



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

December 5, 2013

### **S. 994 DATA Act**

*As ordered reported by the Senate Committee on Homeland Security  
and Governmental Affairs on November 6, 2013*

#### **SUMMARY**

S. 994 aims to make information on federal expenditures more easily 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*. In addition, the Office of Management and Budget (OMB) would be required to conduct a two-year pilot program to make it easier for federal contractors and grant recipients to comply with federal reporting requirements. S. 994 also would require OMB, the Government Accountability Office (GAO), and the agencies' Inspectors General (IGs) to submit additional reports to the Congress. Finally, the legislation would designate the Treasury Franchise Fund as the source of funding for the bill's implementation.

CBO estimates that implementing the bill would cost \$300 million over the 2014-2018 period, assuming appropriation of the necessary amounts. 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.

S. 994 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 S. 994 is shown in the following table. The costs of this legislation fall within budget function 800 (general government) and all other budget functions that use the Treasury Franchise Fund to acquire services.

	By Fiscal Year, in Millions of Dollars					2014- 2018
	2014	2015	2016	2017	2018	
<b>CHANGES IN SPENDING SUBJECT TO APPROPRIATION</b>						
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	3	4	3	4	15
Estimated Outlays	1	3	4	3	4	15
Total Changes						
Estimated Authorization Level	36	53	79	78	54	300
Estimated Outlays	33	56	79	78	54	300

## **BASIS OF ESTIMATE**

For this estimate, CBO assumes that the legislation will be enacted in fiscal year 2014, that the necessary amounts will be appropriated near the start of each subsequent fiscal year, and that spending will follow historical patterns for similar activities.

### **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 Accountability and Transparency Board’s website, *Recovery*, also provides information on federal spending, but it includes detailed information only on activities initiated under the American Recovery and Reinvestment Act (ARRA).

S. 994 would expand the *USASpending* website to include all federal spending. The Treasury Department would be required to establish standards for developing and reporting data on all federal spending, including the use of common data elements for financial and payment information for entities receiving federal funds across all government computer systems, so as to allow data from multiple systems to be compared. In addition, OMB would be required to conduct a two-year pilot program aimed at

improving the transparency of financial reports by consolidating and eliminating certain information and reducing compliance costs for recipients of federal funds. After two years, OMB could expand the pilot program to cover all federal agencies and would recommend future actions to improve financial reporting.

Information from OMB, the recovery board, selected agency IG offices, and other federal agencies indicates that the federal government currently collects much of the information that would be needed to create a comprehensive database on federal spending as required under S. 994. 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.<sup>1</sup> 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.

CBO expects that improving the government's current efforts to collect and report on financial data would involve the coordinated efforts of more than 20 major federal agencies. We estimate that those new efforts would include modifying numerous computer systems and 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.

S. 994 would authorize the use of the Treasury Franchise Fund to implement the legislation. Using that fund the Treasury Department provides accounting, procurement, travel, human resources, and information technology services on a reimbursable, fee-for-service basis to federal agencies. Under S. 994, federal customers would reimburse the fund for the new costs of programs to improve the collection and reporting of financial information. Those estimated discretionary costs are reflected in this cost estimate.

---

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](http://www.gao.gov/products/GAO-13-758).

## **Other Reports**

S. 994 would require IGs and GAO to prepare a number of reports. IGs would be required to review the spending data provided by their respective agencies and report their findings to the Congress. GAO would be required to review the IGs' reports every two years. Based on information from selected IGs and the costs of similar reports, CBO estimates that implementing those provisions would cost \$15 million over the 2014-2018 period, primarily for individual IGs to add this reporting requirement to their current financial statement audits, 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. S. 994 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**

S. 994 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.

## **PREVIOUS CBO ESTIMATE**

On November 13, 2013, CBO transmitted a cost estimate for H.R. 2061, the Digital Accountability and Transparency Act of 2013, as ordered reported by the House Committee on Oversight and Government Reform on May 22, 2013. Both pieces of legislation are aimed at improving financial reporting within the government, but H.R. 2061 also would authorize the recovery board to continue its activities for two more years beyond 2015 (when its current authorization expires).

**ESTIMATE PREPARED BY:**

Federal Spending: Matthew Pickford

Impact on State, Local, and Tribal Governments: Michael Kulas

Impact on the Private Sector: Paige Piper/Bach

**ESTIMATE APPROVED BY:**

Theresa Gullo

Deputy Assistant Director for Budget Analysis