



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

November 13, 2013

H.R. 2061 **Digital Accountability and Transparency Act of 2013**

*As ordered reported by the House Committee on Oversight and Government Reform
on May 22, 2013*

SUMMARY

H.R. 2061 aims to make information on federal expenditures more easily available, accessible, and transparent. The bill would require the U.S. Department of the Treasury to establish common standards for financial data provided by all government agencies and to expand the amount of data that agencies must provide to the government website, *USASpending*. H.R. 2061 also would authorize the Recovery Accountability and Transparency Board to continue to operate through 2017 and would direct the board to conduct a three-year pilot program to make it easier for federal contractors and grant recipients to comply with reporting requirements. Finally, the legislation would require the Office of Management and Budget (OMB), the Government Accountability Office (GAO), and agency Inspectors General (IGs) to submit additional reports to the Congress.

CBO estimates that implementing the bill would cost \$395 million over the 2014-2018 period, assuming appropriation of the necessary amounts, mostly for collecting and reporting financial information across government agencies. The legislation also could affect direct spending by agencies not funded through annual appropriations; therefore, pay-as-you-go procedures apply. CBO estimates, however, that any net increase in spending by those agencies would not be significant. Enacting the bill would not affect revenues.

H.R. 2061 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA); any costs to state, local, or tribal governments would result from complying with conditions for receiving federal assistance.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 2061 is shown in the following table. The costs of this legislation fall within budget function 800 (general government) and all other budget functions that include agency spending.

	By Fiscal Year, in Millions of Dollars					2014- 2018
	2014	2015	2016	2017	2018	
CHANGES IN SPENDING SUBJECT TO APPROPRIATION						
Recovery Accountability and Transparency Board						
Estimated Authorization Level	17	26	29	30	0	102
Estimated Outlays	15	26	29	30	2	102
Collection and Reporting of Federal Data						
Estimated Authorization Level	35	50	75	75	50	285
Estimated Outlays	32	53	75	75	50	285
Other Reporting						
Estimated Authorization Level	1	2	1	3	1	8
Estimated Outlays	1	2	1	3	1	8
Total Changes						
Estimated Authorization Level	53	78	105	108	51	395
Estimated Outlays	48	81	105	108	53	395

BASIS OF ESTIMATE

For this estimate, CBO assumes that the legislation will be enacted near the end of 2013, that the necessary amounts will be appropriated near the start of each fiscal year, and that spending will follow historical patterns for similar activities.

Recovery Act Accountability and Transparency Board

H.R. 2061 would authorize the appropriation of such sums as are necessary to continue the operations of the recovery board through fiscal year 2017. The recovery board was created by the American Recovery and Reinvestment Act of 2009 (ARRA) to oversee ARRA spending and to prevent waste, fraud, and abuse in federal programs. (The board's authority to oversee ARRA spending expired on September 30, 2013, but the Disaster Relief Appropriations Act of 2013 authorized the board to oversee spending related to Hurricane Sandy through the end of fiscal year 2015.) Under the bill, the board would continue to review and report on other federal spending. Based on the recovery board's funding for fiscal year 2013 (\$27 million, after sequestration) and on information from the board, and after adjusting for spending related to Hurricane Sandy and anticipated inflation, CBO estimates that continuing the operations of the recovery board through 2017 would cost \$102 million over the 2014-2018 period, assuming appropriation of the necessary funds.

Collection and Reporting of Financial Data

The federal government uses many databases to monitor and track agency spending. For example, three major databases—the U.S. Census Bureau’s Federal Assistance Award Data System, the General Services Administration’s Federal Procurement Data System, and the U.S. Department of Health and Human Services’ website, *Grants*—contain information about federal grants and contracts. That information on federal spending is also available through OMB’s website, *USASpending*, which displays award amounts for all federal contracts, grants, and loans. The recovery board’s website, *Recovery*, also provides information on federal spending, but it includes detailed information only on activities initiated under ARRA.

H.R. 2061 would transfer responsibility for operating and maintaining *USASpending* to the Treasury Department and expand that website to include all federal spending. The department also would be required to establish standards for developing and reporting data on all federal spending, including the use of unique identifiers for entities receiving federal funds across all government computer systems, so as to allow data from multiple systems to be compared. In addition, the recovery board would be required to conduct a three-year pilot program aimed at improving the transparency of financial reports by consolidating and automating certain financial information. After three years, OMB could expand the pilot program to cover all federal agencies.

Information from OMB, the recovery board, agency IG offices, and other federal agencies indicates that the government currently collects much of the information that would be needed to create a comprehensive database on federal spending as required under H.R. 2061. In addition, the Treasury Department and OMB have taken steps under current law to standardize some reporting requirements and to improve the quality of the financial information provided by all government sources, including *USASpending*.

However, not all of that financial information is standardized, accurate, or readily available as would be required under the bill. For example, a recent GAO report indicates that agencies expend significant time, effort, and resources to develop financial information that they should be able to provide on a daily or recurring basis.¹ GAO also notes that federal agencies use inconsistent definitions in developing, tracking, and reporting on federal spending, so creating a consolidated system probably would be difficult, time consuming, and expensive. Finally, because many of the government’s computer systems for managing financial information were designed to serve multiple purposes, changing them while preserving their multiple purposes would be expensive.

1. Government Accountability Office, *Federal Data Transparency; Opportunities Remain to Incorporate Lessons Learned as Availability of Spending Data Increase*, GAO-13-758 (September 12, 2013) www.gao.gov/products/GAO-13-758.

CBO expects that improving the government's current efforts to collect and report on financial data would involve the coordinated efforts of 26 federal agencies. We estimate that those new efforts would include modifying numerous computer systems and also further standardizing financial data, training personnel, conducting the proposed pilot program, and improving communications between agencies and recipients of federal funds. Based on information from agencies, OMB, and the recovery board, as well as GAO reports on the performance and history of modifying major federal IT systems and conducting audits of federal agencies, CBO estimates that implementing those provisions would cost \$2 million to \$3 million annually per agency, totaling \$285 million over the 2014-2018 period, assuming appropriation of the necessary amounts.

Other Reports

H.R. 2061 would require OMB, agencies, and GAO to prepare a number of reports. OMB would be required to review financial reporting practices and to produce a report recommending legislative actions to improve those practices governmentwide. Inspectors General offices and GAO would have to prepare reports every two years about the accuracy of financial reporting. Based on the costs of similar reports, CBO estimates that implementing those provisions would cost \$8 million over the 2014-2018 period, assuming the availability of appropriated funds.

PAY-AS-YOU-GO CONSIDERATIONS

The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. H.R. 2061 could affect direct spending by agencies not funded through annual appropriations. CBO estimates, however, that any net increase in spending by those agencies would not be significant. Enacting the bill would not affect revenues.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 2061 contains no intergovernmental or private-sector mandates as defined in UMRA. The bill would change the way state, local, and tribal governments report on their use of federal funds. Some of those changes could increase and others could decrease the costs that such governments would incur to comply with conditions of federal assistance. However, conditions of assistance (and their costs) are not intergovernmental mandates as defined in UMRA.

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