

Thank you, Chairman Paul, for convening this hearing to examine end of year spending and explore options for mitigating wasteful spending. Regardless of when it occurs, wasteful spending is inexcusable and I appreciate the opportunity to gather experts today in search of solutions that better protect taxpayer dollars.

I'd like to also give a sincere "thank you" to our distinguished panel of guests for taking the time to participate in our discussion today. The insights from your work are helpful in framing our discussion today and allowing us to focus on the central issues.

And among those central issues is the question of what's really happening as agencies routinely ramp up their spending volume toward the end of each fiscal year. First, what drives this behavior? And second, are there risks involved that makes this spending particularly vulnerable to waste and abuse?

Concerning the high volumes of spending on certain purchases in August and September, I think we can all relate to the phenomenon of rushing to complete a task before an impending deadline. As a Senator, often times my schedule revolves around the most time-sensitive issues I'm facing on a given day. Deadlines serve a purpose and create the sense of urgency that we sometimes need to finish our work, particularly for long-term projects.

But deadlines are no reason to become sloppy, or worse – negligent. If we find that our year end deadlines are causing agencies to make poor spending decisions, then we need to diagnose this problem while also ensuring that we discipline those responsible for making these decisions.

Of course, there are also outside factors that might exacerbate the year end spending surge, like the continuing resolutions that Congress keeps settling on or the hiring freeze that the current administration implemented this year. Budget uncertainty can hamper agencies' ability to effectively plan their purchases.

We have to keep in mind that many federal purchases require more than a simple waive of a wand to complete. Depending on the purchase, agencies must consider the required specs for the service or product, request and evaluate bids from vendors, negotiate prices, obtain managerial approval on purchase orders, and draft contracts detailing the terms of the agreements.

A lot of work goes into making purchases before a final contract is signed and this series of steps isn't merely for show. These steps serve as internal controls to mitigate opportunities for individuals to act in bad faith in spending federal funds.

It takes time to go through these steps, which are designed to ensure that funds are spent appropriately. If agencies get a late start in that process because Congress or the White House continuously meddle with their appropriations, it could lead to delays in completing purchases.

We should do our part in Congress by passing timely budgets that limit the uncertainty agencies face in making spending decisions.

But beyond the factors that might be encouraging end of year spending binges, let's focus on the extent to which these binges lead to wasteful spending. We know spending levels for some purchases increase at the end of the year, but do we know why it might lead to increased levels of waste? Why would our internal controls fail to prevent wasteful spending as we reach year's end?

Do we see evidence that purchasing rules are put aside in September? Are contracts ignored? Do oversight activities become more lax? The fundamental question becomes – “Are existing internal controls sufficient to prevent wasteful spending at year's end?” And if not, where are those failures taking place?

If it turns out that agencies don't fully adhere to purchasing controls at year's end, we have a much larger issue than wasteful spending. I sincerely hope that this is not the case and I have yet to see definitive evidence that it is the case.

But please, if any of the witnesses have reason to believe that internal controls are weaker at year's end than at other times of the year, share your findings with us today. This would be critical information to have during our discussion.

Dr. Fichtner's study shows that certain types of spending generally increase in most agencies in August and September every year. But it doesn't go so far as to say that the higher volume of spending taking place results in wasteful spending. So let's talk about the distinction there a little bit and what we want to focus on today.

There's a distinction between (A) a bad spending decision and (B) a bad spending decision that was brought about specifically by rushed year end spending. This is an important distinction because it speaks to the focus of this hearing – does our existing system of expiring appropriations instigate wasteful spending decisions?

This requires more than just identifying a purchase or two that we don't like. And I'd rather not focus on something as benign as the purchase of a little extra printer paper before the end of September. We should spend our time on larger issues than that.

I'd rather focus on the kinds of waste that's blatant, where the person responsible for the spending knows that what they're doing is wrong. I'm talking about stories of agencies intentionally burning through fuel on runways for the sole purpose of being able to spend more money replacing the fuel. That's clearly waste, and if it actually happens we should go after the perpetrators to the full extent of the law.

The most complicated purchases to debate will be those that go through the all of the existing approval channels and still be thought of as wasteful. In those cases, management approved the purchases and hypothetically gave an appropriate amount of consideration in approving them. If managers are to blame for poor decisions, it could be that the expiring appropriation is not so much the issue as it is the judgement of the officials approving the purchases.

But in instances where we believe that the expiring appropriation caused wasteful spending, that's where we'll need to focus on ways to improve the internal controls in place for year end spending decisions. What should we be doing better to prevent poor spending decisions? What has been attempted and what has proven successful? Do we need to consider options that will lessen the sense of urgency created by an end of year spending deadline?

While internal controls ideally stop wasteful spending before it happens, we also have to consider our options for catching wasteful spending as it occurs. As a member of the Senate Whistleblower Protection Caucus, I cosigned letters to 18 agencies in March this year asking them to remind employees that they are protected when disclosing fraudulent, wasteful, or abusive practices and to further remind employees and managers that whistleblowers may not be retaliated against.

The easier it becomes for whistleblowers to report the kind of wasteful spending we're concerned about today, the more likely we are to root out such spending. Just as we are free to question spending decisions in a setting like this, whistleblowers should be free to ask questions about and report potentially wasteful actions in their workplace without fear of retaliation.

And much like we hope and expect for whistleblowers, I hope all of our witnesses feel welcome and comfortable in sharing their insights and experience today as we work together to combat wasteful spending in a bipartisan setting. Please use this forum to give us your honest assessment of these challenges and potential enhancements that can improve our procurement processes.

We greatly appreciate your time today and I look forward to our discussion.

Thank you.