

GAO@100 Highlights

Highlights of [GAO-21-432](#), a report to congressional committees

Why GAO Did This Study

Laws limit the time that agencies have available to use fixed-term appropriations for obligations and expenditures. However, agencies do not always obligate and outlay these funds in time, which ultimately results in cancelled appropriations. Efforts to limit the amount of cancelled appropriations result in more accurate budget estimation and fiscal projections, a more efficient appropriations process, and better service to the public.

The National Defense Authorization Act for Fiscal Year 2020 includes a provision for GAO to review the status of cancelled appropriations. This report addresses (1) the extent of appropriations that were cancelled in fiscal years 2009 through 2019 and how the rate of cancelled appropriations and other characteristics differ across agencies, (2) factors that contribute to the level of cancelled appropriations in selected accounts at agencies, and (3) efforts selected agencies make to prevent the cancellation of funds.

To provide government-wide trends, GAO analyzed Department of the Treasury and Office of Management and Budget data. GAO also analyzed related documents from six case study accounts at DOD, HHS, and the U.S. Department of Agriculture; and interviewed officials at these agencies. The selected accounts included the three with the most cancelled appropriations government-wide and three additional accounts to represent the major categories of federal spending: personnel, acquisitions, grants, and contracts.

View [GAO-21-432](#). For more information, contact Jeff Arkin at (202) 512-6806 or arkinj@gao.gov.

May 2021

FEDERAL BUDGET

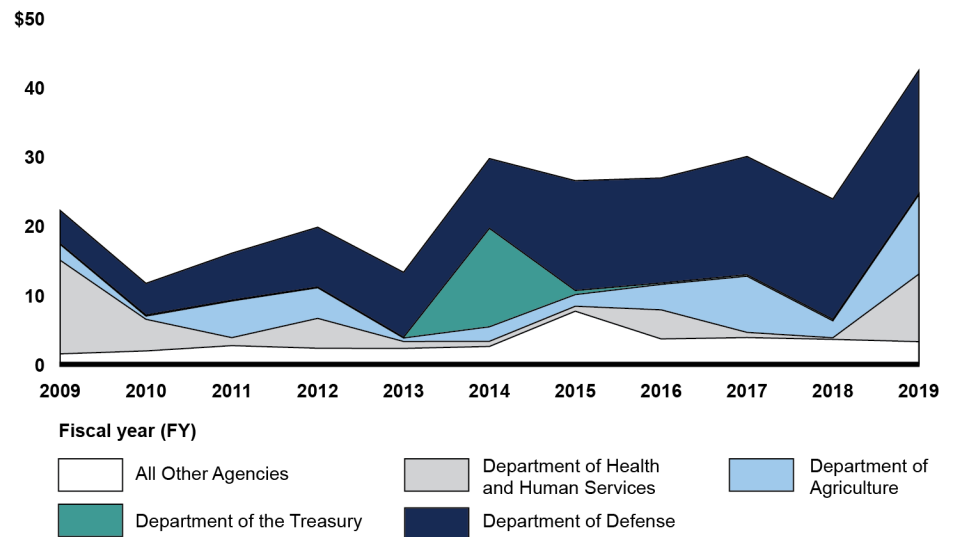
A Few Agencies and Program-Specific Factors Explain Most Unused Funds

What GAO Found

About 1.6 percent of the total available budget authority government-wide was cancelled from fiscal year 2009 to fiscal year 2019, averaging \$23.9 billion per year. The variations in cancelled appropriations from year to year can be explained largely by trends in four departments. Together they represent 86 percent of the total government-wide cancelled appropriations, but their rate of cancellations were within a few percentage points of the government-wide rate.

Four Agencies Represent the Majority of Total Cancellations from FY2009–FY2019

Cancelled appropriations (in billions)



Source: GAO analysis of U.S. Department of the Treasury Data. | GAO-21-432

Cancelled appropriations for the six case study accounts GAO reviewed largely resulted from program-specific factors:

- **Actual program needs were less than estimated.** For example, actual versus projected troop levels and warfront movements can contribute to cancelled appropriations at the Department of Defense (DOD).
- **Some program funds are only for specific purposes.** For example, Department of Health and Human Services (HHS), Administration for Children and Families officials reported that some states declined funding for a teen sex and pregnancy prevention program, and the agency did not have the authority to redirect those funds for other purposes.
- **Some programs' costs are more unpredictable than others.** Contract and acquisition costs can be unpredictable. When final costs are less than originally estimated, agencies may have to cancel the difference. In contrast, agencies with a higher proportion of personnel expenses, which are relatively predictable, can more easily avoid cancelled appropriations.

All of GAO's case study agencies have procedures in place to help limit discretionary cancelled appropriations. For example, the Army established a program that helps reduce cancelled appropriations by providing management with metrics and tools to help prevent them.