

**Federal Fund Accountability and Transparency Act of 2006  
White Paper  
A Discussion of Information, Access, and Solutions**

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## Federal Fund Accountability and Transparency Act of 2006 White Paper A Discussion of Information, Access, and Solutions

### Background

The Federal Funding Accountability and Transparency Act of 2006 (FFATA) [S.2590, passed by the Senate September 6, 2006 and signed into law on September 26, 2006] is an act that requires the full disclosure of all entities or organizations receiving federal funds beginning in fiscal year (FY) 2007. The Act requires the creation of a single searchable website that allows the public, at no cost, to access:

- A. Search Federal funding by any element required by subsection [\(2\)\(b\)\(1\)](#);
- B. Ascertain through a single search the total amount of *Federal funding awarded* to an entity, by fiscal year; and
- C. Download data included in subparagraph (A) included in the outcome from searches.

Federal funding awarded means Federal financial assistance and expenditures that include grants, contracts, subgrants, subcontracts, loans, awards, cooperative agreements, purchase orders, task orders, delivery orders, and other forms of financial assistance; and does not include individual transactions below \$25,000; and before October 1, 2008, does not include credit card transactions.

The [Senate Bill S.2590](#) was introduced by Senators Tom Coburn, John McCain, and Barack Obama on [April 6, 2006](#). [S.2590](#) was passed unanimously in the Senate on September 7, 2006 and was passed with corrections in the House and Senate on [September 13, 2006](#). A companion Bill, that only considered

accessing federal grant transactions, [H.R. 5060](#), was introduced by Congressman [Roy Blunt](#) and [8 Co-Sponsors](#) on March 30, 2006 and passed by the House on June 21, 2006.

Based upon the 2007 United States Budget; total budget outlays for FY 2007 were projected to be \$2,770 billion. Of the projected total budget outlay, \$1,426.5 billion or, 51.5%, is subject to FFATA reporting requirements.

### Current Federal Financial Management System

The current Federal Financial Management System is primarily based upon the Budget and Accounting Procedures Act of 1950 and Executive Order 6166 dated June 10, 1933, as amended by PL 97-258 dated September 13, 1982. These two documents, as amended, prescribe: 1) the accounting principles, standards, and requirements that the head of each executive agency shall observe, including the suitable integration between the accounting process of each executive agency and the accounting of the Department of the Treasury, 2) complete disclosure of the results of the financial operations of each agency and the Government, and 3) the function of disbursement of moneys of the United States.

The FFATA expands upon these regulations to prescribe additional disclosure requirements to provide for enhanced accountability and

transparency of Federal financial payments. However, the FFATA follows the overall accounting and reporting requirements established by the foregoing Federal Laws and regulations.

A fourth document, the 1967 President's Commission on Budget Concepts (PCBC) also impacts the disclosure required by FFATA with respect to the definition of the Federal Budgetary reporting process, i.e., the definition of the Federal Budget Surplus or Deficit and the financial terminology and presentation associated to the Federal budgetary process.

In 1967, President Johnson appointed a commission to make a thorough study of the federal budget and the manner of its presentation. The Commission's most important recommendation was that a unified budget presentation replaces the several competing and confusing measures of the total scope of federal financial activity. The report of the President's Commission on Budget Concepts serves as the foundation for most budgetary concepts used at the present time.

The PCBC definition of the Federal Budget Surplus or Deficit also defined the budgetary terms of the Unified Budget concept implemented by the Commission's recommendations, e.g., On and Off Budget transactions, Outlays, Off-Setting Receipts, and the use of the term "expenditure" to mean disbursements of loans and non-loan transactions. These terms have critical meaning as related to the "transparency"

reporting requirements of FFATA. [Potential Problems with Data Sources and Retrieval](#) of payment information in relation to the foregoing current Federal principles, concepts, and standards terminology is discussed below.

## **Federal Fund Accountability and Transparency Act of 2006 Requirements**

Section 2(a)(1)(A) of the FFATA defines the Act to be applicable to the following entities whether for profit or non-profit:

1. a corporation;
2. an association;
3. a partnership;
4. a limited liability company;
5. a limited liability partnership;
6. a sole proprietorship;
7. any other legal business entity;
8. any other grantee or contractor that is not excluded by subparagraph (B) or (C); and
9. any State or locality;

Subparagraph (B) and (C) further state:

- (B) on and after January 1, 2009, includes any subcontractor or subgrantee; and
- (C) does not include:
- (i) an individual recipient of Federal assistance; or
  - (ii) a Federal employee.

Section 2(b)(1) of the FFATA states that, "Not later than January 1, 2008, the Office of Management and Budget shall, in accordance with this section and section 204 of the E-Government Act of 2002 (Public Law 107-347; 44 U.S.C. 3501 note), ensure the existence and operation of a single searchable website, accessible by the public at no

cost to access, that includes for each Federal award, the following:

### Data Elements

- 1 The name of the entity receiving the award;
- 2 The amount of the award;
- 3 Information on the award including:
  - 3 Transaction type,
  - 4 Funding agency,
  - 5 The North American Industry Classification System Code
  - 6 Catalog of Federal Domestic Assistance Number (where applicable),
  - 7 Program source,
  - 8 Award title descriptive of the purpose of each funding action;
  - 9 The location of the entity receiving the award
- 10 The primary location of performance under the award, including:
  - 10 City,
  - 11 State,
  - 12 Congressional District, and
  - 13 Country;
- 14 A unique identifier of the entity receiving the award and of the parent entity of the recipient, should the entity be owned by another entity; and
- 15 Any other relevant information specified by the Office of Management and Budget.

## **Benefits of Improved Federal Financial Oversight Query**

The Report of the Committee on Homeland Security and Governmental Affairs, United States Senate, 109-329 dated September 8, 2006, presents the following synopsis of the expected

benefits related to the enactment of the Federal Funding Accountability and Transparency Act of 2006.

"The Committee believes it is important that detailed information on these and other types of Federal spending be not only collected by the government for its own use, but also made available to the public.

Without a rigorous and transparent accountability system in place to provide visibility into who is receiving Federal funds through contracts and grants, and for what purpose, there is a greater potential for fraud and abuse. One goal of S. 2590 is to mitigate the potential for fraud and abuse by allowing citizens to see how their tax dollars are spent. Greater transparency allows taxpayers to judge whether government funds are being used for purposes they consider valuable, or whether spending in certain areas is excessive or wasteful.

It also allows the public to better understand, assess, and appreciate the scope and value of federal investments in their communities and to more fully participate in shaping priorities for Federal spending. The Web site will also allow state governments to better evaluate what funds flow to their states, what needs are or are not being met through federal funding, and may foster greater coordination between the Federal government and states, and between states and their subawardees."

## **Potential Problem with Data Sources and Retrieval**

Although the FFATA provides for expanded transparency into the Federal payments system, the Act also creates problems with its implementation due to



the requirements not being synchronized with the Federal Governments financial principles, concepts, and standards process.

Specifically, [Section a \(2\) \(A\)](#) of FFATA defines “Federal Award” to mean “Federal financial assistance and expenditures.” In addition, this section further defines Federal Awards to include: grants, subgrants, loans, awards, cooperative agreements, and other forms of financial assistance; including contracts, subcontracts, purchase orders, task orders, and delivery orders; and does not include individual transactions below \$25,000; and before October 1, 2008, does not include credit card transactions.

Most significantly, the inclusion of subgrant and subcontract payments as falling within the purview of FFATA reporting requires the collection of payment information that *is not* currently captured within the Federal Government’s accounting and reporting system. Therefore, new financial reporting systems will be required to be implemented to meet the requirements of the Act.

Other potential problems include:

- Budget vs. Off-Budget (Capitalized Assets (Student Loans-Direct & Guaranteed) - Loan transactions are included as reportable under FFATA, however Student Loans are classified as Off-Budget transactions that do not impact the Budget Surplus or Deficit. This reporting distinction can cause for misunderstanding of the variances in financial information reported and potential reconciliation problems.
- Reconciliation problem can also be caused due to Federal program and organization changes that are not

handled consistently by data sources used for FFATA reporting, e.g., FPDS and FAADS data historical information sources may vary from current Federal Budgetary information sources?

- [Section 2\(a\)\(2\)\(B\)](#) of FFATA requires the reporting of payment information above \$25,000. The Federal financial process accounts for payments in terms of advances and reimbursements that are generally made in larger amounts and include consolidated payments to contractors and grantees that have either been made to subcontractor or subgrantee or will be made in the future. This will cause potential problems with the identification of what can be reported in terms of the financial information that is available.
- [Section 2\(a\)\(2\)\(C\)](#) of FFATA requires the reporting of credit card transactions after October 1, 2008. Similar to the FFATA \$25,000 transaction limit, Federal Credit Card transactions are processed through commercial merchant banks and are reimbursed by Federal Government agencies in consolidated amounts. In addition, the primary purpose of the credit card is to enable small purchases with greater efficiency and effectiveness with respect to the Federal procurement process. Therefore, although the individual credit card dollar value may be less than the FFATA \$25,000 limits, the aggregate amount of credit card transactions for a contractor, subcontractor, grantee and subgrantee may exceed the \$25,000 limit. Therefore, reconciliation problems or just the definition of

rules for how credit card transactions will be reported under FFATA is required.

The foregoing are a few of the potential problems with the interpretation of the meaning of FFATA.

## Additional Impacts

- **User requirements analysis** needs to be undertaken to clearly identify:
  - **Who is the user?** e.g., is the general public the user and does that include access to information that a government program manager (as a member of the general public) may need to perform their work duties;
  - **What does the user wants to know?** Is source information sufficient for user inquiries or does the user need analytics software capabilities to drill down into data and correlate various databases?
  - **What are users capabilities to retrieve data?** In terms of FFATA Internet requirements as well as users capabilities, e.g., should paper/news, television media, and blogisphere capabilities also be considered as assess requirements.?
  - **What training does the user require?** Are users expected to be self trained on information access capabilities or will the government provide access to e-learning and knowledgeware capabilities to assist users?
  - **What are the Legislative needs from FFATA and how will legislative staff be trained?** Will congressional staffs require performance



information that can be correlated with financial information?

o **What are the Information Technology needs to support a large user community?**

Will standard relational databases and host server architecture be sufficient to meet growing user information access requirements? Or, will advanced super computer technology be required with advanced analytic software capabilities be provided?

- **Should Internal Revenue refunds be reportable under FFATA?** IRS refunds are currently treated as negative budgetary receipts. In FY 2007 IRS Refunds of Individual Income & FICA Taxes amounted to \$202,778,830,629.58. Corporate Income and Excise Tax Refunds amounted to \$25,291,790,735.36. The above refunds equal 8.9% of net Budget Revenues and 8.4% of Net Budget Outlays. Senators Frank identified as additional views in Senate Report 109-329 that “Transparency in government decision-making should not be limited simply to spending; it should also be extended to the decisions Congress makes about the tax code.”
- **Should other Off-Budget Transactions be reportable under FFATA?** e.g., Federal Financing Bank transactions;
- **Should XBRL & ETL data collection technologies be used for FFATA data collection?** XBRL & ETL data collection technology requires classification standards that are not operational in Federal financial systems. The General Services

Administration (GSA) Financial Systems Integration Office (FSIO) Common Governmentwide Accounting Classification (CGAC) Structure and the DoD Standard Financial Information Structure (SFIS) will take years to become operational governmentwide and therefore an IT architecture transition plan needs to be developed to meet immediate FFATA needs for data collection.

- **How should Federal Shared Services be used to meet FFATA requirements?** The [Federal Shared Services initiative](#) needs to be coordinated to keep from replicating systems or subsystems within individual agencies to support FFATA rather than designing and developing a consolidated Shared Services IT approach.
- **How can FFATA be integrated into Treasury and OMB Government-wide accounting, reporting, and budget systems?** i.e., the [Treasury Government-Wide Accounting and Reporting Modernization system](#) and [OMB MAX Budget Information System](#).

## Conclusions

Accountability and Transparency are evaluation terms that can vary with the values and perspectives applied to them by the evaluator. The Congressional intent is clearly identified in the Senate Committee on Homeland Security and Governmental Affairs Report 109-329 in its statement that “Without a rigorous and transparent accountability system in place to provide visibility into who is receiving Federal funds through contracts and grants, and for what purpose, there is a greater potential for

fraud and abuse. One goal of S. 2590 is to mitigate the potential for fraud and abuse by allowing citizens to see how their tax dollars are spent. Greater transparency allows taxpayers to judge whether government funds are being used for purposes they consider valuable, or whether spending in certain areas is excessive or wasteful.”

This paper has presented some of the Federal Government’s financial management processes, policies, rules and regulations that impact the implementation of FFATA.

## About the Authors

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One Hundred Ninth Congress  
of the  
United States of America

**AT THE SECOND SESSION**  
*Begun and held at the City of Washington on Tuesday,  
the third day of January, two thousand and six*  
**An Act**

To require full disclosure of all entities and organizations receiving Federal funds.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

**SECTION 1. SHORT TITLE.**

This Act may be cited as the “Federal Funding Accountability and Transparency Act of 2006”.

**SEC. 2. FULL DISCLOSURE OF ENTITIES RECEIVING FEDERAL FUNDING.**

(a) **DEFINITIONS.**—In this section:

- (1) **ENTITY.**—The term “entity”—
  - (A) includes, whether for profit or nonprofit—
    - (i) a corporation;
    - (ii) an association;
    - (iii) a partnership;
    - (iv) a limited liability company;
    - (v) a limited liability partnership;
    - (vi) a sole proprietorship;
    - (vii) any other legal business entity;
    - (viii) any other grantee or contractor that is not excluded by subparagraph (B) or (C); and
    - (ix) any State or locality;
  - (B) on and after January 1, 2009, includes any subcontractor or subgrantee; and
  - (C) does not include—
    - (i) an individual recipient of Federal assistance; or
    - (ii) a Federal employee.
- (2) **FEDERAL AWARD.**—The term “Federal award”—
  - (A) means Federal financial assistance and **expenditures** that—
    - (i) include grants, subgrants, loans, awards, cooperative agreements, and other forms of financial assistance;
    - (ii) include contracts, **subcontracts**, purchase orders, task orders, and delivery orders;
  - (B) does not include individual transactions below \$25,000; and
  - (C) before October 1, 2008, does not include **credit card** transactions.
- (3) **SEARCHABLE WEBSITE.**—The term “**searchable website**” means a website that allows the public to—
  - (A) search and aggregate Federal funding by any element required by subsection (b)(1);



- (B) ascertain through a **single search** the total amount of Federal funding awarded to an entity by a Federal award described in paragraph (2)(A)(i), by fiscal year;
  - (C) ascertain through a single search the total amount of Federal funding awarded to an entity by a Federal award described in paragraph (2)(A)(ii), by fiscal year; and
  - (D) **download data** included in subparagraph (A) included in the outcome from searches.
- (b) IN GENERAL.—
- (1) WEBSITE.—Not later than January 1, 2008, the Office of Management and Budget shall, in accordance with this section, section 204 of the E-Government Act of 2002 (Public Law 107–347; 44 U.S.C. 3501 note), and the Office of Federal Procurement Policy Act (41 U.S.C. 403 et seq.), ensure the existence and operation of a **single searchable website**, accessible by the public, at **no cost to access**, that includes for each Federal award—
    - (A) the name of the entity receiving the award;
    - (B) the amount of the award;
    - (C) information on the award including transaction type, funding agency, the North American Industry Classification System code or Catalog of Federal Domestic Assistance number (where applicable), program source, and an award title descriptive of the purpose of each funding action;
    - (D) the location of the entity receiving the award and the primary location of performance under the award, including the city, State, congressional district, and country;
    - (E) a unique identifier of the entity receiving the award and of the parent entity of the recipient, should the entity be owned by another entity; and
    - (F) any other relevant information specified by the Office of Management and Budget.
  - (2) SCOPE OF DATA.—The website shall include data for fiscal year 2007, and each fiscal year thereafter.
  - (3) DESIGNATION OF AGENCIES.—The Director of the Office of Management and Budget is authorized to designate one or more Federal agencies to participate in the development, establishment, operation, and support of the single website. In the initial designation, or in subsequent instructions and guidance, the Director may specify the scope of the responsibilities of each such agency.
  - (4) AGENCY RESPONSIBILITIES.—**Federal agencies shall comply with the instructions and guidance issued by the Director of the Office of Management and Budget** under paragraph (3), and shall provide appropriate assistance to the Director upon request, so as to assist the Director in ensuring the existence and operation of the single website.
- (c) WEBSITE.—The website established under this section—
- (1) **may use as the source of its data the Federal Procurement Data System, Federal Assistance Award Data System, and Grants.gov**, if all of these data sources are searchable through the website and can be accessed in a search;
  - (2) **shall not be considered in compliance if it hyperlinks to the Federal Procurement Data System website, Federal Assistance Award Data System website, Grants.gov website**, or other existing websites, so that the information elements required by subsection (b)(1) cannot be searched electronically by field in a single search;
  - (3) shall provide an opportunity for the **public to provide input about the utility of the site and recommendations for**

- improvements;**
- (4) shall be updated not later than 30 days after the award of any Federal award requiring a posting;).
- (d) SUBAWARD DATA.—
- (1) PILOT PROGRAM.—
- (A) IN GENERAL.—Not later than July 1, 2007, the Director of the Office of Management and Budget shall commence a **pilot program** to—
- (i) **test the collection and accession of data about subgrants and subcontracts;** and
- (ii) determine how to implement a subaward reporting program across the Federal Government, including—
- (I) a reporting system under which the entity issuing a subgrant or subcontract is responsible for fulfilling the subaward reporting requirement; and
- (II) a mechanism for collecting and incorporating agency and public feedback on the design and utility of the website.
- (B) TERMINATION.—The pilot program under subparagraph (A) shall terminate not later than January 1, 2009.
- (2) REPORTING OF SUBAWARDS.—
- (A) IN GENERAL.—Based on the pilot program conducted under paragraph (1), and, except as provided in subparagraph (B), not later than **January 1, 2009**, the Director of the Office of Management and Budget—
- (i) shall ensure that data regarding subawards are disclosed in the same manner as data regarding other Federal awards, as required by this Act; and
- (i) shall ensure that the method for collecting and distributing data about subawards under clause (i)—
- (III) minimizes burdens imposed on Federal award recipients and subaward recipients;
- (IV) allows Federal award recipients and subaward recipients to allocate reasonable costs for the collection and reporting of subaward data as indirect costs; and
- (V)
- (VI) establishes cost-effective requirements for collecting subaward data under block grants, formula grants, and other types of assistance to State and local governments.
- (B) EXTENSION OF DEADLINE.—For subaward recipients that receive Federal funds through State, local, or tribal governments, the Director of the Office of Management and Budget may extend the deadline for ensuring that data regarding such subawards are disclosed in the same manner as data regarding other Federal awards for a period not to exceed 18 months, if the Director determines that compliance would impose an undue burden on the subaward recipient.
- (e) EXCEPTION.—Any entity that demonstrates to the Director of the Office of Management and Budget that the gross income, from all sources, for such entity did not exceed \$300,000 in the previous tax year of such entity shall be exempt from the requirement to report subawards under subsection (d), until the Director determines that the imposition of such reporting requirements will not cause an undue burden on such entities.
- (f) CONSTRUCTION.—Nothing in this Act shall prohibit the Office of Management and Budget from including through the website established under this section access to data that is publicly avail-



able in any other Federal database.

(g) REPORT.—

- (1) IN GENERAL.—The Director of the Office of Management and Budget shall submit to the Committee on Homeland Security and Governmental Affairs of the Senate and the Committee on Government Reform of the House of Representatives an annual report regarding the implementation of the website established under this section.
- (2) CONTENTS.—Each report submitted under paragraph (1) shall include—
  - (A) data regarding the usage and public feedback on the utility of the site (including recommendations for improving data quality and collection);
  - (B) an assessment of the reporting burden placed on Federal award and subaward recipients; and
  - (C) an explanation of any extension of the subaward reporting deadline under subsection (d)(2)(B), if applicable.
- (3) PUBLICATION.—The Director of the Office of Management and Budget shall make each report submitted under paragraph (1) publicly available on the website established under this section.

**SEC. 3. CLASSIFIED INFORMATION.**

Nothing in this Act shall require the disclosure of classified information.

**SEC. 4. GOVERNMENT ACCOUNTABILITY OFFICE REPORTING REQUIREMENT.**

Not later than January 1, 2010, the Comptroller General shall submit to Congress a report on compliance with this Act.

*Speaker of the House of Representatives.*

*Vice President of the United States and President of the Senate*



**Public Law 109–282—Sept. 26, 2006**  
**FEDERAL FUNDING ACCOUNTABILITY AND**  
**TRANSPARENCY ACT OF 2006**

120 STAT. 1186 PUBLIC LAW 109–282—SEPT. 26, 2006  
Public Law 109–282  
109th Congress  
An Act

To require full disclosure of all entities and organizations receiving Federal funds.  
*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

**SECTION 1. SHORT TITLE.**

This Act may be cited as the “Federal Funding Accountability and Transparency Act of 2006”.

**SEC. 2. FULL DISCLOSURE OF ENTITIES RECEIVING FEDERAL FUNDING.**

(a) DEFINITIONS.—In this section:

(1) ENTITY.—The term “entity” —

(A) includes, whether for profit or nonprofit—

(i) a corporation;

(ii) an association;

(iii) a partnership;

(iv) a limited liability company;

(v) a limited liability partnership;

(vi) a sole proprietorship;

(vii) any other legal business entity;

(viii) any other grantee or contractor that is not excluded by subparagraph (B) or (C); and

(ix) any State or locality;

(B) on and after January 1, 2009, includes any subcontractor or subgrantee; and

(C) does not include—

(i) an individual recipient of Federal assistance; or

(ii) a Federal employee.

(2) FEDERAL AWARD.—The term “Federal award” —

(A) means Federal financial assistance and expenditures that—

(i) include grants, subgrants, loans, awards, cooperative agreements, and other forms of financial assistance;

(ii) include contracts, subcontracts, purchase orders, task orders, and delivery orders;

(B) does not include individual transactions below \$25,000; and

(C) before October 1, 2008, does not include credit card transactions.

(3) SEARCHABLE WEBSITE.—The term “searchable website” means a website that allows the public to

(A) search and aggregate Federal funding by any element required by subsection (b)(1);



- (B) ascertain through a single search the total amount of Federal funding awarded to an entity by a Federal award described in paragraph (2)(A)(i), by fiscal year;
- (C) ascertain through a single search the total amount of Federal funding awarded to an entity by a Federal award described in paragraph (2)(A)(ii), by fiscal year; and
- (D) download data included in subparagraph (A) included in the outcome from searches.

(b) IN GENERAL.—

(1) WEBSITE.—Not later than January 1, 2008, the Office of Management and Budget shall, in accordance with this section, section 204 of the E-Government Act of 2002 (Public Law 107–347; 44 U.S.C. 3501 note), and the Office of Federal Procurement Policy Act (41 U.S.C. 403 et seq.), ensure the existence and operation of a single searchable website, accessible by the public at no cost to access, that includes for each Federal award—

- (A) the name of the entity receiving the award;
- (B) the amount of the award;
- (C) information on the award including transaction type, funding agency, the North American Industry Classification System code or Catalog of Federal Domestic Assistance number (where applicable), program source, and an award title descriptive of the purpose of each funding action;
- (D) the location of the entity receiving the award and the primary location of performance under the award, including the city, State, congressional district, and country;
- (E) a unique identifier of the entity receiving the award and of the parent entity of the recipient, should the entity be owned by another entity; and
- (F) any other relevant information specified by the Office of Management and Budget.

(2) SCOPE OF DATA.—The website shall include data for fiscal year 2007, and each fiscal year thereafter.

(3) DESIGNATION OF AGENCIES.—The Director of the Office of Management and Budget is authorized to designate one or more Federal agencies to participate in the development, establishment, operation, and support of the single website. In the initial designation, or in subsequent instructions and guidance, the Director may specify the scope of the responsibilities of each such agency.

(4) AGENCY RESPONSIBILITIES.—Federal agencies shall comply with the instructions and guidance issued by the Director of the Office of Management and Budget under paragraph (3), and shall provide appropriate assistance to the Director upon request, so as to assist the Director in ensuring the existence and operation of the single website.

(c) WEBSITE.—The website established under this section—

(1) may use as the source of its data the Federal Procurement Data System, Federal Assistance Award Data System, and Grants.gov, if all of these data sources are searchable through the website and can be accessed in a search on the website required by this Act, provided that the user may—

- (A) specify such search shall be confined to Federal contracts and subcontracts;
- (B) specify such search shall be confined to include grants, subgrants, loans, awards, cooperative agreements, and other forms of financial assistance;
- (2) shall not be considered in compliance if it hyperlinks to the Federal Procurement Data System website, Federal Assistance Award Data



System website, Grants.gov website, or other existing websites, so that the information elements required by subsection (b)(1) cannot be searched electronically by field in a single search;

(3) shall provide an opportunity for the public to provide input about the utility of the site and recommendations for improvements;

(4) shall be updated not later than 30 days after the award of any Federal award requiring a posting; and

(5) shall provide for separate searches for Federal awards described in subsection (a) to distinguish between the Federal awards described in subsection (a)(2)(A)(i) and those described in subsection (a)(2)(A)(ii).

(d) SUBAWARD DATA.—

(1) PILOT PROGRAM.—

(A) IN GENERAL.—Not later than July 1, 2007, the Director of the Office of Management and Budget shall commence a pilot program to—

(i) test the collection and accession of data about subgrants and subcontracts; and

(ii) determine how to implement a subaward reporting program across the Federal Government, including—

(I) a reporting system under which the entity issuing a subgrant or subcontract is responsible for fulfilling the subaward reporting requirement; and

(II) a mechanism for collecting and incorporating agency and public feedback on the design and utility of the website.

(B) TERMINATION.—The pilot program under subparagraph (A) shall terminate not later than January 1, 2009.

(2) REPORTING OF SUBAWARDS.—

(A) IN GENERAL.—Based on the pilot program conducted under paragraph (1), and, except as provided in subparagraph (B), not later than January 1, 2009, the Director of the Office of Management and Budget—

(i) shall ensure that data regarding subawards are disclosed in the same manner as data regarding other Federal awards, as required by this Act; and

(ii) shall ensure that the method for collecting and distributing data about subawards under clause (i)—

(I) minimizes burdens imposed on Federal award recipients and subaward recipients;

(II) allows Federal award recipients and subaward recipients to allocate reasonable costs for the collection and reporting of subaward data as indirect costs; and

(III) establishes cost-effective requirements for collecting subaward data under block grants, formula grants, and other types of assistance to State and local governments.

(B) EXTENSION OF DEADLINE.—For subaward recipients that receive Federal funds through State, local, or tribal governments, the Director of the Office of Management and Budget may extend the deadline for ensuring that data regarding such subawards are disclosed in the same manner as data regarding other Federal awards for a period not to exceed 18 months, if the Director determines that compliance would impose an undue burden on the subaward recipient.

(e) EXCEPTION.—Any entity that demonstrates to the Director of the Office of Management and Budget that the gross income, from all sources, for such entity did not exceed \$300,000 in the previous tax year of such entity shall be exempt from the requirement to report subawards under



subsection (d), until the Director determines that the imposition of such reporting requirements will not cause an undue burden on such entities.

(f) CONSTRUCTION.—Nothing in this Act shall prohibit the Office of Management and Budget from including through the website established under this section access to data that is publicly available in any other Federal database.

(g) REPORT.—

(1) IN GENERAL.—The Director of the Office of Management and Budget shall submit to the Committee on Homeland Security and Governmental Affairs of the Senate and the Committee on Government Reform of the House of Representatives an annual report regarding the implementation of the website established under this section.

(2) CONTENTS.—Each report submitted under paragraph (1) shall include—

(A) data regarding the usage and public feedback on the utility of the site (including recommendations for improving data quality and collection);

(B) an assessment of the reporting burden placed on Federal award and subaward recipients; and

(C) an explanation of any extension of the subaward reporting deadline under subsection (d)(2)(B), if applicable.

(3) PUBLICATION.—The Director of the Office of Management and Budget shall make each report submitted under paragraph (1) publicly available on the website established under this section.

### SEC. 3. CLASSIFIED INFORMATION.

Nothing in this Act shall require the disclosure of classified information.

### SEC. 4. GOVERNMENT ACCOUNTABILITY OFFICE REPORTING REQUIREMENT.

Not later than January 1, 2010, the Comptroller General shall submit to Congress a report on compliance with this Act. Approved September 26, 2006.

#### LEGISLATIVE HISTORY—S. 2590:

SENATE REPORTS: No. 109–329 (Comm. on Homeland Security and Governmental Affairs).

CONGRESSIONAL RECORD, Vol. 152 (2006):

Sept. 7, considered and passed Senate.

Sept. 13, considered and passed House.

WEEKLY COMPILATION OF PRESIDENTIAL DOCUMENTS, Vol. 42 (2006):

Sept. 26, Presidential remarks.



Calendar No. 576

109TH CONGRESS "  
2d Session

SENATE

REPORT  
109-329

FEDERAL FUNDING ACCOUNTABILITY AND  
TRANSPARENCY ACT OF 2006

R E P O R T

OF THE

**Committee on Homeland Security and  
Governmental Affairs United States Senate**

TO ACCOMPANY

S. 2590

together with

ADDITIONAL VIEWS

TO REQUIRE FULL DISCLOSURE OF ALL ENTITIES AND  
ORGANIZATIONS RECEIVING FEDERAL FUNDS



SEPTEMBER 8, 2006.—Ordered to be printed

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Federal Funding Accountability and Transparency  
Act of 2006

SEPTEMBER 8, 2006.— \_\_\_\_\_ Ordered to be printed

Ms. COLLINS, from the \_\_\_\_\_ Committee on Homeland  
Security and  
Governmental Affairs, submitted the following

REPORT

together with

ADDITIONAL VIEWS

[To accompany S. 2590]

The Committee on Homeland Security and Governmental Affairs, to which was referred the bill (S. 2590) to require full disclosure of all entities and organizations receiving Federal funds, having considered the same reports favorably thereon with an amendment and recommends that the bill do pass.

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I. PURPOSE AND SUMMARY

The purpose of S. 2590 is to increase transparency and accountability of Federal government expenditures by providing access to information on Federal funding awards through a single, search-able, publicly-available Web site. The Office of Management and Budget is required to ensure that the Web site is up-to-date, easily searchable and available to the public at no cost, so that informa-



tion on Federal awards may be accessed by the public in a timely way.

The bill requires the Web site to be fully accessible to the public by January 1, 2008, at which point data for fiscal year 2007 should be available on the Web site. After October 1, 2008, information about credit card transactions is required to be available on the Web site. By January 1, 2009, the bill requires the single Web site to provide information on subgrants and subcontracts. However, the bill does give the Director of the Office of Management and Budget the authority to extend, by no more than 18 months, the deadline for implementing the subaward reporting requirement for recipients of federal funds through State, local and tribal governments. Individual award transactions below \$25,000 are not required to be included on the Web site.

Specific elements of information about Federal awards are required to be available on the Web site, including the name of the recipient, award amount, award type (e.g., grant, contract, subgrant, etc.), industry classification or Catalog of Federal Domestic Assistance indicator, location of the recipient and the primary place of performance, Federal agency and program source, and de-tailed title and description of each award. In addition, a unique identifier for each entity or parent entity receiving Federal funds is also required to be available on the Web site.

The bill includes a temporary subaward reporting exemption for small entities. Entities that can demonstrate that they earned less than \$300,000 in gross income in the previous tax year would not be required to report on subawards until the Director of the Office of Management and Budget determines that the imposition of the reporting requirements would not create an undue burden on those entities.

In order to best determine the most cost-effective and efficient way to provide information on subawards, the bill establishes a pilot program to test methods of subaward data collection and re-orting and to receive public feedback.

Finally, the bill requires the Director of the Office of Management and Budget to submit annual reports to the Committee on Homeland Security and Governmental Affairs of the Senate and the Committee on Government Reform of the House of Representatives, including data regarding the usage of the site and public feedback received, an assessment of the reporting burden placed on recipients of Federal funding, and an explanation of any reporting deadline extension for subaward recipients of Federal funding through State, local, or tribal governments.

## II. BACKGROUND

As Federal spending approaches \$3 trillion in fiscal year 2007,<sup>1</sup> the public's ability to track how their tax dollars are used remains a monumental task. There is currently no comprehensive, publicly-available source of detailed, accurate, complete and timely information on Federal government spending. Even within the Federal government, information on all spending decisions is not compiled in



one place. There is a lack of transparency and accountability for all but the very largest spending decisions.

Most Federal expenditures fall within several broad categories, and yet most are largely unseen by the public. According to the Census Bureau, the \$2.2 trillion in Federal direct spending or obligations reported in the Consolidated Federal Funds Report for fiscal year 2004—the most recent year for which this data is available—can be broken into the following categories:

Retirement and Disability—\$667 billion

Grants—\$460 billion

Procurement Contracts—\$340 billion

Salaries and Wages—\$226 billion

Direct Loans—\$30 billion

Guaranteed or Insured Loans—\$29 billion

Insurance—\$773 billion

Other Direct Payments—\$773 billion<sup>2</sup>

Grants and procurement contracts, two of the categories listed above, are just a small subset of the millions of financial transactions that the Federal government engages in on an annual basis. Yet in 2004, there were nearly 1.8 million contract actions and hundreds of thousands of grants awarded through more than 1,000 Federal programs.<sup>3</sup> The Committee believes it is important that detailed information on these and other types of Federal spending be not only collected by the government for its own use, but also made available to the public.

Without a rigorous and transparent accountability system in place to provide visibility into who is receiving Federal funds through contracts and grants, and for what purpose, there is a greater potential for fraud and abuse. One goal of S. 2590 is to mitigate the potential for fraud and abuse by allowing citizens to see how their tax dollars are spent. Greater transparency allows taxpayers to judge whether government funds are being used for purposes they consider valuable, or whether spending in certain areas is excessive or wasteful. It also allows the public to better understand, assess, and appreciate the scope and value of federal investments in their communities and to more fully participate in shaping priorities for Federal spending. The Web site will also allow state governments to better evaluate what funds flow to their states, what needs are or are not being met through federal funding, and may foster greater coordination between the Federal government and states, and between states and their subawardees.

The Federal Government currently makes some information on Federal expenditures available through various databases and reports. These include, but are not limited to, the Federal Procurement Data System (FPDS, currently the Federal Procurement Data System-Next Generation (FPDS-NG)), the Federal Assistance Awards Data System (FAADS), and the Consolidated Federal Funds Report (CFFR). However, each system is limited in its capabilities and usefulness, and the systems are largely not compatible with one another.

FPDS-NG is the primary source of information on Federal contracting. It was created in 1978 to provide a central repository for all Federal contracting information, and to



make that information publicly available. GSA is the agency responsible for administering the system (41 U.S.C. 405(d)(4)(A)).

There are a number of weaknesses with FPDS that make it ineffective for providing timely, accurate information on procurement actions: first, not every agency is required to report to FPDS, meaning that the only way to gain an accurate count of procurement spending is to ask each agency individually. Second, the data-base is undependable, often providing data that is unusable or unreliable.<sup>4</sup>

The Federal Assistance Awards Data System, or FAADS, is the primary source of information on Federal grants. It was created in 1980 to be the central source for information on all Federal assistance awards and is administered by the Census Bureau (31 U.S.C. 6102(a)). FAADS collects information mainly in two formats: (1) an aggregate of all Federal assistance at the county level; and (2) an account of individual awards, including the amount awarded and the name of the recipient. Currently, 33 Federal agencies report to FAADS, which is nearly all Federal agencies that make awards. There remain, however, a few scattered small agencies that are not yet required to report.<sup>5</sup>

FAADS is more reliable than FPDS for its data quality and timeliness, but it also has limitations, making it far from adequate for needed transparency. The following are the biggest limitations to FAADS: first, each quarterly report is independent of the one that came before it and does not reflect total awards given in a certain fiscal year (or over any time period other than the quarter being reported). In order to obtain a comprehensive picture of Federal grants and awards, one would have to collect all previous reports and compile the information independently. Second, the Census Bureau emphasizes the fact that FAADS is not a “database” and is therefore not searchable. Instead, FAADS is a “sequential text file” that can only be read with special computer software. Searches for information are then only permitted on a “one-term-at-a-time” basis, and then not across years. Third, FAADS only re-ports information on the identity of the initial recipient, and not the identity of second- or third-tier recipients. This means that grants given to States are only tracked to the State level, not through to subawards. Fourth, FAADS is only updated with new information on a quarterly basis, meaning that information may be as old as three months by the time it is released.

The Consolidated Federal Funds Report, or CFFR, is a summary report of Federal spending on a geographic basis by State, county and sub-county areas. This report is published every year by the Census Bureau and is distributed publicly, as well as to Congress (31 U.S.C. 6202). The CFFR utilizes data collected from FAADS, FPDS and a collection of Federal agencies to track Federal funding within a number of high-level spending categories: retirement and disability; other direct payments; grants; procurement contracts; salaries and wages; direct loans; guaranteed or insured loans; and insurance. One of the biggest problems with the CFFR is that



the data is released on a two-year delay. Therefore, the most recent data currently available is from FY2004. The inability of FPDS, FAADS and CFFR to easily provide more than high-level spending totals demonstrates the government's general inability to provide transparency in its spending. Strides have been made in recent years to make some information available on-line, but more must be done. Real accountability for specific funding actions requires that better information be made available. The databases and Web sites currently available do not provide that level of accountability.

### III. LEGISLATIVE HISTORY

S. 2590 was introduced on April 6, 2006 by Senator Coburn, along with Senators Obama, McCain and Carper as original co-sponsors. The bill was referred to the Committee on Homeland Security and Governmental Affairs. As of August 3, 2006, additional co-sponsors include: Chairman Collins, Ranking Member Lieberman and Senators Alexander, Allen, Bayh, Boxer, Chambliss, Clinton, Coleman, Cornyn, DeMint, DeWine, Durbin, Frist, Isakson, Kerry, Landrieu, McConnell, Reid, Santorum, Sessions, Snowe, Sununu, Thune, Vitter and Voinovich.

On July 18, 2006, the Committee on Homeland Security and Governmental Affairs, Subcommittee on Federal Financial Management, Government Information, and International Security, held a hearing entitled What You Don't Know Can Hurt You: S. 2590, the "Federal Funding Accountability and Transparency Act of 2006." The Subcommittee heard testimony from The Honorable John McCain and The Honorable Barack Obama, as well as Gary D. Bass, Executive Director, OMB Watch; Eric Brenner, Director, Maryland Governor's Grants Office, Office of the Governor; and Mark Tapscott, Editorial Page Editor, The Washington Examiner.

On July 26, 2006, the Committee met in a business session where it considered the bill. An amendment in the nature of a substitute was offered by Senators Collins, Lieberman, Coburn, and Carper and adopted by voice vote. The Committee voted to report the bill favorably, as amended. Senators present: Collins, Lieberman, Bennett, Akaka, Carper, Coburn, Dayton, Lautenberg, and Pryor.

### IV. SECTION-BY-SECTION ANALYSIS

#### *Section 1. Short title*

This section provides that the bill may be referred to as the "Federal Funding Accountability and Transparency Act of 2006."

#### *Section 2. Full disclosure of entities receiving Federal funding*

Subsection (a) defines key terms used throughout the bill: entity, Federal award, and searchable Web site.

"Entity" is defined as any of the following type of for-profit or non-profit organizations: corporation, association, partnership, limited liability company (LLC), limited liability partnership (LLP), sole proprietorship, other legal business entities and



States or localities. The bill does not require the Web site to provide information about Federal funding received by individuals, such as a Social Security check or the salary of a Federal employee. The definition was drafted broadly with the intention of ensuring that information on financial transactions with all types of entities is included on the Web site. In addition, nothing in this bill prevents the Office of Management and Budget from making available on the Web site additional publicly-available Federal funding information.

The definition of “Entity” exempts subcontractors and subgrantees until January 1, 2009. In place of a requirement to provide subaward information concurrently with other required information, this bill establishes a pilot program for collecting and reporting subaward information, as detailed in subsection (d). The exception for subaward recipient information is made to address the concern that collecting subaward information will be more difficult than collecting information on prime funding recipients, and more time is needed to identify best practices for collection and reporting of subaward information. The presence of the delayed timetable in the bill is not intended to indicate that this information is less important than information on prime awards, but it does recognize that additional time might be needed to develop a system that balances access to information with the burden of reporting subaward data.

“Federal award” is defined as any expenditure of Federal funds through: grants, subgrants, contracts, subcontracts, loans, awards, cooperative agreements, purchase orders, task orders, delivery orders, or other forms of financial assistance. The definition does not include individual transactions below \$25,000 and, before October 1, 2008, does not include credit card transactions. The definition of this term is intentionally broad so as to capture as much Federal funding as possible. The inclusion of various types of financial arrangements is not in any way intended to limit the types of transactions that should be recorded on the Web site. The purpose of this legislation is to provide the public with a broad and highly detailed view of Federal funding, and the definition of what constitutes a Federal award is to be interpreted equally broadly.

“Searchable Web site” means a Web site that allows the public to search by any of the elements listed and explained in subsection (b)(1). This definition is intended to guarantee that the Web site is not only available to the general public, but that it is also easily usable. The bill is intended to ensure that the Web site can be searched using similar techniques as those used on popular search engine Web sites. The language of this bill does not preclude the inclusion of an advanced search capability on the Web site.

Subsection (b) provides general provisions regarding the Web site and the data to be submitted to the Web site.

Paragraph (1) requires the Office of Management and Budget (OMB) to ensure that the Web site is operational and available to the general public no later than January 1, 2008. This provision does not preclude OMB from making the Web



site available prior to January 2008. It also requires that the Web site comply with Section 204 of the E-Government Act of 2002, which states that the Director of OMB “shall work with the Administrator of the General Services Administration and other agencies to maintain and promote an integrated Internet-based system of providing the public with access to Government information and services.”

This paragraph also requires that there be no cost to the public to access the Web site.

Finally, this paragraph requires that the Web site include certain data regarding each “Federal award” including: (1) the name of the entity receiving the award; (2) the dollar amount of the award; (3) information on the award including—transaction type, funding agency (as well as the program within the agency), the North American Industry Classification System code (used to identify market sector) or Catalog of Federal Domestic Assistance number, and purpose of the funding; (4) location of the entity receiving the award as well as the primary location of performance under the award, including city, State, congressional district, and country; (5) a unique identifier of the entity receiving the award and of the parent entity of the recipient, when applicable; and (6) other information that OMB deems relevant.

Paragraph (2) specifies that the Web site shall include data for fiscal year 2007 and each fiscal year thereafter. Paragraphs (3) and (4) authorize OMB to delegate the work of developing and maintaining the Web site to one or more Federal agencies.

Subsection (c) of the bill addresses several provisions related to the operation of the Web site.

Paragraph (1) specifies that OMB may use existing Federal data-bases, such as the Federal Procurement Data System, Federal Assistance Award Data System, and [Grants.gov](http://Grants.gov), as sources of data for the searchable Web site. Paragraph (2), however, specifies that the Web site will not be in compliance with the requirements of the bill if it simply hyperlinks to other Federal databases. The objective in establishing the Web site is to prevent the need for citizens to search multiple sites and learn the operations of multiple data-bases to know where their tax dollars are being spent. Citizens should be able to access information on all Federal awards through a single Web site, regardless of how many separate systems feed into it.

Paragraph (3) requires that the Web site provide an opportunity for public feedback on the utility of the site and recommendations for improvements. This should provide an opportunity for feedback from entities receiving Federal funds and thus required to provide information, as well as anyone from the general public who uses the Web site for private research. Opportunities to provide feedback should be continuous, and improvements to the Web site should be on-going.

Paragraph (4) requires that all funding information required in the bill be posted to the Web site no later than thirty (30)



days after the transaction has occurred. This means thirty calendar days and not thirty business days.

The Committee believes that the Web site should be easy for the public to locate and access, either through its own domain name or through prominence on a central Federal Web site, such as [Firstgov.gov](http://Firstgov.gov).

Subsection (d) requires the Director of OMB to establish a pilot program to address the issue of collecting subaward data. The Committee expects the Director of the Office of Management and Budget to incorporate the lessons learned and public feedback from the pilot program as it implements the subaward reporting requirements of this bill.

The Director is required to establish the pilot program no later than July 1, 2007, to determine the most efficient and least burdensome means of collecting subaward data. The pilot project will last for two years, after which all subaward data will begin to be collected and integrated into the Web site. The Director of OMB may extend the subaward reporting requirement for subawardees that receive funding through State, local, and tribal governments for up to 18 months, to prevent imposing an undue burden on subaward recipients.

Subsection (e) allows that any entity with a gross income of less than \$300,000 in the previous tax year will be exempt from the subaward reporting requirements until the Director of OMB determines that the reporting requirements do not cause an undue burden on these entities.

Subsection (f) specifies that nothing in the Act shall prohibit OMB from including on the Web site information that is publicly available from any other Federal database.

Subsection (g) requires the Director of OMB to report to appropriate congressional committees regarding usage and public feedback on the Web site, the reporting burden placed on prime and subaward recipients, and the Director's use of the extension allowed in subsection (d).

*Section 3. Classified information.*

This section clarifies that the Act shall not require disclosure of classified information.

V. ESTIMATED COST OF LEGISLATION

U.S. CONGRESS, CONGRESSIONAL BUDGET OFFICE,  
*Washington, DC, August 9, 2006.*  
Hon. SUSAN M. COLLINS,  
*Chairman, Committee on Homeland Security and Governmental Affairs,*  
*U.S. Senate, Washington, DC.*

DEAR MADAM CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for S. 2590, the Federal Funding Accountability and Transparency Act of 2006.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Matthew Pickford.

Sincerely,  
DONALD B. MARRON,  
*Acting Director.* Enclosure.



*S. 2590—Federal Funding Accountability and Transparency Act of 2006*

Summary: S. 2590 would direct the Office of Management and Budget (OMB) to oversee the creation of a single comprehensive searchable Web site that would include information on all federal grants, contracts, and other funding awarded to public and private organizations.

CBO estimates that implementing S. 2590 would cost \$4 million in 2007 and about \$15 million over the 2007–2011 period, assuming appropriation of the necessary amounts. Enacting the legislation would not affect direct spending or revenues. S. 2590 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 the conditions for receiving federal assistance.

Estimated cost to the Federal Government: The estimated budgetary impact of S. 2590 is shown in the following table. The cost of this legislation falls within budget function 800 (general government).

B					
y fiscal year, in millions of dollars—					
2007	2008	2009	2010	2011	
CHANGES IN SPENDING SUBJECT TO APPROPRIATION					
Estimated authorization level .....	5	5	2	2	2
Estimated outlays .....	4	5	2	2	2

Basis of estimate: For this estimate, CBO assumes that the bill will be enacted near the start of fiscal year 2007, that the necessary funds will be provided for each year, and that spending will follow historical patterns for similar programs.

The federal government has many databases to monitor and report on federal spending. Three of the major government databases are the U.S. Census Bureau’s Federal Assistance Award Data System (FAADS), the General Services Administration’s Federal Procurement Data System (FPDS), and the U.S. Department of Health and Human Services’ Web site, [www.Grants.gov](http://www.Grants.gov). FAADS contains information supplied by most federal agencies regarding most types of federal spending except contracts. FPDS includes information provided by federal agencies regarding federal [contracts](http://www.Grants.gov). [Grants.gov](http://www.Grants.gov) is a Web site that can be used to apply for many federal grants. FAADS, FPDS, and [Grants.gov](http://www.Grants.gov) do not comprise a comprehensive information source of all federal spending and reportedly are not timely nor easily queried for information.

S. 2590 would expand the current federal databases related to government spending to establish a single comprehensive database of federal spending that would be available through a public Web site listing all entities receiving federal funds, including the name of each entity with a unique identifier, information on the award, the amount of the award, the location of the entity, and the purpose of the funding by January 1, 2008. In addition, under the bill, OMB would initiate an 18-month pilot program beginning in July 2007 to



identify spending by subcontractors and subgrantees. That information would be incorporated into the comprehensive federal spending database.

According to OMB, the government currently collects all the information needed to create a comprehensive database of federal spending. Using that information, CBO estimates that updating and expanding the government's current data collection efforts and adding a search engine through a Web site to create a single comprehensive database would cost nearly \$10 million over the 2007–2008 period. In addition, CBO estimates that OMB would need \$2 million annually to update and maintain the database after it is established. Thus, we estimate that the creation of a single comprehensive searchable database would cost about \$15 million over the 2007–2011 period, assuming appropriation of the necessary amounts.

Intergovernmental and private-sector impact: S. 2590 contains no intergovernmental or private-sector mandates as defined in UMRA. The bill would require state, local, and tribal governments to provide OMB with information on how they spend money received from the federal government. Such requirements could be costly to intergovernmental entities, but any costs would result from complying with conditions for federal assistance.

Estimate prepared by: Federal Costs: Matthew Pickford. Impact on State, Local, and Tribal Governments: Sarah Puro. Impact on the Private Sector: Carla-Marie Ulerie.

Estimate approved by: Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.

#### VI. EVALUATION OF REGULATORY IMPACT

Pursuant to the requirements of paragraph 11(b) of rule XXVI of the Standing Rules of the Senate, the Committee has considered the regulatory impact of this bill and determined that enactment of this legislation would have no regulatory impact.

#### VII. CHANGES IN EXISTING LAW

In compliance with paragraph 12 of rule XXVI of the Standing Rules of the Senate, there are no changes to existing law made by the bill as reported.

#### VIII. ADDITIONAL VIEWS OF SENATORS LAUTENBERG AND COBURN

Transparency in government decision-making should not be limited simply to spending; it should also be extended to the decisions Congress makes about the tax code. The tax code is currently over 60,000 pages long, and it is filled with obscure and little-known tax breaks. Because we believe that transparency is one of the best tools we have to curb wasteful behavior, we look forward to working together and with the Committee to develop bipartisan legislation like S. 2590 that will bring increased transparency to the tax code. Tax code matters can be extremely complex but the American public has a right to know how the tax code affects them. American taxpayers also deserve to know if



they're paying higher taxes in order to offset the loss of revenue due to special treatment for special interest groups. This is a complex issue that will require careful study. We intend to address this issue in the Subcommittee on Federal Financial Management, Government Information, and International Security. We believe that a hearing addressing this issue will help us all to better understand the ultimate effects of targeted tax expenditures. Further study will also help to inform us on how to address the issue of greater transparency more comprehensively.

FRANK R. LAUTENBERG.

TOM A. COBURN.

