

# Federal Fourth Quarter FY 2014 – Who’s Got the Money?

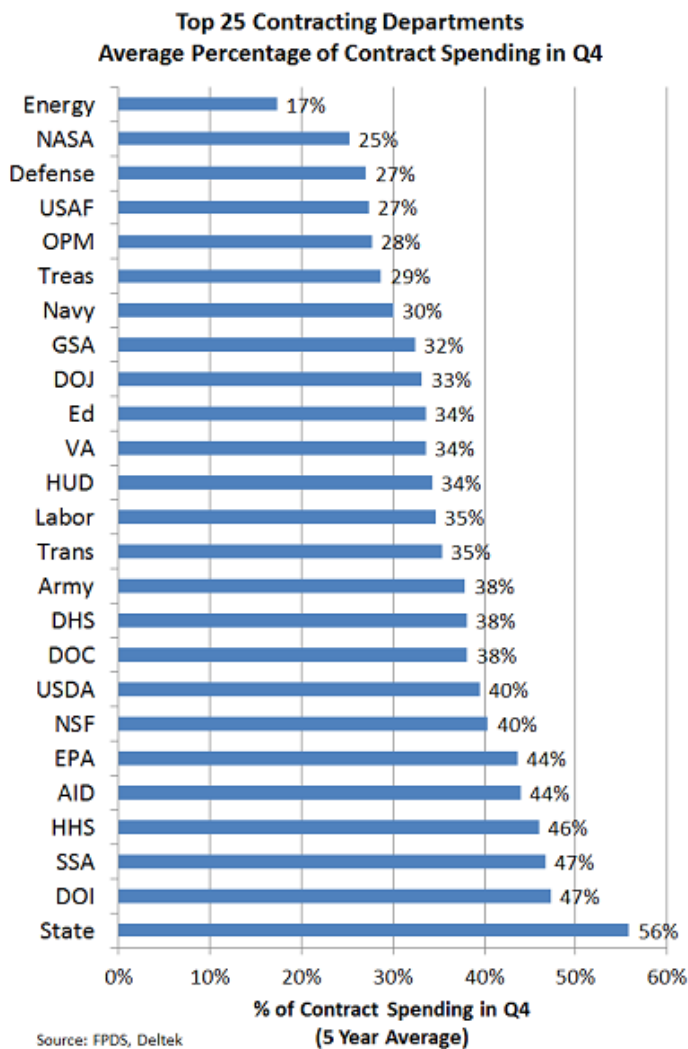
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It’s that time of year again in the federal contracting world – the final quarter of the fiscal year, i.e. the Q4 “busy season.” After a rocky start to FY 2014, marked by budget impasses, shutdowns, continuing resolutions and sequestration, contracted spending appears to be catching up and may be on track for a record fourth quarter. Some federal departments will spend more than 40% of their contract dollars in the next few weeks.

Due to the topsy-turvy environment over the last few years taking a bit of a historical perspective on spending may help to get a sense of what is likely in store for this Q4. According to their FPDS reported contracted spending over the last seven years, federal departments spent an average of 43.4% of their yearly discretionary budgets with contractors. Applying that percentage to the enacted FY 2014 discretionary budget of \$1.127 trillion means over \$489 billion in contract spending would be spent in all of FY 2014. Further, from FY 2009-2013 federal departments reported spending about 32% of their yearly contract dollars in the fourth quarter. That means **more than \$156 billion of FY 2014 contracted spending is likely to be obligated in the last 12 weeks of the fiscal year.** Given a slow start in Q1, the actual Q4 amount could be billions higher as agencies work to catch up.

So which departments and agencies are most likely to have big money to spend between now and the end of September? Looking at total contract obligations over the last five fiscal years, the following 25 departments reported the largest overall contracted spending and make up 99% of the market. The chart below shows their average contracted spending in Q4.



Eight of the largest departments on average spend at least 40% of their contract dollars in the last fiscal quarter and the State Department averages nearly 60%. In average dollar amounts, the Army, Navy, Air Force and DoD will have the most to obligate. From the civilian side HHS, VA, DHS, Energy, and State will be the biggest Q4 spenders.

Contractors need to be well-prepared to meet the needs of their federal customers to effectively and efficiently get these contract needs met by being highly responsive and by providing compelling proposals and bids. The dollars will flow, but where they go may be still up for grabs.

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