>

*Department of the Treasury, Payment Where Earned Income Tax Credit Exceeds Liability for Tax.* The Earned Income Tax Credit is a benefit for working people with low income that reduces the amount of federal taxes owed. To the extent that the credit exceeds the tax liability of the taxpayer, the Internal Revenue Service receives a permanent appropriation to cover credit refunds.<sup>b</sup>

*Institute of Museum and Library Services, Office of Museum and Library Services: Grants and Administration.* The Institute of Museum and Library Services—an agency that provides grant and other assistance to support libraries and museums, and conducts policy research and analysis to extend and improve the Nation's museum, library and information services—has the authority to accept gifts, bequests, or devises of money and other property or services and to use such property or services in furtherance of the functions of the Institute.<sup>c</sup>

Source: GAO analysis of statutory references and agency information. | GAO-19-36

<sup>a</sup>5 U.S.C. §§ 8334, 8348, 8422-23.

<sup>b</sup>31 U.S.C § 1324.

<sup>c</sup>20 U.S.C. § 9106. "Gifts" to a federal agency may be defined as gratuitous conveyances or transfers of ownership in property without any consideration. An agency must have specific statutory authority to accept gifts in order to spend them without further appropriations. See 31 U.S.C. § 1323.

**Use of Contract Authority  
Driven by DOD and DOT**



**Contract Authority**

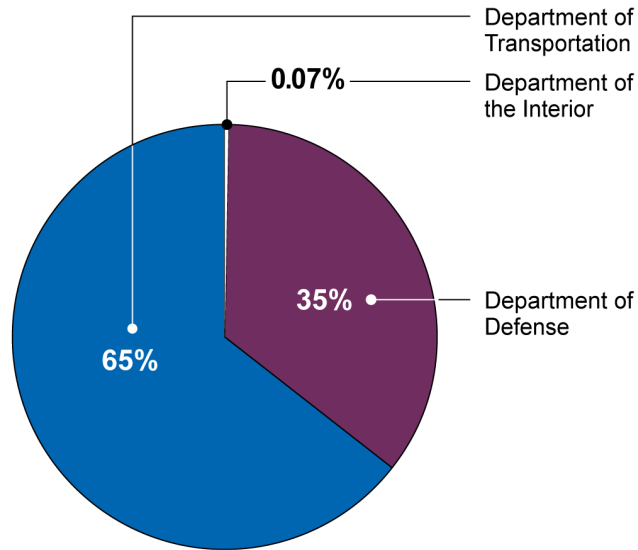
Authority to incur obligations in advance of appropriations, including collections sufficient to liquidate the obligation or receipts. It is unfunded, and a subsequent appropriation or offsetting collection is needed to liquidate the obligations.

Source: GAO. | GAO-19-36

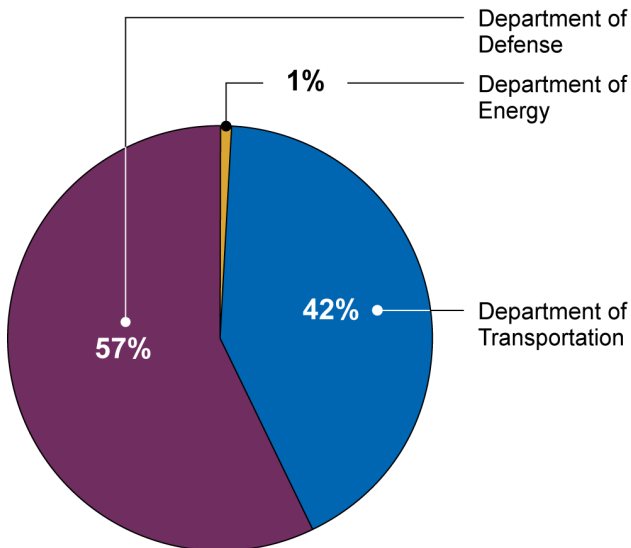
Contract authority is concentrated, with only five agencies having this authority from fiscal years 1995 through 2015. Four of these agencies used the authority, while one agency—the Judicial Branch; Courts of Appeals, District Courts, and Other Judicial Services—has the authority, but did not use it. The Department of Defense (DOD) and the Department of Transportation (DOT) were the two agencies that reported the largest percentages of dollar amounts of contract authority in fiscal years 1994 and 2015, as well as 2005 (see figure 8). This figure shows three of the four agencies that reported contract authority in our timeframe. One other agency, the Department of Housing and Urban Development, used contract authority in fiscal year 2007.

**Figure 8: Agencies Reporting the Largest Percentage of Total Contract Authority Used in Fiscal Years 1994, 2005, and 2015**

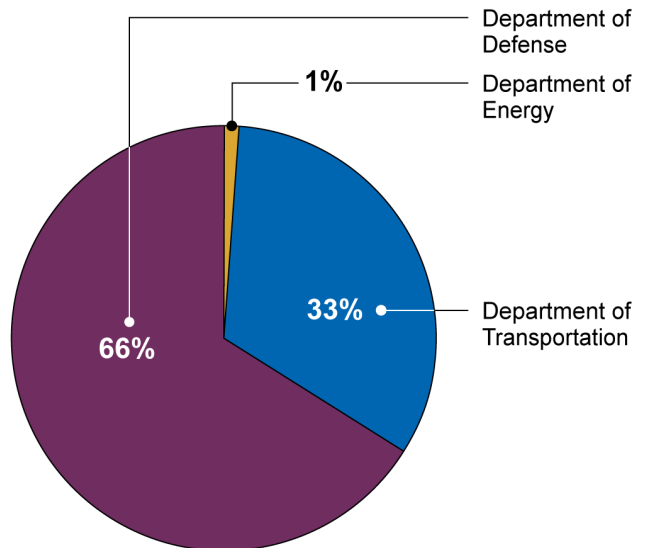
Fiscal Year 1994



Fiscal Year 2005



Fiscal Year 2015



Source: GAO analysis of Office of Management and Budget data and information from federal agencies. | GAO-19-36

Note: Totals may not equal 100 percent due to rounding.

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Until fiscal year 2005, DOT's Federal-Aid Highways account reported the most contract authority each year except one. In 2005, DOD surpassed DOT, and DOD continues to report the highest level of contract authority use through fiscal year 2015. This increase was likely due to DOD guidance from fiscal year 2005 changing the policy for how contract authority for DOD's working capital funds is reported in MAX, and a revised error in one account.<sup>41</sup> The majority of the amount of DOD's contract authority, in all years, is from one working capital fund. Specifically, the amount of contract authority reported for this one DOD working capital fund increased by over 1,600 percent for fiscal year 2005, due to the policy change and revised reporting error. That fund's reported contract authority amounts continued to be similarly high through fiscal year 2015.

Overall, the number of accounts with contract authority has remained relatively stable. Only one account at DOD reported receiving new contract authority since 1995. In fiscal year 2015, five accounts at DOD and DOT, as listed in appendix IV, represented 99 percent of contract authority used—\$161.4 billion. The text box below describes one DOT account, and a DOE account that consistently reported contract authority since fiscal year 2002.

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<sup>41</sup>Effective beginning in fiscal year 2005, DOD changed its policy and processes for accounting and reporting contract authority for its working capital fund. According to a DOD official, this policy change resulted in an increase in the reported contract authority in MAX, but it did not change the amount of contract authority used. In addition, reporting of contract authority prior to fiscal year 2005 for DOD's working capital fund (OMB account number 97-4930), may not be reliable. DOD was unable to confirm what was reported for fiscal years 1995 through 2004 in our inventory of accounts. According to a DOD official, for one of its sub-accounts within account 97-4930, DOD inadvertently did not report contracting authority in MAX from fiscal years 1995 through 2004.

**Examples of Different Accounts with and Uses of Contract Authority**

*Department of Transportation (DOT), Grants-in-aid-for-Airports.* DOT has the authority to make project grants for public-use airports. Using the contract authority provided in an authorizing act, DOT uses a formula to allocate grants and subsequently make obligations for the grants. While the contract authority allows for obligations to be incurred prior to receiving appropriations, the appropriations act typically provides a limitation on new obligations. The appropriations act also provides authority to liquidate the obligations.<sup>a</sup>

*Department of Energy, Bonneville Power Administration Fund.* The Bonneville Power Administration is a nonprofit federal power marketing administration based in the Pacific Northwest. The administrator of the fund functions as the marketing agent for all electric power generated by federal plants in the Pacific Northwest. The administrator is authorized to enter into contracts, agreements, and arrangements upon such terms and conditions as the administrator deems necessary.<sup>b</sup>

Source: GAO analysis of statutory references and agency information. | GAO-19-36

<sup>a</sup>49 U.S.C. § 47104; see also 49 U.S.C. § 47114; Transportation, Housing and Urban Development, and Related Agencies Appropriations Act, 2015, Pub. L. No. 113-235, Division K, Title I, 128 Stat. 2702 (Dec. 16, 2014).

<sup>b</sup>16 U.S.C. § 832a.

**The Amount of Borrowing Authority Used Varied with USDA Reporting the Largest Amount**



**Borrowing Authority**

Authority enacted to permit an agency to borrow money and then to obligate against amounts borrowed.

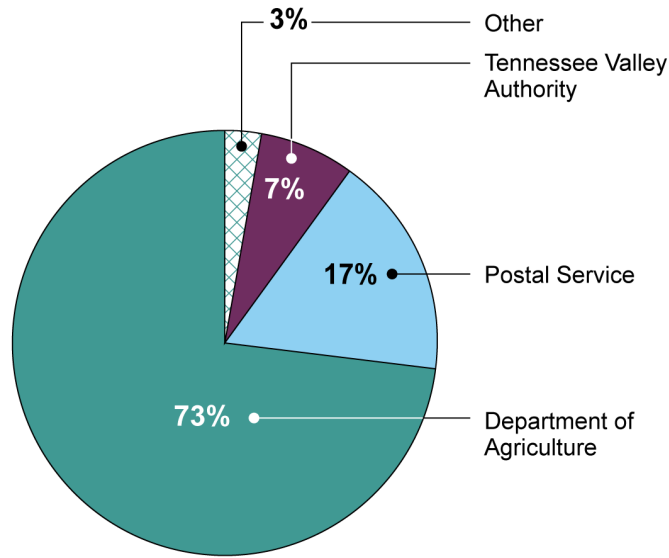
Source: GAO. | GAO-19-36

From fiscal years 1994 through 2015, 15 agencies reported the use of borrowing authority of varying amounts and an additional two agencies had unused borrowing authority. Since 1995, seven accounts reported receiving new borrowing authority across five different agencies including the Department of Commerce and DOT.<sup>42</sup> USDA reported the largest dollar amount of borrowing authority in most years, including fiscal years 1994, 2005, and 2015, which represented 73 percent, 82 percent, and 60 percent of each fiscal years' total borrowing authority, respectively (see figure 9).

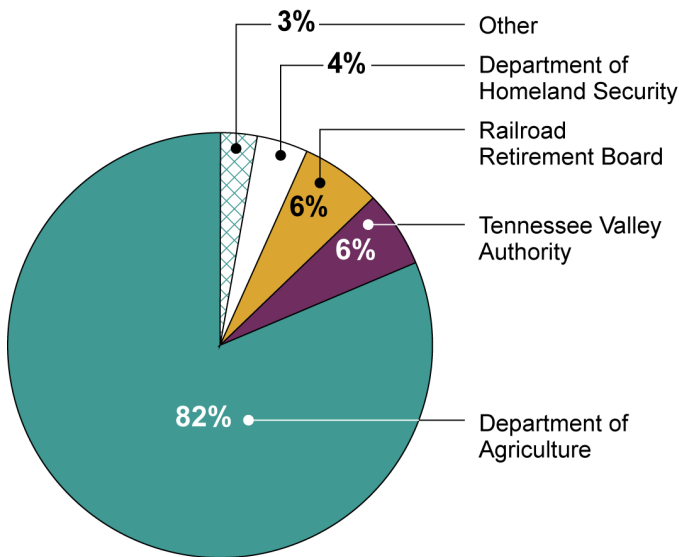
<sup>42</sup>The other three agencies are DOD, USDA, and DOE.

**Figure 9: Agencies Reporting the Largest Percentage of Total Borrowing Authority Used in Fiscal Years 1994, 2005, and 2015**

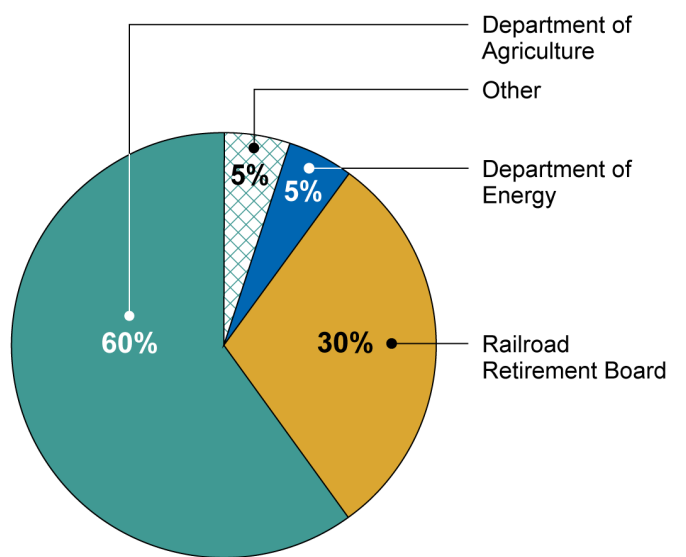
**Fiscal Year 1994**



**Fiscal Year 2005**



**Fiscal Year 2015**



Source: GAO analysis of Office of Management and Budget data and information from federal agencies. | GAO-19-36

Note: The "Other" category combines agencies with a much smaller percentage of borrowing authority use.



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USDA's large share of the total borrowing authority, and most of the overall variability in our borrowing authority data throughout our timeframe, is for the Commodity Credit Corporation Fund. The fund reported about \$7.8 billion or 60 percent of government-wide borrowing authority in fiscal year 2015. The Commodity Credit Corporation has authority to borrow funds to carry out its programs, which include providing income and price support to agricultural producers, payments for conservation practices on farms, assistance in the development of international agricultural markets, and international feeding programs.<sup>43</sup> Some of the primary drivers of its borrowing authority variability are legislation, changes in commodity yields and price, weather disasters, and market conditions, according to a USDA official.

The Railroad Retirement Board (RRB)—which administers a retirement benefit program similar to Social Security for railroad workers and their families—began reporting borrowing authority in fiscal year 1996 and reported the second largest borrowing authority amount in fiscal year 2015.<sup>44</sup> The Railroad Social Security Equivalent Benefit account reported between about \$3 billion and \$4 billion per year through 2015. The Tennessee Valley Authority reported borrowing authority periodically during our time frame, reporting a high of \$3.1 billion in fiscal year 2003. For more information on the top five accounts for the use of borrowing authority, see appendix IV. The text box below provides additional information on the Tennessee Valley Authority account and a Department of Commerce account.

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<sup>43</sup>15 U.S.C. § 713a-4.

<sup>44</sup>RRB benefits are provided for by payroll taxes paid by covered employers and employees, among other sources. These benefits are also funded through annual transfers between the RRB and the Social Security Trust Funds, based on the amount of benefits that workers would have received if they were covered by Social Security, as well as the payroll taxes that would have been collected if the railroad workers were covered by Social Security. The RRB is required to calculate monthly the net amount that would be added to or subtracted from the Social Security trust funds for that given month. If this calculation indicates a subtraction from the Social Security trust funds, the RRB must report that amount to the Secretary of the Treasury and the amount may be borrowed from the General Fund of the Treasury. The borrowed funds must be repaid with interest. 45 U.S.C. §§ 231f(c)(4), 231n-1.

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### Examples of Different Accounts with and Uses of Borrowing Authority

*Tennessee Valley Authority, Tennessee Valley Authority Fund.* The Tennessee Valley Authority is a corporate agency that provides electricity for business customers and local power companies in parts of seven southeastern states. The agency is authorized to issue and sell up to \$30 billion of bonds, notes, and other debt instruments at any one time to assist in financing its power program. The proceeds from these bonds are authorized for the construction, acquisition, enlargement, improvement, or replacement of electrical power facilities and other purposes authorized by the Tennessee Valley Authority Act of 1933.<sup>a</sup>

*Department of Commerce, Public Safety Trust Fund.* The Middle Class Tax Relief and Job Creation Act of 2012 (the Act) created the First Responder Network Authority (FirstNet), an independent authority within the Department of Commerce's National Telecommunications and Information Administration (NTIA) and required it to establish a nationwide, interoperable public-safety broadband network. In order to provide initial funding for FirstNet, NTIA was authorized to borrow up to \$2 billion from the Treasury to implement the program. The Act required NTIA to reimburse Treasury, without interest, from funds deposited into the Public Safety Trust Fund.<sup>b</sup>

Source: GAO analysis of statutory references and agency information. | GAO-19-36

<sup>a</sup>16 U.S.C. § 831n-4. See also, Tennessee Valley Authority Act of 1933, Pub. L. No. 73-17, 48 Stat. 58 (May 18, 1933), codified as amended at 16 U.S.C. § 831 et. seq.

<sup>b</sup>47 U.S.C. § 1427.

A couple of accounts had temporary spikes in the use of borrowing authority from fiscal years 1994 through 2015.<sup>45</sup> Specifically, the Department of Labor's Unemployment Trust Fund had several years of increased use of borrowing authority, with a high of \$26.2 billion in fiscal year 2010. As we have reported, the recession that occurred during 2007 through 2009 sharply increased the number and duration of claims for unemployment benefits.<sup>46</sup> The National Credit Union Administration's Central Liquidity Facility, which was created to improve the general

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<sup>45</sup>Some borrowing authorities have maximum amounts specified by statute, and increases in use may be attributed to enacted increases in the maximum amount. In such instances, variation in use is due to agency discretion in response to circumstances. For example, if an agency's borrowing authority authorizes the agency to borrow funds to provide assistance to entities with no ceiling on the amount, the agency's use of borrowing authority will increase if the agency decides to grant assistance to a greater number of entities. The agency may use its discretion to grant assistance to a greater number of entities if there is an increased need for assistance due to economic conditions.

<sup>46</sup>See GAO, *Unemployment Insurance Trust Funds: Long-standing State Financing Policies Have Increased Risk of Insolvency*, [GAO-10-440](#) (Washington D.C., April 14, 2010) and *Unemployment Insurance: Economic Circumstances of Individuals Who Exhausted Benefits*, [GAO-12-408](#) (Washington D.C.: Feb. 17, 2012).

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## Offsetting Collections Authority is Widespread among Agencies



### Offsetting Collections

Collections authorized by law to be credited to agency accounts that can be obligated without further congressional action.

Source: GAO. | GAO-19-36

financial stability of credit unions by serving as a liquidity lender to credit unions experiencing unusual or unexpected liquidity shortfalls, reported borrowing authority for the first time in our inventory in the amount of \$19.4 billion in fiscal year 2009. The Central Liquidity Facility is authorized by statute to borrow, from any source, an amount not to exceed 12 times its subscribed capital stock and surplus.<sup>47</sup>

The majority of agencies had offsetting collections authority. Offsetting collections authority generally authorizes agencies to collect fines, charge fees, or charge for permits among other uses. These functions have a number of applications across the government. Since fiscal year 1995, 129 accounts received new offsetting collections authority. We did not rank the top agencies that used offsetting collections because we, and the agencies when asked, were unable to reliably subtract collections from federal sources or refunds of prior paid obligations.<sup>48</sup> The text box below provides examples of accounts with offsetting collections authority.

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<sup>47</sup> 12 U.S.C. § 1795f(a)(4)(A). As we have reported, prior to the 2007-2009 financial crisis, the obligation limit on the Central Liquidity Facility borrowing authority with Treasury was \$1.5 billion. At the National Credit Union Administration's request, Congress removed the appropriation limit in 2008 allowing Central Liquidity Facility to borrow up to its full legal borrowing authority. GAO, *National Credit Union Administration: Earlier Actions Are Needed to Better Address Troubled Credit Unions*, GAO-12-247 (Washington, D.C.: Jan. 4, 2012).

<sup>48</sup> Except for working capital funds, collections from federal sources do not meet our definition of spending authority and permanent appropriations because their source is either annually appropriated or is itself in the inventory. An example is collections pursuant to reimbursable interagency agreements, such as those entered into under the Economy Act. 31 U.S.C. § 1535. See appendix II for additional details.

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### **Examples of Different Accounts with and Uses of Offsetting Collections**

*Department of Transportation (DOT), Motor Carrier Safety Operations and Programs.* The Unified Carrier Registration Act of 2005 tasked DOT with establishing and implementing the Unified Carrier Registration System to serve as a repository of information on, and identification of, all foreign and domestic motor carriers, motor private carriers, brokers, freight forwarders, and others required to register with DOT. DOT is authorized to collect fees associated with the system, including registration and filing fees, and may use collected funds for these activities without further appropriation.<sup>a</sup>

*Environmental Protection Agency, Damage Assessment and Restoration Revolving Fund.* Under the Oil Pollution Act, responsible parties for a vessel or a facility from which oil is discharged are liable for, among other things, damages for injury to, destruction of, loss of, or loss of use of, natural resources. The Oil Pollution Act authorizes certain departments and agencies, such as the Department of the Interior, designated by executive order as a “trustee for natural resource damages” to recover such damages, and retain and use the funds without further appropriation to reimburse or pay costs incurred by the trustee with respect to the damaged natural resources. For the limited purpose of the Deepwater Horizon Oil Spill, the Environmental Protection Agency was also designated a trustee.<sup>b</sup>

*Department of Veterans Affairs, Servicemembers’ Group Life Insurance Fund.* The Department of Veterans Affairs is authorized to collect from military servicemembers’ pay as premiums for group life insurance.<sup>c</sup> The premiums are placed into a revolving fund, which is available without further appropriation, to pay claims.

*Department of Defense (DOD), Working Capital Fund, Defense Wide.* DOD’s working capital fund is used to charge for goods and services provided to the military services and other customers.<sup>d</sup> In addition to any funds appropriated to the working capital fund, the working capital fund may also collect funds from providing services or procuring supplies, or through the sale and disposal of DOD property. Funds are available without further appropriation.

Source: GAO analysis of statutory references and agency information. | GAO-19-36

<sup>a</sup>49 U.S.C. § 13908.

<sup>b</sup>33 U.S.C. § 2706(f); see also, 33 U.S.C. § 2702; 40 C.F.R. § 300.600.

<sup>c</sup>38 U.S.C. § 1969.

<sup>d</sup>10 U.S.C. § 2208. Working capital funds are a type of intragovernmental revolving fund that operates as a self-supporting entity that conducts a regular cycle of businesslike activities. These funds function typically from the fees charged for the services the funds provide consistent with their statutory authority.

## Six Agencies with Authority for Monetary Credits or Bartering Did Not Report Using It



### Monetary Credits or Bartering

Monetary credits or bartering are used by agencies having the authority to make purchases by giving the seller credits or something other than money in dollar amounts reflecting the purchase price. The holder of credits may apply them later to reduce an amount owed to the government in other transactions.

Source: GAO. | GAO-19-36

Six agencies have the authority to use monetary credits or bartering, but none of these agencies reported using this authority from fiscal years 1995 through 2015. These are the same agencies that we reported in 1996—the Departments of the Interior and State, DOE, DOD, USDA, and the Tennessee Valley Authority. OMB staff said that monetary credits are used infrequently government-wide, and that agencies are not required to record this type of authority separately in the budget. When we asked, no other agencies reported having monetary credits or bartering authority. The text box below provides examples of accounts that are authorized to use monetary credits or bartering.

### Examples of Different Accounts with Monetary Credits or Bartering Authority

*Department of State, Embassy Security, Construction, and Maintenance.* The Department of State is authorized to exchange property or property interest for the use of diplomatic and consular establishments in foreign countries or in the United States. The Department of State is authorized to receive payment in any form, or in kind, to cover damage to or destruction of diplomatic or consular property abroad.<sup>a</sup>

*Department of Defense (DOD), Operations and Maintenance, Army National Guard.* DOD is authorized to acquire logistic support, supplies and services for the armed forces deployed outside the United States from specified governments and international organizations. Supplies or services of equal value may be exchanged to facilitate these transactions.<sup>b</sup>

*Department of Energy (DOE), Colorado River Basins Power Marketing Fund.* In connection with the construction, operation and maintenance of facilities necessary for its power marketing functions, DOE is authorized to purchase, condemn or exchange government properties to facilitate the relocation of private interests in land, as well as enter into contracts for the exchange or replacement of electric energy necessary to perform power marketing functions.<sup>c</sup>

Source: GAO analysis of statutory references and agency information. | GAO-19-36

<sup>a</sup>22 U.S.C. § 300.

<sup>b</sup>10 U.S.C. § 2344; see also 10 U.S.C. § 2341.

<sup>c</sup>43 U.S.C. § 389. This authority was enacted under the Reclamation Project Act of 1939. This bartering authority is a general Department of Energy authority and is not exclusive to the Colorado River Basins Power Marketing Fund. Pub. L. No. 76-260, § 14, 53 Stat. 1197 (Aug. 4, 1939).

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## The Percentage of Spending Authority and Permanent Appropriations Authorities Subject to Sequestration in Fiscal Year 2015 Decreased Compared to Fiscal Year 1994

The majority of spending authority and permanent appropriations authorities were exempt from sequestration in fiscal year 2015.<sup>49</sup> This is a reversal from fiscal year 1994, when the majority of spending authority and permanent appropriations authorities were subject to sequestration. Congress first established exemptions to sequestration in the 1980s when BBEDCA was enacted and has amended them since then.

To determine the requisite percentage reduction to nonexempt budgetary resources pursuant to BBEDCA, OMB must define the sequestrable base, which is the total of nonexempt budgetary resources within each function.<sup>50</sup> BBEDCA directs OMB to calculate a sequestration consistent with special rules and exemptions described by law. OMB provides guidance to agencies for implementing sequestration, and is also required under BBEDCA to report to Congress its calculations and other estimates at various stages. We worked with OMB to classify by OMB's sequestration designation the agencies' spending authority and permanent appropriations authorities that were in our inventory, as shown in table 3.<sup>51</sup> Each authority in our inventory is assigned a designation, which defines how the authority is treated when sequestration is in effect.

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<sup>49</sup>Data as of fiscal year 2013 were used to determine the status for accounts in our inventory with discretionary offsetting collections because only mandatory accounts were sequestered in fiscal year 2015. Discretionary accounts were also sequestered in fiscal year 2013.

<sup>50</sup>A budgetary resource is an amount available to enter into new obligations and to liquidate them. Budgetary resources are made up of new budget authority (including direct spending authority provided in existing statute and obligation limitations) and unobligated balances of budget authority provided in previous years.

<sup>51</sup>These categories are consistent for fiscal years 2015 and 1994 (as reported in our 1996 report). These are also consistent with how OMB analyzes data for the *Report to the Congress on the Joint Committee Reductions* that is issued annually to Congress.

**Table 3: Sequestration Designation Categories**

Category	Definition	Example of agency, account, and authority
<b>Exempt</b>	Budgetary resources are exempt from cancellation under budget enforcement sequestration procedures. These include budgetary resources collected from private donations, bequests, or voluntary contributions to the government, and actions which involve intragovernmental funds.	Social Security Administration, <i>Payments to Social Security Trust Funds</i> (permanent appropriations)
<b>Sequestrable</b>	Budgetary resources are subject to cancellation under budget enforcement sequestration procedures.	Department of the Interior, <i>Ocean Energy Management</i> (offsetting collections)
<b>Partially sequestrable</b>	Certain budgetary resources specified by law within the account are not subject to cancellation under budget enforcement sequestration procedures.	Department of Transportation, <i>Federal-Aid Highways</i> (contract authority)
<b>Sequestrable/906</b>	Budgetary resources are subject to cancellation under budget enforcement sequestration procedures, but the amount of sequestration is limited by the provisions of 2 U.S.C. Section 906, unless otherwise specified. <sup>a</sup>	Department of Health and Human Services, <i>Indian Health Services</i> (permanent appropriations)
<b>Optionally sequestrable</b>	Refers to the President’s authority under the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, to exempt any military personnel account from sequestration, or provide for a lower uniform percentage reduction than would otherwise apply under budget enforcement sequester procedures.	None included in this inventory
<b>None</b>	Budgetary resources that were not classified by the Office of Management and Budget either because they have not had authority in recent years or because they were estimated to be zero in the baseline for the President’s Budget.	Bureau of the Census, <i>Census Working Capital Fund</i> (offsetting collections)

Source: GAO analysis of Office of Management and Budget data. | GAO-19-36

<sup>a</sup>2 U.S.C. § 906(k)(6) provides: “Budgetary resources sequestered in revolving, trust, and special fund accounts and offsetting collections sequestered in appropriation accounts shall not be available for obligation during the fiscal year in which sequestration occurs, but shall be available in subsequent years to the extent otherwise provided in law.”

As shown in table 4, in fiscal year 2015, 57 percent of spending authority and permanent appropriations authorities were exempt from sequestration, and therefore were not subject to this budgetary enforcement mechanism for helping to control the deficit. This is a 20 percentage point increase since fiscal year 1994. Correspondingly, the proportion of spending authority and permanent appropriations authorities that were subject to sequestration decreased 35 percentage points from fiscal year 1994 to fiscal year 2015. The proportion of authorities that was partially subject to sequestration increased from 4 percent in fiscal year 1994 to 11 percent in 2015. Designations were not available for 11 percent of the authorities in our inventory, due to methodological differences with OMB data explained in appendix I. None of the

authorities in our inventory were classified as optionally sequestrable and two were classified as sequestrable/906.

**Table 4: Number and Percentage of Authorities by Sequestration Designation, Fiscal Years 1994 and 2015**

Sequestration designation	1994		2015 <sup>a</sup>	
	Number of authorities	Percent of all authorities	Number of authorities	Percent of all authorities
Exempt	174	37	331	57
Sequestrable	265	56	121	21
Partially sequestrable	18	4	64	11
Optionally sequestrable	8	2	0	0
Sequestrable/906	3	1	2	0
None <sup>b</sup>	3	1	66	11
<b>Total</b>	<b>471</b>	<b>100</b>	<b>584</b>	<b>100</b>

Source: GAO analysis of Office of Management and Budget data. | GAO-19-36

Notes: Totals may not add to 100 because of rounding. Some accounts have more than one type of budget authority and are counted more than once.

<sup>a</sup>Fiscal year 2013 for discretionary offsetting collections accounts.

<sup>b</sup>OMB classifies all authorities with nonzero amounts in the baseline for the President's Budget. Since this baseline is prepared earlier than the actual budget authority is reported in the President's Budget, some authorities that were zero in the baseline estimate later reported actual budget authority in the President's Budget. For fiscal year 2015, most of these unclassified authorities were offsetting collections. Our 1996 report also had three authorities where the sequestration status was "N/A" or exempt from sequestration, but subject to special rules under 2 U.S.C. § 906. These are included under the "none."

The sequestration procedures established under BBEDCA were designed to serve as a budget enforcement mechanism and thereby reduce the federal budget deficit. Under current law, sequestration applies to mandatory spending through fiscal year 2027. Our finding that the majority of the agencies' spending authority and permanent appropriations authorities in our inventory are exempt from sequestration is consistent with our prior work on mandatory sequestration. In 2016, we reported that the majority of mandatory spending authority was exempt from sequestration.<sup>52</sup> Since spending authority and permanent appropriations permit agencies to obligate budget authority without further congressional action, when these authorities are exempt from

<sup>52</sup>GAO, *2014 Sequestration: Opportunities Exist to Improve Transparency of Progress Toward Deficit Reduction Goals*, [GAO-16-263](#) (Washington, D.C.: Apr. 14, 2016).



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sequestration, agencies can continue to use these authorities without reductions when sequestration is in effect.

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## Agency Comments

We provided a draft of this report and the online dataset to the Director of OMB for review and comment. OMB staff provided technical comments, which we incorporated as appropriate.

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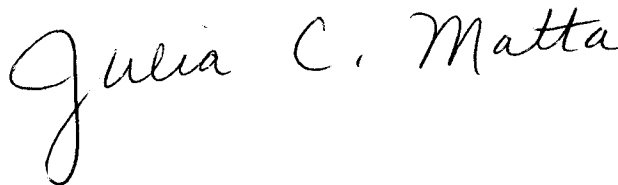
As agreed with your offices, unless you publicly announce the contents of this report earlier, we plan no further distribution until 30 days from the report date. At that time, we will send copies to interested congressional committees, the Director of the Office of Management and Budget, the secretaries and agency heads of the departments and agencies in our review, and other interested parties. In addition, the report is available at no charge on GAO's website at <http://www.gao.gov>.

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If you or your staff have any questions about this report, please contact Tranchau (Kris) T. Nguyen at (202) 512-6806 or [nguyentt@gao.gov](mailto:nguyentt@gao.gov), or Julia C. Matta at (202) 512-4023 or [mattaj@gao.gov](mailto:mattaj@gao.gov). Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix V.

A handwritten signature in cursive script that reads "Kris Nguyen".

Tranchau (Kris) T. Nguyen  
Acting Director  
Strategic Issues

A handwritten signature in cursive script that reads "Julia C. Matta".

Julia C. Matta  
Managing Associate General Counsel  
Office of the General Counsel

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*List of Requesters*

The Honorable Michael B. Enzi  
Chairman  
Committee on the Budget  
United States Senate

The Honorable Trey Gowdy  
Chairman  
Committee on Oversight and Government Reform  
House of Representatives

The Honorable Mark Meadows  
Chairman  
Subcommittee on Government Operations  
Committee on Oversight and Government Reform  
House of Representatives

The Honorable John Barrasso  
United States Senate

The Honorable Steve Daines  
United States Senate

The Honorable Johnny Isakson  
United States Senate

The Honorable David Perdue  
United States Senate

The Honorable Thom Tillis  
United States Senate

The Honorable Roger Wicker  
United States Senate

The Honorable Gary Palmer  
House of Representatives

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# Appendix I: Objectives, Scope, and Methodology

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Our objectives were to (1) identify and analyze federal budget accounts with spending authority and permanent appropriations, including the statutory references for the authorities, changes in the number of accounts and dollar amounts since fiscal year 1994, and other relevant information; and (2) describe whether the identified accounts are subject to or exempt from sequestration or subject to any special sequestration rules or limitations.

This report is an update to our previous report that covered spending authority and permanent appropriations using financial data from fiscal years 1985 through 1994.<sup>1</sup> For this report, we analyzed data from fiscal years 1995 through 2015, the most recent year for which data were available when we began our work.<sup>2</sup> We are also providing an online dataset of our inventory of accounts with spending authority and permanent appropriations on our public website at <https://www.gao.gov/products/GAO-19-36>.

For the purposes of this report, we are defining spending authority as budget authority made available through laws other than annual appropriations acts. We are defining a permanent appropriation as budget authority to incur obligations and make payments that is available permanently by law without further legislative action. A permanent appropriation may have been made available through an annual appropriations act or through laws other than the annual appropriations acts. A similar but not identical term for spending authority and permanent appropriations is “backdoor authority”—a colloquial phrase for budget authority that Congress provided in laws other than annual appropriations acts. This includes contract authority and borrowing authority, as well as entitlement authority and the outlays that result from that budget authority.<sup>3</sup> The term “spending authority and permanent appropriations”

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<sup>1</sup>GAO, *Budget Issues: Inventory of Accounts with Spending Authority and Permanent Appropriations*, 1996, [GAO/AIMD-96-79](#) (Washington D.C.: May 31, 1996).

<sup>2</sup>Fiscal year 2015 budget data are presented in the Fiscal Year 2017 President’s Budget Appendix.

<sup>3</sup>For purposes of this report, borrowing authority does not include the Department of the Treasury’s authority to borrow from the public or other sources under chapter 31, of title 31 of the U.S. Code because this authority is used to finance legislation already enacted by Congress and the President. Entitlement authority is a type of permanent appropriation. It refers to the authority to make payments for which budget authority is not provided in advance by appropriation acts to any person or government if, under the provisions of law containing such authority, the U.S. government is legally required to make such payments.

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indicates the authority to make obligations and expenditures without further action from Congress. For purposes of this report, spending authority and permanent appropriations include five types of budget authority: contract authority, authority to borrow, monetary credits or bartering, permanent appropriations, and offsetting collections.<sup>4</sup> For more detail on the definitions and the inclusions and exclusions for our inventory of accounts and our reasoning, see appendix II.

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## Data Sources

To identify and analyze accounts that used spending authority and permanent appropriations during this time frame, we used the Office of Management and Budget's (OMB) MAX A-11 Data Entry system (MAX). MAX is a computer system used to collect and process most of the information required for preparing the President's budget for the federal government. Agencies develop their budget information and enter the data into MAX. The data undergo rigorous review by OMB. MAX contains numerous edit checks to help ensure data consistency. Thus, we found the data to be sufficiently reliable for our purposes of identifying our initial inventory of accounts.

We used the Program and Financing Schedule's Budgetary Resources line number descriptions in OMB Circular A-11—OMB's guidance to agencies for preparing and submitting budget information—to select line numbers in MAX that align with our definition of spending authority and permanent appropriations.<sup>5</sup>

We reviewed each line number's description to confirm it met the definition of spending authority and permanent appropriations. We also confirmed with OMB staff our understanding of changes to the line numbers over the years, as well as our approach to implementing exclusions. MAX does not have specific line numbers for monetary credits or bartering—agencies report use of monetary credits as cash

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<sup>4</sup>Budget authority is authority provided by federal law to enter into financial obligations that will result in immediate or future outlays involving federal government funds. Appropriations are budget authority to incur obligations and to make payments from the Department of the Treasury for specified purposes. An appropriations act is the most common means of providing appropriations; however, authorizing and other legislation itself may also provide appropriations. GAO, *A Glossary of Terms Used in the Federal Budget Process*, [GAO-05-734SP](#) (Washington, D.C.: September 2005).

<sup>5</sup>OMB, *Circular No. A-11: Preparation, Submission, and Execution of the Budget*, Section 79 (Washington D.C.: June 2015).

equivalents in the budget. This is a broader category than just monetary credits. OMB staff said that agencies are not required to report monetary credits elsewhere. Therefore, we are unable to identify agencies' use of monetary credits in MAX data.

The table below summarizes the line numbers we analyzed while building our inventory of accounts by authority type. To avoid double counting, we did not include lines that represent totals. For example, line 6300 was not in our scope for fiscal years 1995 through 1998 because it represented total appropriations. However, line 6300 is in our scope for years when it represented reappropriations, which is a form of permanent appropriations that would be included in our scope.

**Table 5: Budget Line Numbers Associated with Spending Authority and Permanent Appropriations, Fiscal Years 1995 through 2015**

Authority type <sup>a</sup>	Line numbers in our scope
Permanent appropriations <sup>b</sup>	<ul style="list-style-type: none"> <li>1200-1239, fiscal years 2010 through 2015.</li> <li>6000-6385, fiscal years 1995 through 2009.</li> </ul>
Contract authority	<ul style="list-style-type: none"> <li>1600-1622, fiscal years 2010 through 2015.</li> <li>6610-6685, fiscal years 1995 through 2009.</li> </ul>
Borrowing authority	<ul style="list-style-type: none"> <li>1400-1423, fiscal years 2010 through 2015.</li> <li>6710-6785, fiscal years 1995 through 2009.</li> </ul>
Offsetting collections <sup>c</sup>	<ul style="list-style-type: none"> <li>1700-1728, fiscal years 2010 through 2015.</li> <li>5800-5862, fiscal years 2006 through 2009.</li> <li>6800-6885, fiscal years 1995 through 2005.</li> <li>1800-1827, fiscal years 2010 through 2015.</li> <li>6900-6985, fiscal years 1999 through 2009.</li> </ul>

Source: GAO analysis of Office of Management and Budget guidance. | GAO-19-36

Note: The numbers above are presented in ranges. OMB's line number assignments are not in perfect sequence. For example, in fiscal year 2015 the lines 1200-1201, and 1203-1204 were used, and then line numbers jump to 1220.

<sup>a</sup>There are not specific line numbers for monetary credits or bartering—agencies report use of monetary credits as cash equivalents in the budget, which is a broader category than just monetary credits.

<sup>b</sup>Advance appropriations are not included in our definition of spending authority and permanent appropriations, because such funding is subject to the annual appropriations process. See appendix II for more details. Therefore, lines in the 1270s (for fiscal years 2010 through 2015), and 6500s (for fiscal years 1995 through 2009) are not included.

<sup>c</sup>For purposes of this report, we included offsetting collections line numbers that OMB classified as budget authority lines and not line numbers that OMB classified as offsets from offsetting collections.

For offsetting collections, we included line numbers labeled in MAX as discretionary or mandatory.<sup>6</sup> Although discretionary spending generally refers to outlays from budget authority that is provided in and controlled by appropriations acts—which would not be spending authority and permanent appropriations—OMB staff said this distinction does not always apply in MAX data. This is partly because, prior to fiscal year 1999, the Program and Financing Schedule did not distinguish between mandatory and discretionary offsetting collections. Although distinct line numbers for mandatory and discretionary collections were added, the designation in MAX is not always correct, according to OMB staff.

For fiscal years 1995 through 1998, lines 6800 to 6885 could represent discretionary or mandatory offsetting collections. Starting with fiscal year 1999, OMB reported discretionary and mandatory collections separately in the Program and Financing Schedule. Discretionary collections were reported on lines 6800 to 6885, and mandatory collections on lines 6900 to 6985. In later years, the numbers changed but the distinction between the two remained.

If any dollar amount was reported in MAX on any of the selected lines for any year from fiscal years 1995 through 2015, we included the account in our initial inventory.<sup>7</sup> Many accounts reported budget authority amounts for more than one line number. In other words, they used different types of spending authority and permanent appropriations, or had multiple uses of the same authority. To the extent possible, we implemented the exclusions described in appendix II into the data, resulting in our initial inventory of accounts.<sup>8</sup>

We compared the accounts and authorities identified in our 1996 report with our MAX data for our initial inventory of accounts. We found five

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<sup>6</sup>OMB Circular A-11 defines the 1700 line number group (and prior year equivalents) as discretionary offsetting collections. According to OMB staff, there were limitations in the earlier years of MAX data that we are reviewing for our engagement (the 1990s) and OMB's ability to distinguish discretionary or mandatory collections through MAX; as a result, it is possible that some accounts using the 1700 lines during the time of our review are actually mandatory spending and meet our definition of spending authority and permanent appropriations. We reviewed all uses of these line numbers to confirm uses of spending authority and permanent appropriations.

<sup>7</sup>Only amounts that round to a million or more are reported in MAX.

<sup>8</sup>See appendix II for additional details on our definition of spending authority and permanent appropriations and the inclusions and exclusions in our definition.

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accounts that were in the 1996 report but not the MAX data, which still had active budget authority reported in the fiscal years 2013, 2014, or 2015 budgets.<sup>9</sup> We reviewed these for potential inclusion in our inventory and included three authorities.<sup>10</sup>

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## Data Collection and Confirmation with Agencies

To learn more about the accounts in our initial inventory, we developed a data collection instrument (or worksheet) to send to the agencies. After our review and final agency verification, the results from the worksheets became our final inventory of accounts as shown in our online dataset. We took the following steps for collecting and reviewing agency information.

- We asked that the agencies review the data for accounts for which they have responsibility.<sup>11</sup> We asked them to confirm or correct account information that we obtained from MAX and, if applicable, from the 1996 report.<sup>12</sup> If information was unavailable from the 1996 report, we asked agencies to provide it. We asked agencies to review the basic account descriptors (e.g., account names and numbers), MAX line number(s), budget authority type (which we determined based on the line number description), source of offsetting collections

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<sup>9</sup>We used these years as indicators of recent activity in an account.

<sup>10</sup>We did not confirm the authorities for nine other accounts that were in the 1996 report, but not in our OMB MAX data because it would not significantly impact our analysis. These accounts used \$0 of spending authority and permanent appropriations from fiscal years 1995 to 2015.

<sup>11</sup>We use the term “agency” to refer broadly to federal departments and agencies in the executive branch, independent agencies, offices, government corporations, commissions, and boards, as well as entities within the legislative and judicial branches. In most cases, this corresponds to the “agency” field in MAX. For some agencies listed as “Other independent agencies” (or a similar term), we used the bureau or account name to identify the entity. Some agencies no longer exist, and in these cases, we worked with other government staff to complete the worksheets. In some cases, when a knowledgeable official could not be located or when an agency did not reply to all our requests, we identified statutory references ourselves.

<sup>12</sup>If the account was included in the 1996 report ([GAO/AIMD-96-79](#)), we provided the information and asked agencies to confirm if it was still correct or to update it. Authorities that transferred across agencies during the time period of our review were reviewed by the agency currently responsible for the authority. For example, authorities for the U.S. Coast Guard accounts were previously at the Department of Transportation, but moved with the creation of the Department of Homeland Security. The Department of Homeland Security reviewed all Coast Guard accounts.



(if applicable), and a statutory reference and enactment year for each authority.

- We used our 1996 report to identify accounts that may have authority to use monetary credits or bartering, and asked those agencies to confirm this information. We asked agencies to identify any accounts that have authority to use monetary credits or bartering, and to include the source of the monetary credits or bartered items, and identify their value in dollars.<sup>13</sup>
- We asked agencies to identify any additional accounts that have spending authority and permanent appropriations that were not presented in the worksheet because they were not identified through MAX.<sup>14</sup>
- We confirmed or corrected information in each agency's completed worksheet and updated our inventory accordingly. We excluded accounts from our inventory if we determined that the authority for the account did not meet the definition of spending authority and permanent appropriations. When possible, we reviewed the President's Budget Appendix to confirm corrections from the agencies. For some authorities, such as certain offsetting collections, we relied on the agency's description of whether the account included nonfederal sources to make our decision about inclusion in our inventory.
- We had discussions with agencies, as needed, to agree on the presentation of the account information and statutory references.

As described above, to compile our inventory and provide statutory references providing the authorities, we primarily relied on the MAX database and information agencies provided to us. While we made every attempt to confirm the information provided by agencies and provided agencies opportunities to review the information on their accounts, in some cases we included authorities for which neither we nor the agency could determine a statutory reference because we could not rule out the use of spending authority and permanent appropriations. We note that authorities and the statutes providing them can change over time. Our

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<sup>13</sup>If an agency has authority to use monetary credits or bartering that was not included in the 1996 report or not identified by the agency, we are otherwise unable to identify those accounts and include them in our inventory.

<sup>14</sup>Accounts may not be identified in MAX because the agency used less than \$500,000 in budget authority, the authority was not used, or due to an error.

inventory of accounts should therefore not be used as a substitute for original legal research.

For some accounts, agencies identified errors in the MAX budget authority or other fields. We updated our inventory if the agency provided documentation, such as a SF-133, *Report on Budget Execution and Budgetary Resources*.<sup>15</sup> We did not make changes to the budget authority classifications. For some authorities, we reported no budget authority in certain fiscal years, but MAX contained a budget authority amount. If an account had spending authority and permanent appropriations in only certain years, but reported other budget authority on the same lines that did not meet our definition, we only reported dollar amounts for the spending authority and permanent appropriations, when possible.<sup>16</sup> The changes described above were only applied to our inventory data and not to the MAX database.

From our final inventory, we selected examples of accounts to highlight in the text boxes in our report. We made these selections based on the following criteria: variety of size of agencies, the authority was used sometime from fiscal years 2013 to 2015 (with exception of monetary credit or bartering authority), different examples of how the budget authority was used, and large or easy to understand programs.

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## Factors that Affect Our Totals for Spending Authority and Permanent Appropriations

There are several factors that affect our reported total spending authority and permanent appropriations. In working with agencies, we were unable to parse out the amounts of budget authority that do not meet our definition. Therefore, our reported budget authority amounts likely overstate the amount of spending authority and permanent appropriations used during the time period of our analysis.

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<sup>15</sup>The SF-133 ties an agency's financial statement to its budgetary execution. These edits were only made to our inventory, not to the MAX data.

<sup>16</sup>For example, the Supplemental Nutrition Assistance Program account reports permanent appropriations in most years in our timeframe in MAX, but those budget authority amounts are not spending authority and permanent appropriations because the program is an annually appropriated entitlement. However, in fiscal year 2014 the account received a \$15 million one-time permanent appropriation which does fit our definition. See 7 U.S.C. § 2036b. Our inventory only shows the \$15 million for this account and authority, while MAX shows an additional approximately \$88 billion in permanent appropriations for fiscal year 2014.

- Although some agencies informed us that certain offsetting collections contained collections from federal sources—which would not be considered spending authority and permanent appropriations—we could not reliably subtract the federal sources from all accounts covered in our inventory. While we excluded any account lines that the agencies reported consisted only of collections from federal sources, we did not exclude account lines for which we and the agencies could not reliably separate collections from federal sources from offsetting collections amounts that meet our definition of spending authority and permanent appropriations. As a result, our total budget authority amount for offsetting collections (and our overall totals) contains budget authority which does not meet our definition of spending authority and permanent appropriations.
- The budget authority amounts for offsetting collections may also include some amounts that consist of refunds of prior paid obligations. While we excluded any account lines that the agencies reported consisted only of refunds of prior paid obligations, we did not exclude account lines for which we and the agencies could not reliably separate refund amounts from offsetting collections amounts that meet our definition of spending authority and permanent appropriations.
- Additionally, our budget authority amounts include sequestered and rescinded amounts, which are usually negative in the MAX database.<sup>17</sup> Sequestered and rescinded funds are not generally available to agencies, and therefore do not represent spending authority and permanent appropriations. Some agencies may have reported sequestered amounts in various budget authority lines in MAX, which we cannot reliably identify. Therefore to consistently include these amounts, we retained all sequestration-related lines. As a result of this inclusion, our totals are decreased by the negative sequestered amounts. Further, when budget authority amounts were totaled for each agency, some agency totals were negative. These negative values were generally small enough that they did not affect the overall percentages, so we removed them from our rankings of top agency users of permanent appropriations and borrowing authority.
- Our inventory includes authorities that may have expired or been repealed during the time period of our analysis, even if the account is

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<sup>17</sup>A rescission is legislation enacted by Congress and the President that cancels the availability of budget authority previously enacted before the authority would otherwise expire.

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still active. We also did not examine whether Congress subsequently restricted or rescinded the agency's ability to use all or a portion of its spending authority and permanent appropriations. We did not review annual appropriations acts or other legislation to identify the extent to which authorities in our inventory were restricted or rescinded.

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## Identification of Statutes Providing the Authorities

To note the statutes providing spending authority and permanent appropriations for the identified accounts, we used the worksheets—described above that were provided or corrected by the agencies—to collect and review the statutory references and enactment years for each account and type of authority. We reported only the earliest identifiable year of enactment for the statute providing the authority. There are some instances where budget authority data are reported for years prior to the enactment year for an account's authority in our data. This may be stemming from a variety of factors, including repeal of earlier enacted authorities coupled with newly enacted authorities, and challenges identifying original enactment dates when sections of the U.S. Code were recodified. In other instances, neither we nor the agency could determine a statutory reference because of the age of the data, because the account or agency no longer exist, or other reasons. These authorities are included in our inventory because we could not rule out the use of spending authority and permanent appropriations. These accounts are categorized in our online dataset as either (1) the agency could not provide this information—we identified a potentially applicable statutory reference—or (2) the statutory reference could not be determined.

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## Sequestration Designation

To determine whether the identified accounts are subject to or exempt from sequestration, or subject to any special sequestration rules or limitations, we used datasets provided by OMB to identify the sequestration designation for accounts in our final inventory. Sequestration designations include sequestrable, partially sequestrable, exempt, optionally sequestrable, and sequestrable/906.

OMB generates the data annually through a government-wide data collection exercise to calculate the sequestration percentage and reductions by account as part of a report required under the Joint

Committee process.<sup>18</sup> For authorities that did not have a sequestration designation in OMB's data but did report actual budget authority in fiscal years 2013, 2014, or 2015, we asked OMB to provide additional sequestration designation information.<sup>19</sup> Authorities that OMB did not classify, or for which it could not provide additional information, have "None" listed as the sequestration status in our final inventory. The primary dataset we used includes accounts with mandatory budget authority in fiscal year 2015 and the corresponding sequestration designation. However, to identify the sequestration designation for accounts in our final inventory with offsetting collections authority that OMB categorized as discretionary spending, we used the fiscal year 2013 sequestration dataset.<sup>20</sup> The fiscal year 2013 dataset was the most recent available for which sequestration occurred for discretionary spending when we began our work, and we used fiscal year 2015 data to match the end year of our inventory data.

We assessed the reliability of the sequestration datasets based on interviews with OMB staff. OMB staff told us that the data must pass a series of automated checks, and are reviewed at several points by OMB staff. Thus, we found the data to be sufficiently reliable for the purpose of

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<sup>18</sup>See *OMB Report to the Congress on the Joint Committee Reductions for Fiscal Year 2015* and *OMB Report to the Congress on the Joint Committee Sequestration for Fiscal Year 2013*. The Budget Control Act of 2011 established the Joint Committee, which was tasked with proposing legislation to reduce the deficit. Such legislation was not proposed or enacted, which triggered the sequestration process provided in section 251A of the Balanced Budget and Emergency Deficit Control Act of 1985, known as the Joint Committee sequestration. Section 251A currently requires OMB to calculate, and the President to order, a sequestration of mandatory, or direct spending in each year through fiscal year 2027, and a reduction of discretionary spending limits in fiscal years 2020 through 2021.

<sup>19</sup>For the Joint Committee reports, OMB used the baseline budgets for either fiscal year 2013 or 2015 to identify authorities that needed a sequestration designation for those years. The baseline is the projection of current-year levels of new budget authority, outlays, revenues, and the surplus or deficit into the budget year and outyears based on laws enacted through the applicable date. The data we used in MAX is actual budget authority amounts from past years, which may not be the same as the baseline budgets. Therefore, there were some authorities in our data for which OMB had not identified designations.

<sup>20</sup>Only mandatory spending was sequestered in fiscal year 2015. Discretionary appropriations were only sequestered in fiscal year 2013. Therefore, accounts categorized as discretionary do not appear in the fiscal year 2015 data, and only appear in the fiscal year 2013 data. See GAO, *2013 Sequestration: Selected Federal Agencies Reduced Some Services and Investments, While Taking Short-Term Actions to Mitigate Effects* [GAO-14-452](#) (Washington D.C.: May 28, 2014) for more information on sequestration.

identifying the sequestration status of the accounts in our final inventory. We confirmed the definition of each sequestration designation with OMB. In some cases, because of differences in the scope of the data that OMB collected for Joint Committee reports, a sequestration designation was not available. For some of those authorities, OMB provided a designation based on information collected from agencies. We compared the sequestration designation data from our 1996 report to the designations in fiscal year 2015 or 2013, as applicable to analyze changes over time.

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## Combining Data to Develop Our Inventory Dataset

We combined data from the worksheets confirmed by the agency into a single dataset to create our final inventory of accounts. We also added the dollar amounts from MAX to create the final dataset we used for analysis in the report. To combine our data, we had to make several decisions to help eliminate double-counting and to simplify the supplemental data that accompanies this report.

We have provided a final inventory dataset—which includes the agency accounts and related budget information, statutory references, enactment years, and sequestration designation—online as a supplement to this report.<sup>21</sup> Table 6 lists the variables and definitions used in our online data.

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<sup>21</sup><https://www.gao.gov/products/GAO-19-36>.

**Table 6: Variables in Our Online Dataset of Federal Budget Accounts**

<b>Variable label</b>	<b>Description</b>
Department/Agency	The entity listed in the Office of Management and Budget's (OMB) MAX A-11 Data Entry system (MAX) as the agency. <sup>a</sup>
Bureau	The sub-entity (office, bureau, etc.) listed in the MAX database. If an account's bureau, as listed in MAX, changed between fiscal years 1995 and 2015, we listed the most recently used name.
Account number	Account identification code, assigned by OMB, in consultation with the Department of the Treasury. To avoid double-counting, if an account's agency code was initially listed in MAX as "20"—as trust funds were prior to fiscal year 2009 data—and later changed to the agency's actual two-digit agency code, we only listed the account number once, using the actual agency code.
Account name	The account name listed in the MAX database. If an account's name, as listed in MAX, changed between fiscal years 1995 and 2015, we listed the most recently used name.
Fund type	One-digit code, from OMB Circular A-11, that identifies the type of fund, as follows: 1=General fund, 2=Special fund, 3=Public enterprise revolving fund, 4=Intragovernmental revolving or management fund, 7=Trust non-revolving fund, 8=Trust revolving fund. If a code, as listed in MAX, changed between fiscal years 1995 and 2015, we listed the most recent code.
Budget subfunction	Three-digit code, from OMB Circular A-11, that corresponds to the account's subfunctional classification. The subfunctional classification system is a way of grouping budgetary resources so that all budget authority and outlays of on-budget and off-budget federal entities and tax expenditures can be presented according to the national needs being addressed. <sup>b</sup> If a code, as listed in MAX, changed between fiscal years 1995 and 2015, we listed the most recent code.
Authority type	Type of budget authority (contracting authority, borrowing authority, offsetting collections, monetary credits or bartering or permanent appropriations) from OMB Circular A-11 or our 1996 report, for monetary credits. Within offsetting collections, we listed authorities designated by MAX as mandatory and discretionary offsetting collections separately. <sup>c</sup>
Source of offsetting collections	Description of the collections. The descriptions may include authority for collections in statute that were not used within our time frame. For example, we may list several specific fees or collection types that are authorized, but only a subset of those may have actually had budget authority reported in the MAX data.
Statutory reference(s)	The statute(s) that authorized the spending authority and permanent appropriations. Some of these authorities may have been amended over time or repealed.
Year authority enacted	The earliest enactment year for the statutory reference(s) providing the authority (calendar year).
Offsetting collections enacted in an annual appropriations act	Indicates whether the initial authority for offsetting collections was enacted in an annual appropriations act. <sup>d</sup>
Source of credits/items bartered	Description of the types of monetary credits or bartering authorized in statute.
Year account moved to agency	If an account moved into an agency from a previous agency, between fiscal year 1995 through 2015, we list the year that the account opened at the new agency.
Agency previously responsible for account	If an account moved into an agency from a previous agency, between fiscal years 1995 and 2015, we list the agency that previously held the authority.
Sequestration designation	OMB's designation of the authority for purposes of sequestration, which we defined as follows: Exempt, Sequestrable, Partially Sequestrable, Optionally Sequestrable, and Sequestrable/906. Authorities with no reported budget authority in fiscal years 2013, 2014, or 2015 or because they were estimated to be zero in the baseline for the President's Budget were not classified and therefore are labeled "None."
Account open (as of fiscal year 2017)	Indicator of accounts that reported budget authority in the President's Budget for fiscal year 2017.

**Appendix I: Objectives, Scope, and Methodology**

Variable label	Description
Actual dollars (fiscal years 1995 to 2015)	Actual budget authority in millions for the fiscal year. Generally, these are the amounts reported in OMB MAX. We did make some corrections if an agency identified an error and provided documentation. If no budget authority was reported for a given year, there is no value in the data. Some cells show 0, which indicates that budget authority was reported for the authority on multiple lines that, when combined, equal 0.
Notes	GAO notes that provide information about responses from the agencies.

Source: GAO. | GAO-19-36

<sup>a</sup>In a couple cases, we updated the agency or bureau field in our inventory, after verifying agency documentation.

<sup>b</sup>For a complete listing of these codes, see OMB, Circular No. A-11, Preparation, Submission, and Execution of the Budget, Exhibit 79A (Washington, D.C.: June 2015).

<sup>c</sup>For offsetting collections reported for fiscal years 1995 through 1998, OMB data did not distinguish between mandatory and discretionary collections. If only mandatory collections were reported for the account in subsequent years, we classified the collections during fiscal years 1995 through 1998 as mandatory. If only discretionary collections were reported for the account in subsequent years, we classified the collections during fiscal years 1995 through 1998 as discretionary. If the account reported both types of collections, or had no collections reported after fiscal year 1998, we classified those lines as mandatory. If either the agency informed us, or we identified evidence, that the old collections should be discretionary, then we made those changes accordingly.

<sup>d</sup>Offsetting collections that were enacted for the first time in an annual appropriations act do not meet our definition, but nonetheless permit obligation and expenditure without further action from Congress, and therefore fall within the purview of this request.

We analyzed the final combined dataset for trends and compared it with the 1996 report. In some cases, we adjusted the fiscal year 1994 dollars for inflation. Once the inventory of accounts was finalized and we completed our review, each agency received a statement of facts to review, which summarized the final inventory information for their agency. Agencies that have examples of accounts highlighted in our report received those excerpted examples that are specific to their agencies for review and comment. We provided OMB the draft report and online data for review and comment.

We conducted this performance audit from March 2016 to November 2018 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.



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# Appendix II: Additional Description of Spending Authority and Permanent Appropriations

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This appendix provides additional details on how we defined spending authority and permanent appropriations for the purpose of this report and how we applied the definition to decide which accounts to include or exclude from our inventory. We are defining spending authority as budget authority made available through laws other than annual appropriation acts. Also, we are defining a permanent appropriation as budget authority to incur obligations and make payments that is available permanently by law without further legislative action. A permanent appropriation may have been made available through an annual appropriations act or through laws other than the annual appropriations acts. We are including both in our inventory based on the intent of the request for developing our inventory. Spending authority and permanent appropriations permit obligation and expenditures without further action from Congress. These include permanent appropriations, contract authority, borrowing authority, offsetting collections, and monetary credits or bartering, all of which are defined in table 7.<sup>1</sup>

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<sup>1</sup>A similar but not identical term for “spending authority and permanent appropriations” is “backdoor authority”—a colloquial phrase for budget authority that Congress provided in laws other than appropriations acts, including contract authority and borrowing authority, as well as entitlement authority and the outlays that result from that budget authority. Entitlement authority refers to the authority to make payments for which budget authority is not provided in advance by appropriation acts to any person or government if, under the provisions of law containing such authority, the U.S. government is legally required to make such payments. We did not specifically list entitlement authority as a distinct budget authority type, as entitlement authority may fall into any of the five budget authority types listed in Table 7.

**Appendix II: Additional Description of  
Spending Authority and Permanent  
Appropriations**

**Table 7: Budget Authority Included in Our Inventory of Accounts**

Budget authority	Definition
Permanent appropriations	Budget authority to incur obligations and make payments that is available permanently by law without further legislative action. A permanent appropriation may have been made available through an annual appropriations act or through laws other than the annual appropriations acts.
Contract authority	Authority to incur obligations in advance of appropriations, including collections sufficient to liquidate the obligation or receipts. Contract authority is unfunded, and a subsequent appropriation or offsetting collection is needed to liquidate the obligations.
Borrowing authority	Authority enacted to permit an agency to borrow money and then to obligate against amounts borrowed.
Offsetting collections	Collections authorized by law to be credited to appropriation or fund expenditure accounts and are available for obligation without further congressional action. Offsetting collections include certain fees, fines, and penalties.
Monetary credits or bartering	Monetary credits or bartering are used by agencies having the authority to make purchases by giving the seller credits or something other than money in dollar amounts reflecting the purchase price. If a credit is issued, the holder of the credits may apply them later to reduce an amount owed to the government in other transactions. These may also be referred to as bidding rights.

Source: GAO. | GAO-19-36

In building our inventory of accounts with spending authority and permanent appropriations authority, we made categorical decisions on what to include and exclude. We included authorities that met our definition of spending authority and permanent appropriations, as described above in table 7. A particular type of offsetting collections—collections from nonfederal sources that were enacted for the first time in an appropriations act—does not meet our definition, but nonetheless permits obligation and expenditure without further action from Congress, and therefore falls within the purview of this request. We included these authorities in our inventory and included a variable to identify them in our online dataset. Certain types of budget authority do not meet our definition of spending authority and permanent appropriations, as described in table 8.

**Appendix II: Additional Description of  
Spending Authority and Permanent  
Appropriations**

**Table 8: Budget Authority that Does Not Meet Our Definition of Spending Authority and Permanent Appropriations**

<b>Budget authority and exclusion decision</b>	<b>Reason that budget authority does not meet our definition</b>
<p><b>Appropriated entitlements:</b> An entitlement whose source of funding is in an annual appropriations act. Because the entitlement is created by operation of law, if Congress does not appropriate the money necessary to fund the payments, eligible recipients may have legal recourse.</p>	Such funding is subject to the annual appropriations process.
<p><b>Transaction fees that are subject to further appropriations acts:</b> While an agency may have statutory authority to collect fees, some authorities require that Congress appropriate the collections to agencies before an agency may obligate and expend the collections.</p>	We consider these to be offsetting receipts, not offsetting collections, as the fees are not available to agencies until appropriated by Congress.
<p><b>Advance appropriations:</b> Budget authority provided in an appropriation act that becomes available one or more fiscal years after the fiscal year for which the appropriation act was enacted. The amount is not included in the budget totals of the year for which the appropriation act is enacted but rather in those for the fiscal year in which the amount will become available for obligation.</p>	Such funding is subject to the annual appropriations process.
<p><b>Transfers:</b> Shifting of all or part of the budget authority in one appropriation or fund account to another. Agencies may transfer budget authority only as specifically authorized by law. We did not include the receiving accounts unless we could find their own independent permanent appropriation that was not just the permanent appropriation for the transferring account.</p>	We included the initial permanent appropriation or offsetting collection to an agency, but excluded subsequent transfers of that appropriation or collection to avoid double counting the authority. <sup>a</sup>
<p><b>Collections from federal sources and trust funds credited to appropriation or fund accounts:</b> Collections pursuant to reimbursable interagency agreements, such as those entered into under the Economy Act.<sup>b</sup> However, we included collections for working capital accounts or those meant to establish funding sources for the agencies.<sup>c</sup></p>	Their source is either annually appropriated or is itself in the inventory.
<p><b>Collections that are repayments or refunds of previously paid obligations:</b> Loan repayments or recoveries of prior paid benefits.</p>	These have no statute that provided authority for an offsetting collection from the public and were just an accounting measure for recovery of prior payments made.
<p><b>Collection on loans:</b> Although our inventory includes loan servicing fees and interest paid, principal payments are not included. Collections of amounts previously loaned involve recoupment of monies that are intended to discharge debt and do not provide a funding source for the agency.</p>	Loan principal does not provide budget authority.
<p><b>Collected amounts that require appropriation:</b> Accounts identified as offsetting collections that require that Congress appropriate the collections to agencies before an agency may obligate and expend the collections, such as collections that result in funds deposited to the Department of the Treasury (Treasury) rather than being applied to the appropriation.</p>	We consider these to be offsetting receipts, not offsetting collections, as they are not available to agencies until appropriated by Congress.

**Appendix II: Additional Description of  
Spending Authority and Permanent  
Appropriations**

<b>Budget authority and exclusion decision</b>	<b>Reason that budget authority does not meet our definition</b>
<p><b>Nonbudgetary credit financing accounts:</b> A nonbudgetary account associated with each credit program account that holds balances, receives the subsidy cost payment from the credit program account, and includes all other cash flows to and from the government resulting from direct loan obligations or loan guarantee commitments made on or after October 1, 1991. It disburses loans, collects repayments and fees, makes claim payments, holds balances, borrows from Treasury, earns or pays interest, and receives the subsidy cost payment from the credit program account.</p>	<p>Funds are not appropriated to credit financing accounts. These accounts are established under the Federal Credit Reform Act of 1990 to collect subsidy costs from credit program accounts and include all other cash flows.<sup>d</sup></p>
<p><b>Liquidating accounts:</b> A budget account that includes all cash flows to and from the government resulting from direct loan obligations or loan guarantee commitments made prior to October 1, 1991. The Federal Credit Reform Act of 1990 requires that such accounts be shown in the budget on a cash basis. Agencies are required to transfer end-of-year unobligated balances in these accounts to the general fund as soon as practicable after the close of the fiscal year.</p>	<p>Liquidating accounts were established under the Federal Credit Reform Act of 1990 to capture all cash flows to and from the government. Liquidating accounts have permanent indefinite appropriations to make required payments on obligations of such accounts.</p>
<p><b>Credit program accounts:</b> A budget account that receives and obligates appropriations to cover the subsidy cost (on a net present value basis) of a direct loan or loan guarantee and disburses the subsidy cost to the financing account.</p>	<p>Credit program accounts generally receive appropriations for subsidy costs in the annual appropriations process. The Federal Credit Reform Act of 1990 provides permanent indefinite appropriations for credit re-estimates.</p>
<p><b>Tax expenditures and tax credits that do not exceed a taxpayer's liability:</b> A tax credit is an amount that offsets or reduces tax liability. A tax expenditure is a revenue loss attributable to a provision of the federal tax laws that (1) allows a special exclusion, exemption, or deduction from gross income or (2) provides a special credit, preferential tax rate, or deferral of tax liability. We are including tax credits that exceed the taxpayer's liability which result in a payment to the taxpayer.</p>	<p>We consider these to be on the revenue side of the federal budget rather than the spending side.</p>
<p><b>District of Columbia government:</b> The District of Columbia is legally required to submit its budget estimates to the President for transmission to Congress for the enactment of appropriations.</p>	<p>Congress appropriates funds to the District of Columbia in the annual appropriations process.</p>
<p><b>Federally created nonfederal entities:</b> Federal law created some nonfederal entities to serve a public good directed by the federal government. These entities appear in the budget; we excluded three from our inventory.<sup>e</sup></p>	<p>They do not receive appropriated funds.</p>
<p><b>Certain borrowing authority:</b> Treasury's authority to borrow from the public or other sources under chapter 31, of title 31, U.S. Code.</p>	<p>Treasury's authority to borrow from the public or other sources is used to finance legislation already enacted by Congress and the President.</p>

Source: GAO. | GAO-19-36

<sup>a</sup>For example, we included the Office of Management and Budget's and the Department of Commerce's National Telecommunications and Information Administration's permanent appropriations for the Spectrum Relocation Fund through the Commercial Spectrum Enhancement Act but excluded the payments to other federal agencies from the fund for spectrum relocation costs. 47 U.S.C. § 928.

<sup>b</sup>31 U.S.C. § 1535.

<sup>c</sup>A working capital fund is a type of intragovernmental revolving fund that operates as a self-supporting entity that conducts a regular cycle of businesslike activities. These funds function typically from the fees charged for the services they provide consistent with their statutory authority.

<sup>d</sup>2 U.S.C. § 661c.

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**Appendix II: Additional Description of  
Spending Authority and Permanent  
Appropriations**

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<sup>e</sup>We excluded the Public Company Accounting Oversight Board, the Securities Investor Protection Corporation (SIPC), and the Financial Accounting Standards Board. The Public Company Accounting Oversight Board is funded by registration and annual fees paid by public accounting firms and accounting support fees paid by equity issuers and Securities and Exchange Commission-registered broker-dealers. SIPC funding is derived entirely from assessments on its membership and from interest earned on its investments in U.S. Government securities. SIPC may borrow up to \$2.5 billion from the U.S. Department of the Treasury, through the Securities and Exchange Commission, for purposes specified in the Securities Investor Protection Act of 1970, as amended. SIPC did not access these loans during our analysis timeframe, according to an agency official. The Financial Accounting Standards Board is an independent, private-sector organization designated as a private-sector standard setting body pursuant to the Sarbanes-Oxley Act of 2002. Funding is derived from an accounting support fee assessed on public companies.

# Appendix III: Spending Authority and Permanent Appropriations Use by Agency and Authority Type, Fiscal Year 2015

Table 9 lists total spending authority and permanent appropriations reported by agency in fiscal year 2015. We listed the 24 agencies in the Chief Financial Officers Act of 1990 as amended, Legislative Branch and Judicial Branch entities, and Executive Office of the President and other entities.<sup>1</sup> We did not include monetary credits or bartering in this table given no agencies reported use of this authority in fiscal year 2015.

**Table 9: Spending Authority and Permanent Appropriations Use by Agency and Authority Type, Fiscal Year 2015 (dollars in millions)**

Agency	Contract authority	Borrowing authority	Permanent appropriations	Offsetting collections
Department of Agriculture		7,788	26,612	6,672
Department of Commerce			5,100	1,678
Department of Defense	108,760		2,805	102,081
Department of Education			29,065	9,432
Department of Energy	1,946	619	9	5,366
Department of Health and Human Services			963,312	16,173
Department of Homeland Security			6,692	6,858
Department of Housing and Urban Development			0	46
Department of the Interior			5,119	5,155
Department of Justice			4,709	3,922
Department of Labor			33,111	383
Department of State			1,321	11,888
Department of Transportation	54,003		8,386	9,928
Department of the Treasury			533,422	8,083
Department of Veterans Affairs			23	4,429
Environmental Protection Agency			1,424	759
National Aeronautics and Space Administration			1	2,813
Agency for International Development			150	933
General Services Administration			22	21,408
National Science Foundation			179	

<sup>1</sup>The Chief Financial Officers Act of 1990, Pub. L. No. 101-576, 104 Stat. 2838 (Nov. 15, 1990) established chief financial officers to oversee financial management activities at 23 major executive departments and agencies, among other things. The list now includes 24 entities, which are often referred to collectively as CFO Act agencies, and is codified, as amended, in section 901 of title 31, United States Code.

**Appendix III: Spending Authority and  
Permanent Appropriations Use by Agency and  
Authority Type, Fiscal Year 2015**

<b>Agency</b>	<b>Contract authority</b>	<b>Borrowing authority</b>	<b>Permanent appropriations</b>	<b>Offsetting collections</b>
Nuclear Regulatory Commission				8
Office of Personnel Management			82,000	53,258
Small Business Administration			0	18
Social Security Administration			917,591	2,639
Other Agencies		4,501	22,965	145,004
Legislative Branch		10	143	863
Judicial Branch			595	254
Executive Office of the President			3,107	
<b>Total</b>	<b>164,709</b>	<b>12,918</b>	<b>2,647,863</b>	<b>420,051</b>

Source: GAO analysis of Office of Management and Budget data and information from federal agencies. | GAO-19-36

Note: The budget authority amounts for offsetting collections contain budget authority which does not meet our definition of spending authority and permanent appropriations. For example, some agencies informed us that certain offsetting collections contained collections from federal sources—which would not be considered spending authority and permanent appropriations—but we could not reliably subtract the federal sources from all accounts covered in our inventory. See appendix I for additional factors affecting our budget authority totals. Entries of “0” indicate that individual account lines reported budget authority, but combining lines resulted in a net amount of zero.

# Appendix IV: Five Largest Permanent Appropriations, Contract, and Borrowing Authority Accounts, Fiscal Year 2015

The tables below list the accounts reporting the largest amounts of budget authority for permanent appropriations, contract authority, and borrowing authority in fiscal year 2015. We did not rank the agencies that reported the largest amounts of offsetting collections because we, and the agencies, when asked, were unable to reliably subtract collections from federal sources or refunds of prior paid obligations. Agencies did not report using monetary credits or bartering in fiscal year 2015.

**Table 10: Accounts Reporting Largest Amounts of Permanent Appropriations, Fiscal Year 2015**

Account name	Account number	Agency	Bureau	Actual budget authority used (dollars in billions)	Percent of government-wide permanent appropriations
Federal Old-Age and Survivors Insurance Trust Fund	28-8006	Social Security Administration	Social Security Administration	\$742	28
Payments to Health Care Trust Funds	75-0580	Department of Health and Human Services	Centers for Medicare and Medicaid Services	289	11
Federal Hospital Insurance Trust Fund	75-8005	Department of Health and Human Services	Centers for Medicare and Medicaid Services	282	11
Federal Supplementary Medical Insurance Trust Fund	75-8004	Department of Health and Human Services	Centers for Medicare and Medicaid Services	268	10
Interest on Treasury Debt Securities (gross)	20-0550	Department of the Treasury	Interest on the Public Debt	251	9
<b>Total</b>				<b>1,832</b>	<b>69</b>

Source: GAO analysis of Office of Management and Budget data and information from federal agencies. | GAO-19-36



**Appendix IV: Five Largest Permanent  
Appropriations, Contract, and Borrowing  
Authority Accounts, Fiscal Year 2015**

**Table 11: Accounts Reporting Largest Amounts of Contract Authority, Fiscal Year 2015**

Account name	Account number	Agency	Bureau	Actual budget authority used (dollars in millions)	Percent of government-wide contract authority
Working Capital Funds	97-4930	Department of Defense—Military Programs	Revolving and Management Funds	\$68,356	42
Foreign Military Sales Trust Fund	11-8242	International Assistance Programs <sup>a</sup>	Military Sales Program	40,404	25
Federal-Aid Highways	69-8083	Department of Transportation	Federal Highway Administration	39,412	24
Transit Formula Grants	69-8350	Department of Transportation	Federal Transit Administration	10,041	6
Grants-In-Aid For Airports (Airport and Airway Trust Fund)	69-8106	Department of Transportation	Federal Aviation Administration	3,220	2
<b>Total:</b>				<b>161,433</b>	<b>99</b>

Source: GAO analysis of Office of Management and Budget data and information from federal agencies. | GAO-19-36

<sup>a</sup>We counted this account under the Department of Defense because it administers the account.

**Table 12: Accounts Reporting Largest Amounts of Borrowing Authority, Fiscal Year 2015**

Account name	Account number	Agency	Bureau	Actual budget authority used (dollars in millions)	Percent of government-wide borrowing authority
Commodity Credit Corporation Fund	12-4336	Department of Agriculture	Farm Service Agency	\$7,788	60
Railroad Social Security Equivalent Benefit Account	60-8010	Railroad Retirement Board	Railroad Retirement Board	3,845	30
Bonneville Power Administration Fund	89-4045	Department of Energy	Power Marketing Administration	619	5
Tennessee Valley Authority Fund	64-4110	Tennessee Valley Authority	Tennessee Valley Authority	356	3
Temporary Corporate Credit Union Stabilization Fund	25-4477	National Credit Union Administration	National Credit Union Administration	300	2
<b>Total</b>				<b>12,908</b>	<b>100<sup>a</sup></b>

Source: GAO analysis of Office of Management and Budget data and information from federal agencies. | GAO-19-36

<sup>a</sup>This number represents the rounded total. One other account represents less than 0.1 percent of fiscal year 2015 borrowing authority.

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# Appendix V: GAO Contacts and Staff Acknowledgements

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## GAO Contacts

Tranchau (Kris) T. Nguyen, (202) 512-6806 or [nguyentt@gao.gov](mailto:nguyentt@gao.gov)  
Julia C. Matta, Managing Associate General Counsel, (202) 512-4023 or [mattaj@gao.gov](mailto:mattaj@gao.gov)

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## Staff Acknowledgments

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## Strategic Planning and External Liaison

James-Christian Blockwood, Managing Director, [spel@gao.gov](mailto:spel@gao.gov), (202) 512-4707 U.S. Government Accountability Office, 441 G Street NW, Room 7814, Washington, DC 20548



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