**Abstract:**
Despite the fact that between 10% and 15% of the US Federal budget is spent in contracts with the private sector, there is very little empirical research analyzing the federal procurement system. In this project I study how regulation affects the way in which public purchases are made. Leveraging data on the universe of federal contracts, I show that contracting decisions are strongly influenced by rules that change procurement procedures at arbitrary thresholds. In particular, contracting officers are allowed to use streamlined acquisition procedures only for contracts below some arbitrary value. Combining bunching techniques and a difference-in-difference strategy, I provide evidence that the existence of this regulation imposes real distortions in aggregate purchasing patterns. In particular, I show that purchasing decisions are distorted along both the intensive (expenditure per contract) and extensive (number of contracts) margins. I conclude by proposing a stylized model that can rationalize these effects. Future work will consist on using this model to estimate the magnitude of the distortions along both margins, as well as to conduct counterfactuals of alternative regulations.