



**FEDERAL BAR ASSOCIATION
GOVERNMENT CONTRACTS SECTION
FEDERAL GRANTS COMMITTEE**

PROGRAM MATERIALS

**The Federal Funding Accountability
and Transparency Act of 2006**

featuring

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- The FFATA will require a free public database to report all government contracts and grants, including those at sub-tier levels.
- What are the details of this September 2006 law?
- How does this law affect government agencies, contractors, grantees, sub-tier parties, and the public?
- Find out from the experts:

Thursday, February 1, 2007

Noon to 1:30 p.m.

FFATA information from the Congressional Research Service, Library of Congress, and White House:

<http://www.fas.org/sgp/crs/secretcy/RL33680.pdf>

[http://thomas.loc.gov/cgi-bin/query/R?r109:FLD001:\\$59210](http://thomas.loc.gov/cgi-bin/query/R?r109:FLD001:$59210)

<http://www.whitehouse.gov/news/releases/2006/09/20060926.html>

Public Law 109-282
Sept. 26, 2006

31 USCA § 6101 NOTE

SEC. 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.

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.

Order Code RL33680

CRS Report for Congress

Received through the CRS Web

The Federal Funding Accountability and Transparency Act: Background, Overview, and Implementation Issues

October 6, 2006

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The Federal Funding Accountability and Transparency Act: Background, Overview, and Implementation Issues

Summary

On September 26, 2006, President Bush signed S. 2590, the Federal Funding Accountability and Transparency Act, into law (P.L. 109-282). In an attempt to expand oversight of federal spending, including earmarks, the new law requires the Office of Management and Budget (OMB) to establish a publicly available online database containing information about entities that are awarded federal grants, loans, and contracts. Federal agencies award over one trillion dollars annually in those three categories of financial assistance — \$460 billion in grants, \$360 billion in contracts, and \$260 billion in direct and guaranteed loans — accounting for nearly one-third of the federal government's total expenditures and obligations.

According to the sponsors of the legislation, the new database will deter “wasteful and unnecessary” spending, since government officials will be less likely to earmark funds for special projects if they know the public could identify how much money was awarded to which organizations, and for what purposes. S. 2590 was a companion bill to H.R. 5060, which also called for the creation of a federal awards database. The bills differed in several respects, however, most notably in that S. 2590 required information on federal contracts to be made available to the public, but H.R. 5060 did not. Because contracts represent over \$340 billion in federal awards, the scope of the Senate version was significantly broader.

While the intent of the legislation is widely lauded — it was endorsed by leaders of both parties and an array of business, union, and watchdog organizations — concern has been expressed by government officials and members of the public that issues surrounding implementation of the proposed database have not been adequately addressed. In particular, many observers question the reliability of information taken from the Federal Assistance Award Data System (FAADS) and the Federal Procurement Data System (FPDS), which are to be the primary sources of information for the public database. They note that information in FAADS and FPDS is often incomplete and inaccurate, and therefore may be of limited utility in identifying earmarks. Some observers also believe that the cost of establishing and maintaining the new database may exceed the Congressional Budget Office (CBO) estimate.

This report summarizes the legislative history and key provisions of P.L. 109-282 (S. 2590), compares it to H.R. 5060, and discusses challenges that are associated with implementing the new law's proposed database and that may prove to be areas for future congressional oversight. This report will be updated as events warrant.

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The Federal Funding Accountability and Transparency Act: Background, Overview, and Implementation Issues¹

On September 26, 2006, President Bush signed into law S. 2590, the Federal Funding Accountability and Transparency Act (P.L. 109-282).² According to supporters of the new law, P.L. 109-282 is an attempt to reduce “wasteful and unnecessary spending” by the federal government, including spending on funds earmarked for special projects.³ To that end, the legislation requires the Office of Management and Budget (OMB) to establish a publicly available, online database containing information about entities that are awarded federal grants, loans, and contracts. Using the database, supporters assert, a citizen or watchdog group will be able to easily determine how much money was given to which organizations, and for what purposes.⁴ The premise of the new law is that by making the details of federal spending available to the public, government officials will be less likely to fund projects that might be perceived as wasteful. Supporters of the legislation also suggest that the new database will give citizens the opportunity to better understand how the government distributes funds and enable the public to become more involved in the discussion of federal spending priorities.⁵

Federal grants, loans, and contracts represent a significant element of federal spending. According to the most recent data available, federal agencies award over \$1 trillion annually in those three categories of financial assistance — \$460 billion

¹ CRS Information Specialist Merete Gerli collaborated in the preparation of this report.

² The White House, Office of the Press Secretary, “President Bush Signs Federal Funding Accountability and Transparency Act,” press release, Sept. 26, 2006.

³ Testimony of Sen. John McCain, in U.S. Congress, Senate Subcommittee on Federal Financial Management, Government Information, and International Security, *Federal Funding Accountability and Transparency Act*, hearing on S. 2590, 109th Cong., 2nd sess., July 18, 2006, at [http://hsgac.senate.gov/_files/071806McCain.pdf]. For information on other recent earmark reform proposals, see CRS Report RL33397, *Earmark Reform Proposals: Analysis of Latest Versions of S. 2349 and H.R. 4975*, by Sandy Streeter.

⁴ Testimony of Sen. Tom Coburn, *ibid.*

⁵ U.S. Congress, Senate Committee on Homeland Security and Governmental Affairs, *Federal Financial Accountability and Transparency Act of 2006*, report to accompany S. 2590, 109th Congress, 2nd session, S.Rept. 109-329, at [[http://www.congress.gov/cgi-lis/cpquery/R?cp109:FLD010:@1\(sr329\)](http://www.congress.gov/cgi-lis/cpquery/R?cp109:FLD010:@1(sr329))].

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in grants, \$360 billion in contracts, and \$260 billion in loans — accounting for for nearly one-third of the federal government's total expenditures.⁶

This report initially discusses the background of S. 2590, noting in particular how it compared to similar legislation in the House of Representatives. It then discusses the Federal Funding Accountability and Transparency Act's provisions, noting what types of assistance are to be part of the new database, the primary sources of the data, and deadlines for implementation. Finally, the report identifies and discusses several issues that have been raised regarding the act that may affect its implementation, and that therefore may prove to be areas for future congressional oversight.

Background

Senator Tom Coburn, along with three cosponsors, introduced S. 2590 on April 6, 2006.⁷ On August 2, 2006, the Senate Committee on Homeland Security and Governmental Affairs unanimously reported S. 2590, with an amendment in the nature of a substitute.⁸ That same day, the committee's chair, Senator Susan Collins, and its ranking member, Senator Joseph Lieberman, requested that the bill be brought to the floor for a unanimous consent vote before the August recess commenced. This motion was blocked by an unnamed Senator, which delayed action on the bill until after the recess.⁹ On September 7, all holds were lifted and the Senate passed S. 2590 by unanimous consent.¹⁰ The House approved S. 2590, as passed by the Senate, by voice vote on September 13.¹¹ Later that same day both chambers agreed to S.Con.Res. 114, making enrollment corrections to S. 2590.¹² As noted previously, the President signed the bill into law on September 26, 2006.

⁶ U.S. Census Bureau, *Consolidated Federal Funds Report for Fiscal Year 2004*, Dec. 2005, p. v.

⁷ The other original cosponsors were Senators Tom Carper, John McCain, and Barack Obama.

⁸ There was no written report released on August 2, but the Senate Committee on Homeland Security and Governmental Affairs filed S.Rept. 109-329, to accompany S. 2590, on Sept. 8, 2006.

⁹ According to *Congressional Quarterly*, Senators Byrd and Stevens had both placed holds on the bill at different times. See Martin Kady II, "Frist Mobilizes Blogs to Muscle Two of Senate's Old Bulls on Database Bill," *CQ Today*, Sept. 6, 2006, at [<http://www.cq.com/display.do?fL=3&docid=2365650&productId=4>].

¹⁰ *Congressional Record*, vol. 151 (Sept. 8, 2006), pp. S9209-S9211.

¹¹ *Congressional Record*, vol. 152 (Sept. 13, 2006), pp. H6498-H6501.

¹² *Ibid*, pp. S.9563-S.9564. *Ibid*, pp. H.6501-H6502. This was an unusual step, as substantive differences between House and Senate versions of the same bill are typically worked out in conferences. In this case, the concurrent resolution was used to ensure the bill was passed prior to the approaching October recess.

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S. 2590 received extensive bipartisan support at each stage of the legislative process. In the Senate, the bill was introduced with bipartisan sponsors, voted unanimously out of committee, and passed by unanimous consent. The legislation was ultimately cosponsored by 47 Senators, including Majority Leader Bill Frist and Minority Leader Harry Reid. In the House, S. 2590 was passed by voice vote under suspension of the rules, with members of both parties speaking in support of the Senate bill and none speaking against it.¹³ The White House did not issue a Statement of Administrative Policy on S. 2590, but President Bush did express his support in a press release distributed the same day the bill was enrolled, making it apparent he would sign the measure once he received it.¹⁴

According to Senator Coburn, S. 2590 was endorsed by over 150 organizations with a wide range of political leanings.¹⁵ The Senator's list of supporters included representatives of private enterprise, such as the U.S. Chamber of Commerce; unions, like the American Federation of State, County, and Municipal Employees; media groups, such as the American Society of Newspaper Editors; and government watchdog organizations, like OMB Watch. As evidence of the unusual alliance in support of S. 2590, the list indicated that both People for the Ethical Treatment of Animals (PETA) and Gun Owners of America supported the bill, as did both the National Gay and Lesbian Task Force and the Traditional Values Coalition.

Comparison to H.R. 5060

S. 2590 was a companion bill to H.R. 5060, which Representative Roy Blunt introduced on March 30, 2006, as an amendment to the Federal Financial Assistance Management Improvement Act of 1999. On June 21, 2006, the House passed H.R. 5060, as amended, by voice vote.¹⁶ According to Representative Blunt, the bill was intended to "increase accountability and transparency in the federal awards process" by establishing a public database with information on award recipients.¹⁷ While both S. 2590 and H.R. 5060 had similar objectives, the bills differed in important ways. **Table 1** highlights three of the most important differences between the engrossed bills.

¹³ *Congressional Record*, daily edition, vol. 151, (September 13, 2006), H6498-H6501

¹⁴ The White House, Office of the Press Secretary, "President Bush Applauds House Passage of S. 2590, the Federal Funding Accountability and Transparency Act of 2006," press release, Sept. 13, 2006, at [<http://www.whitehouse.gov/news/releases/2006/09/print/20060913-4.html>].

¹⁵ Senator Coburn's office provided CRS with the list of supporters. Over 80 leaders of supporting groups signed "An Open Letter to Majority Leader Frist: Bring S. 2590 to the Floor for a Vote!", dated Sept. 6, 2006. See [<http://www.cq.com/flatfiles/editorialFiles/budgetTracker/reference/docs/20060706database-ltr.pdf>].

¹⁶ *Congressional Record*, vol. 151 (June 21, 2006), pp. H4335-H4338.

¹⁷ Rep. Roy Blunt, "Blunt-Davis Bill to Reform Federal Grants Process Passes House," press release, June 21, 2006, at [<http://www.blunt.house.gov/Read.aspx/ID=653>].

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Table 1. Comparison of Selected Features in S. 2590 and H.R. 5060

Feature	S. 2590	H.R. 5060
<i>Contents of public database</i>	Grants, loans, and contracts all included	Grants and loans included, but contracts excluded
<i>Reimbursement for costs of new reporting requirements</i>	Recipients and subrecipients of federal assistance allowed to recover costs associated with collecting and reporting data on subrecipients	No reimbursement provided to recipients and subrecipients
<i>Subaward pilot program</i>	18-month pilot program authorized to evaluate options for government-wide subaward reporting policy	No pilot program authorized

Most notably, contracts were exempt from the public database under the House bill, but were covered in S. 2590. Since contracts are the second-largest category of federal domestic assistance, their exclusion would have significantly reduced the comprehensiveness of the database. When H.R. 5060 was first brought to the House floor in June, critics argued that a database without information on federal contracts was “missing a key component that is essential to public oversight.”¹⁸ Even some members who ultimately voted to pass the bill expressed concern that it did not include contracts.¹⁹ Supporters of H.R. 5060 maintained that a database primarily covering grants would still be a valuable tool, and the bill’s sponsors reportedly pledged to develop separate legislation enhancing public access to federal contract information.²⁰ After S. 2590 passed the Senate, some House members expressed a clear preference for the Senate version, which they argued was “stronger and more comprehensive” because it included contracts.²¹

Both S. 2590 and H.R. 5060 required the public database to include information on subrecipients, but only the Senate bill provided funding to cover the costs associated with collecting and reporting that information. Currently, data on

¹⁸ Rep. Danny Davis, “Amending Federal Financial Assistance Management Improvement Act of 1999,” remarks in the House, *Congressional Record*, daily edition, vol. 151 (June 21, 2006), pp. H4335-H4338.

¹⁹ Rep. Henry Waxman, *ibid.*

²⁰ Aimee Curl, “Transparency bill subjected to secrecy,” *Federal Times*, Aug. 14, 2006, p. 4. Rep. Danny Davis, *Congressional Record*, vol. 151 (June 21, 2006), p. H4336.

²¹ Six representatives spoke in support S. 2590 on the floor of the House, including Danny Davis and Henry Waxman. “Federal Funding Accountability and Transparency Act of 2006” remarks in the House, *Congressional Record*, daily edition, vol. 151, (September 13, 2006), H6498-H6501.

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subgrantees and subcontractors is not gathered uniformly across the government. Some experts believe that recipients of federal financial assistance — particularly states and local governments — will incur substantial costs as they begin to collect and report information on their subrecipients.²² Under S. 2590, recipients and subrecipients of federal assistance could recover the costs associated with new reporting requirements by incorporating those costs into their indirect cost rates; H.R. 5060 had no similar feature, leaving it open to the charge of being an unfunded mandate imposed on award recipients by the federal government.²³

Because no uniform method of collecting detailed information on subcontractors and subgrantees presently exists, S. 2590 directed OMB to conduct a pilot program to determine the most cost-effective and least administratively burdensome approach to implementing a government-wide subaward reporting process. The pilot program was not included in the Senate bill when it was first introduced by Senator Coburn. It was added after concerns were raised about the potential administrative and financial burden new reporting requirements would place on grant award recipients.²⁴ H.R. 5060 did not contain provisions for a pilot program, and was criticized by nonprofit advocates as being “an attack” on federally funded grantees.²⁵

Overview of the Act

The database required in the act is to be implemented in two phases. By January 1, 2008, the new database is required to provide information on entities that are awarded funds directly from the federal government. Entities covered in the first phase of the database include corporations, associations, partnerships, sole proprietorships, limited liability companies, limited liability partnerships, states, and localities. By January 1, 2009, the database is required to include information on subgrantees and subcontractors that receive federal funds through a primary award recipient. The act excludes individual recipients of federal assistance, and

²² Telephone conversation between the author and Jerry Keffer, Chief of the Federal Programs Branch at the U.S. Census Bureau, Aug. 17, 2006. Letter from R. Thomas Wagner, Jr., President of National Association of State Auditors, Comptrollers, and Treasurers (NASACT), to Sen. Tom Coburn, July 5, 2006, at [http://www.nasact.org/techupdates/downloads/CRC/LOC/07_06-NASACT_coburn.pdf].

²³ An indirect cost rate is a percentage, negotiated between a recipient of federal funds (a grantee or a contractor) and a federal agency, which is used to calculate the amount the recipient may be reimbursed for the indirect costs associated with administering the federal award. For example, if a grantee expended \$100,000 in direct costs administering a federal grant program, and it had an indirect cost rate of 10%, then the grantee could request reimbursement from the federal awarding agency for \$110,000 (the total direct costs plus an additional 10%).

²⁴ Letter from R. Thomas Wagner, President of National Association of State Auditors, Comptrollers and Treasurers, to Sen. Tom Coburn, July. 5, 2006.

²⁵ Testimony of Gary Bass, President of OMB Watch, *Federal Funding Accountability and Transparency Act*, hearing on S. 2590, 109th Cong., 2nd sess., July 18, 2006.

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organizations with less than \$300,000 in total income are not required to report on subawards.²⁶

Consistent with the objective of providing to the public comprehensive information on federal financial assistance, virtually all categories of awards will ultimately be covered by the database, including grants, contracts, subgrants, subcontracts, loans, cooperative agreements, delivery orders, task orders, and purchase orders. Two special provisions address particular types of transactions: individual transactions of less than \$25,000 are exempt, and credit card transactions will not be included until October 1, 2008.

To achieve greater transparency, the act requires the database to provide the following information about each federal award:

- Name of entity receiving award
- Amount of award
- Type of award (e.g., grant, loan, contract)
- Agency funding award
- A North American Industry Classification System (NAICS) code of the recipient or a Catalog of Federal Domestic Assistance (CFDA) number (where applicable)²⁷
- Program source
- Award title that describes the purpose of the funding
- Location of recipient
- City, state, congressional district, and country in which award performance primarily takes place
- Unique identifier for entity receiving award and of the parent entity of recipient, if one exists
- Any other information specified by OMB

S. 2590's sponsors, mindful of the criticism that government databases are often difficult for non-experts to use, included language that requires OMB to ensure the database is accessible through a "searchable website."²⁸ The act thus requires that the website permit users to (1) conduct a search of federal funding by any of the data elements listed above, and (2) determine the total amount of federal funding awarded

²⁶ Entities with less than \$300,000 may be required to report on subawards in the future if the Director of OMB determines this requirement is not unduly burdensome to those entities.

²⁷ The Census Bureau assigns an NAICS code to each business establishment for the purposes of collecting and analyzing statistical data on the U.S. economy. NAICS codes are two to six digits long, with each digit representing information about the economic sector in which the establishment conducts the largest portion of its business. CFDA numbers are assigned by the General Services Administration (GSA) to all federal domestic assistance programs. A CFDA number usually has five digits, where the first two digits represent the federal agency and the last three digits indicate the specific program for which the agency is providing funding.

²⁸ U.S. Congress, Senate Committee on Homeland Security and Governmental Affairs, *Federal Financial Accountability and Transparency Act of 2006*, S.Rept. 109-329.

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to an entity by fiscal year. In addition, the act stipulates that the website must provide information in a downloadable format, and that agencies are required to post new information to the website within 30 days of making an award. The legislation also requires the new website to allow the public the opportunity to provide input on the site and recommend improvements.

Three major financial assistance databases are identified in the act as likely sources of information for the new website — the Federal Procurement Data System (FPDS), the Federal Assistance Award Data System (FAADS), and Grants.gov.²⁹ According to the provisions in S. 2590 as initially passed by the House and Senate, a user must be able to access information from all three databases in a single search. The bill was explicit on this point; it would not be acceptable merely to provide links to these or other databases, because that would force users to search for information at different websites. The “single search” provision of S. 2590 was modified by S. Con Res. 114, allowing grants and contracts to be searched separately on the new public website. S.Con.Res. 114 also added another reporting requirement: the Government Accountability Office is to provide Congress with a compliance report on P.L. 109-282 no later than 2010.

As previously noted, the act does not require information on subcontractors and subgrantees to be included in the database until January 1, 2009. The delay reflects the fact that data on subrecipients are not currently collected consistently across federal agencies and programs. To address existing gaps in the data on subawards, the act requires OMB to implement a pilot program that tests the feasibility of having primary recipients provide information on their subgrantees and subcontractors. There is a provision in the legislation that allows federal award recipients and subrecipients to be reimbursed for the costs associated with collecting and reporting data on subrecipients. The act also specifies that any requirements for collecting data on subawards made by state and local governments under block and formula grants be cost-effective. According to CBO, no unfunded mandate would be placed on recipients or subrecipients for complying with the act.³⁰

The act also requires OMB to submit an annual report to the Senate Committee on Homeland Security and Governmental Affairs and the House Committee on Government Reform. The report is to include data on public usage of the website, an assessment of the reporting burden on federal award and subaward recipients, and

²⁹ The Federal Procurement Data System is a database of federal contracts maintained by GSA, and the Federal Assistance Award Data System is a database of federal grants maintained by the Census Bureau. Grants.gov is part of the E-Government initiative, and it permits grant seekers to find, apply for, and manage federal grants through a single Web portal. All entities that apply for federal assistance through Grants.gov are assigned a unique identifier known as a Data Universal Numbering System (DUNS) number. Complex entities, such as state or local governments, may have multiple DUNS numbers, making it difficult, at times, to link subunits to the parent entity.

³⁰ U.S. Congressional Budget Office, *S. 2590: Federal Funding Accountability and Transparency Act of 2006*, Aug. 9, 2006, at [<http://www.cbo.gov/showdoc.cfm?index=7483&sequence=0>].

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an explanation of any extension of the subaward reporting deadline. The act also requires OMB to post a copy of the report on the Web.

Implementation Issues

The legislation's broad appeal is explained in part by its non-controversial objective: to increase accountability and reduce wasteful spending by making government operations more transparent. Yet, while support for the *intent* of S. 2590 is widespread, several issues regarding its implementation should be noted.

Reliability of Underlying Data

A database of the breadth and depth contemplated by the Federal Funding Accountability and Transparency Act is only as useful as the quality of the information that populates it. As noted previously, the act refers to three existing databases as likely sources of information for the new public database: FAADS, FPDS, and Grants.gov. The information in Grants.gov is not currently available to the public, and the quality of the data it contains is unknown. A number of observers have cautioned that a database of federal assistance relying on information from FAADS and FPDS would be of limited value. Both government officials and knowledgeable members of the public describe significant weaknesses in FAADS and FPDS — such as incomplete and inaccurate information — that cannot be quickly corrected. These observers suggest that substantial changes in the collection, reporting, and verification of information relating to federal assistance awards would likely be necessary before FAADS and FPDS could be considered reliable sources of information.

In a 2005 report, GAO noted that FPDS users lacked confidence in the data provided, largely because there was no rigorous system in place to ensure the data were accurate and complete.³¹ This problem has not been resolved.³² A panel of procurement experts recently attempted to use FPDS in their evaluation of federal contracting operations, but reportedly found so many errors in the data that the chairman declared that “FPDS is not a reliable database.”³³ One reason the data are inaccurate is human error; contract information may be incorrectly entered into FPDS by inexperienced users who have received minimal training.³⁴ FPDS data are also notoriously incomplete. For example, the Department of Defense — which accounts for 60% of all federal contract actions — is only beginning to feed information on its

³¹ U.S. Government Accountability Office, *Improvements Needed to the Federal Procurement Data System-Next Generation*, GAO-05-960R, Sept. 27, 2005, pp. 1-2.

³² In an e-mail between the author and Rod Lantier, Director of FDPS at GSA, August 22, 2006, Mr. Lantier wrote that there is no ongoing data verification, only an annual “confirmation” from the 24 Chief Financial Officers Act agencies that they entered the data as accurately as possible.

³³ Chris Gosier, “Contracts database short on info, long on problems,” *Federal Times*, July 31, 2006, p. 5.

³⁴ *Ibid.*

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contracts into FPDS.³⁵ Moreover, agencies vary in the degree to which they fill out the fields in the database, resulting in data of uneven quality.³⁶ In a recent example, FPDS users reported that the database failed to consistently identify contracts related to Hurricane Katrina recovery efforts that were awarded without competition.³⁷ Finally, data on subcontracts is not contained in FPDS, but instead is reported in an entirely separate database, the Electronic Subcontracting Reporting System (eSRS) — a system that does not appear to capture all of the information on subrecipients required by the act.³⁸

Similar problems affect FAADS, the government's primary source of grant award information. In a recent review of 86 federally funded grant programs, GAO determined that in the majority of cases, the administering agencies provided no data, incomplete data, or inaccurate data to FAADS over a three-year period.³⁹ The report concluded that these problems occurred because (1) the Census Bureau lacked the resources to ensure agencies were submitting accurate and timely data, (2) agency program officials lacked knowledge of FAADS reporting requirements, and (3) agencies had not implemented sufficient oversight to ensure they were submitting accurate data. A Census Bureau official concurred with these findings, adding that a number of data elements required by S. 2590 are not uniformly captured by federal agencies or grant award recipients, such as information on subrecipients and the congressional district in which federal funds are spent.⁴⁰ The official also noted that agencies are currently required to update their information in FAADS on a quarterly basis, so it may take time for agencies to develop the capability to update FAADS within 30 days of making an award, as S. 2590 requires. Given the amount of work necessary to enhance the scope, quality, and timeliness of information reported to FAADS, the official was skeptical that the database would meet the bill's requirements by the January 1, 2008, deadline.

Members of Congress have also expressed concerns about FPDS and FAADS. During floor debate of the bill in the House, one supporter cautioned that S. 2590's potential to improve oversight of Federal funds, while substantial, would be largely determined by the degree to which improvements in FPDS and FAADS were made

³⁵ Ibid.

³⁶ Testimony of Gary Bass, President of OMB Watch, *Federal Funding Accountability and Transparency Act*, hearing on S. 2590, 109th Cong., 2nd sess., July 18, 2006.

³⁷ Chris Gosier, "Contracts database short on info, long on problems," p. 5.

³⁸ eSRS is managed by the Small Business Administration. According to the eSRS website, the system replaces paper forms SF-294, Subcontracting Report for Individual Contracts, and SF-295, Summary Subcontract Report. See [<http://www.esrs.gov/>].

³⁹ U.S. Government Accountability Office, *Rural Economic Development: More Assurance Is Needed that Grant Funding Is Accurately Reported*, GAO-06-294, Feb. 24, 2006, pp. 23-34.

⁴⁰ Telephone conversation between the author and Jerry Keffer, Chief of the Federal Programs Branch U.S. Census Bureau, Aug. 17, 2006.

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during implementation.⁴¹ Another supporter expressed concern that the problems with FPDS and FAADS were so significant, that “if the administration is not committed to making this legislation work, all we will get is another incomplete and hard-to-use database.”⁴²

Another point of view suggests that FAADS and FPDS do not need to be error-free in order to help accomplish the bill’s objectives. Even with gaps in the data, it is argued that a publicly accessible database on federal financial assistance will constrain funding for earmarks and arguably “wasteful” projects if members of the executive and legislative branches are concerned those awards might be in the database.

OMB Watch Database. OMB Watch has announced its intention to launch a website in October 2006 called “FedSpending.org” that will provide information on federal grants and contracts in a manner very similar to the database mandated under the act.⁴³ By providing the public with immediate access to data on federal awards through a free website, OMB Watch said it hopes FedSpending.org will “serve as a baseline for OMB’s version” of the database — which is not required to be online until 2008 — and that the government will “feel a sense of urgency to improve the quality of its information on spending.”⁴⁴ However, to the extent that FedSpending.org relies on the FPDS and FAADS databases for information, the same concerns regarding reliability and coverage will apply.

Implementation Costs

Concerns have also been expressed regarding the cost of implementing the database contemplated by the Federal Funding Accountability and Transparency Act. Two types of costs are of concern — the cost of implementing the act as a whole and costs associated with the development of information on subgrantees.

Overall Implementation Costs. In response to concerns about the reliability and completeness of the FPDS and FAADS databases, Clay Johnson, the deputy director for management at OMB, said the new database will meet the requirements of the act within the time frame established by the legislation.⁴⁵ Johnson also said that implementing the new public database will “cost a little money, not a lot” because “most of the data exists” already — a view that appears

⁴¹ Rep. Danny Davis, “Federal Funding Accountability and Transparency Act of 2006” remarks in the House, *Congressional Record*, daily edition, vol. 151, (September 13, 2006), H6498-H6501.

⁴² Rep. Henry Waxman, *ibid.*

⁴³ Letter from Gary Bass, OMB Watch Executive Director, to OMB Watcher, Sept. 26, 2006, at [<http://www.ombwatch.org/article/articleprint/3608/-1/82>].

⁴⁴ *Ibid.*

⁴⁵ Johnathan Nicholson, “Lawmakers Pledge Oversight On New Spending Database Effort,” *Daily Report for Executives*, Sept. 15, 2006, at [<http://pubs.bna.com/ip/BNA/DER.NSF/9311bd429c19a79485256b5700ace13/a6458e8c2/9152006>].

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somewhat at odds with previously discussed evidence that there are significant gaps in the data and that collecting this information could be costly.⁴⁶

By asserting that the data required by the act is already available, OMB may have affected the Congressional Budget Office (CBO) cost estimate for implementing the law. According to CBO, it will cost \$15 million to establish and maintain the new database of federal assistance between 2007 and 2011.⁴⁷ The CBO estimate, however, was based on OMB's assurance that "the government currently collects all of the information needed to create a comprehensive database on federal spending."⁴⁸ The estimate may thus reflect the cost of simply combining existing systems without fully accounting for the costs of improving the quality of the data in those systems. One industry observer was quoted as saying that enhancing and integrating existing data sources to meet the requirements of the act was a "complex" problem, and that implementing the database would more likely cost "tens or hundreds of millions of dollars," not the \$15 million projected by CBO.⁴⁹ OMB said it would release an implementation plan in January 2007, which may address issues surrounding the timing and cost of improving existing data sources.⁵⁰

Subgrantee Information Costs. In a letter to Senator Coburn, the National Association of State Auditors, Comptrollers, and Treasurers (NASACT) expressed strong reservations about the potential financial and administrative burden that the bill's reporting requirements would impose on state and local governments.⁵¹ In particular, NASACT noted that collecting data on subgrantees would be "very, very costly" for state and local governments, since federal grant funds are often passed down multiple levels (e.g., a state receiving federal assistance gives a subgrant to organization A, which in turn gives a subgrant to organization B). Additional costs could be incurred under the bill, NASACT said, if state and local grant recipients were required to modify their financial systems to collect and report any other new information. After S. 2590 was amended to include the pilot program for collecting information on subgrantees, NASACT said it supported the bill with the new language, but also noted that it still believed "obtaining all the required information will be a challenge."⁵²

⁴⁶ Ibid.

⁴⁷ U.S. Congressional Budget Office, *S. 2590: Federal Funding Accountability and Transparency Act of 2006*, Aug. 9, 2006, at [<http://www.cbo.gov/showdoc.cfm?index=7483&sequence=0>].

⁴⁸ Ibid.

⁴⁹ Jenny Mandel, "OMB says new search tool will reflect accurate spending data," *GovExec.Com*, Sept. 14, 2006, at [<http://www.govexec.com/dailyfed/0906/091406m1.htm>].

⁵⁰ Jonathan Nicholson, "Lawmakers Pledge Oversight On New Spending Database Effort."

⁵¹ Letter from R. Thomas Wagner, Jr., President of NASACT, to Sen. Tom Coburn, July 5, 2006, at [http://www.nasact.org/techupdates/downloads/CRC/LOC/07_06-NASACT_coburn.pdf].

⁵² Letter from Jan I. Sylvis, President of NASACT, to Sen. Tom Coburn, Sept. 5, 2006.

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Identification of “Earmarks”

Although one of the stated purposes of the legislation is to enable the public to use the on-line database to identify congressional “earmarks,” it is unclear how users of the database created by the legislation would actually be able to do this, since neither FAADS nor FPDS collects that information. Not all grants, loans, or contracts are congressionally directed; some are at the discretion of the responsible federal agency. Unless the congressionally-directed items in the new database are specifically identified as such, the database will be of limited value for purposes of earmark identification.

Also, the manner in which a funding action is described under the “award title” field may lead the public to draw different conclusions about the value of a given federally funded project. To use an egregious example, a \$100 million grant may be alternatively described as funding for, “planning and development of an interconnected transportation system important to commerce and travel,” or, “a highway to a virtually uninhabited village.” By the same token, an earmarked project that some believe has merit may be described in a manner that puts it in an unfavorable light. In this way, award descriptions may influence the public’s perception of whether a funding action is “wasteful” or not.

Concluding Observations

As noted previously, the underlying logic of the Federal Funding Accountability and Transparency Act is that, by providing citizens with information on federal assistance awards through an online database, government officials will be less likely to fund earmarks and arguably “wasteful” projects. To put this argument succinctly: greater transparency will yield greater accountability. Most observers agree that in order for a public database of federal awards to provide maximum transparency, it must encompass as broad a range of financial assistance categories as possible. The database to be established pursuant to the act would presumably provide substantial transparency, since it covers all forms of federal financial assistance, including contracts. Arguably, the database would also provide transparency by phasing in information on subcontractors and subgrantees, thus allowing the public to track the flow of federal funds down to the level of the ultimate recipient.

Although the creation of the database may require more time or money than some estimates suggest, President Bush, the deputy director of OMB, and Senator Coburn have all indicated they will provide support and oversight during implementation. In remarks prior to signing the legislation, President Bush said the act was an “important step” that “empowers the American taxpayer” with information that can be used to “demand greater fiscal discipline” from both the executive and legislative branches of government.⁵³ The President also linked the act to a broader agenda of increasing accountability in federal spending, including earmark reform and the line-item veto. President Bush’s comments suggest that the

⁵³ The White House, Office of the Press Secretary, “President Bush Signs Federal Funding Accountability and Transparency Act,” press release, Sept. 26, 2006.

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administration is committed to the act and may be prepared to provide the resources needed to implement the database with complete and accurate information, even if the costs exceed OMB's current expectations. Clay Johnson, the deputy director for management at OMB, was quoted as saying, "We will not be going public with information that is not worthy of the public."⁵⁴ The original sponsor of S. 2590, Senator Coburn, has also said that "there will be oversight to make sure we're making progress" implementing the database in accordance with the legislation.⁵⁵

Finally, the new law may direct attention to increased transparency on the revenue side of federal fiscal operations. In the Senate report accompanying S. 2590, the additional views of Senators Coburn and Lautenberg included the statement that, "Transparency in government decision-making should not be limited to simply spending; it should be extended...to the tax code." This sentiment was echoed by Senator Obama, who said during floor debate on the bill that "greater transparency of targeted tax benefits" was another step in improving government accountability and performance.⁵⁶ Given this objective, legislation seeking to increase transparency in the tax code may be supported by some of the same government officials and advocacy groups that supported S. 2590.

⁵⁴ Jonathan Nicholson, "Lawmakers Pledge Oversight On New Spending Database Effort."

⁵⁵ Ibid.

⁵⁶ *Congressional Record*, vol. 152, (Sept. 7, 2006), p. S9211.



For Immediate Release
Office of the Press Secretary
September 26, 2006

President Bush Signs Federal Funding Accountability and Transparency Act

Dwight D. Eisenhower Executive Office Building
Room 350

Fact Sheet: Achieving Greater Transparency and Accountability in Government

In Focus: Budget Management

9:47 A.M. EDT



VIDEO Multimedia

President's Remarks

view

THE PRESIDENT: Please be seated -- except for you all. (Laughter.) Welcome. Every April, Americans sit down and fill out their tax returns, and they find out how much of their hard-earned money is coming here to Washington. Once the tax dollars arrive here, most Americans have little idea of where the money goes. And today, our government is taking steps to change that. We believe that the more we inform our American citizens, the better our government will be.

And so in a few moments, I'll sign the Federal Funding Accountability and Transparency Act of 2006. This bill is going to create a website that will list the federal government's grants and contracts. It's going to be a website that the average citizen can access and use. It will allow Americans to log onto the Internet just to see how your money is being spent. This bill will increase accountability and reduce incentives for wasteful spending. I am proud to sign it into law and I am proud to be with members of both political parties who worked hard to get this bill to my desk.



This has been a good effort by concerned members of the House and the Senate to say to the American people, we want to earn your trust; when we spend your money, we want you to be able to watch us.

I want to thank Rob Portman, who is in my Cabinet, he's the Director of the OMB, and my good friend, Clay Johnson, is the Deputy Director, for insisting on accountability when it comes to taxpayers' money. I know this has been a particular project -- a fond project of Clay, and I'm glad that members of Congress got it here.

I want to thank Susan Collins, who is the Chairman of the Homeland Security and Governmental Affairs Committee. I want to thank the bill sponsors, Tom Coburn from Oklahoma, Tom Carper from Delaware, and Barack Obama from Illinois.

I appreciate Roy Blunt, who is the Majority Whip. He's a sponsor of the House companion bill. I also want to thank Tom Davis, who is the Chairman of the Government Reform Committee, as well as cosponsors of the bill, Jeb Hensarling and Randy Kuhl.

You know, we spend a lot of time and a lot of effort collecting your money, and we should show the same amount of effort in reporting how we spend it. Every year, the federal government issues more than \$400 billion in grants, and more than \$300 billion in contracts to corporations, associations, and state and local governments. Taxpayers have a right to know where that money is going, and you have a right to know whether or not you're getting value for your money.

Under Clay's leadership, we launched a new system for measuring how federal programs are doing. In other words, federal programs say, we want to achieve this result, we're trying to figure out whether or not they're

President Bush Signs Federal Funding Accountability and Transparency Act

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meeting the results. In other words, it makes sense for all of us in Washington, D.C. to say, we're a results-oriented government. I know Henry Waxman believes that. (Laughter.) Thank you for coming. Proud you're here, sir. I was just praising the bipartisan support that this bill has received, and you're confirmation of that bipartisan support. (Laughter.) Thank you, appreciate you coming.

And so we've got -- we're measuring, and we put a -- we put a website out called ExpectMore.gov. In other words, people can go on to that website and determine whether or not the results are being met for programs.

And now Congress has come forth with an additional sense of accountability here in Washington, additional way for taxpayers to figure out whether or not we're being wise with your money. And the Federal Funding Accountability Act -- Accountability and Transparency Act will create a new website that will list government grants and contracts greater than \$25,000. We'll list all grants except for those above \$25,000, except for those that must remain classified for national security reasons.



The website will allow our citizens to go online, type in the name of any company, association, or state or locality and find out exactly what grants and contracts they've been awarded. It will allow citizens to call up the name and location of entities receiving federal funds, and will provide them with the purpose of the funding, the amount of money provided, the agency providing the funding and other relevant information.

By allowing Americans to Google their tax dollars, this new law will help taxpayers demand greater fiscal discipline. In other words, we're arming our fellow citizens with the information that will enable them to demand we do a better job -- a better job in the executive branch and better job in the legislative branch.

Information on earmarks will no longer be hidden deep in the pages of a federal budget bill, but just a few clicks away. This legislation will give the American people a new tool to hold their government accountable for spending decisions. When those decisions are made in broad daylight, they will be wiser and they will be more restrained. This is a good piece of legislation, and I congratulate the members here.

Recently the House made an important rule change that will also improve transparency in the legislative process. Under the rule change, the sponsor of each project will now be disclosed before the bills come to a vote. This is a wise change. It will shine the light on earmarks. It's going to help the American taxpayers know whether or not they're getting their money's worth here in Washington.

Rule change, along with the bill I'll sign today, are important steps, but there's more to be done. The President needs a line-item veto. Here's the problem: I get a big bill, an important bill to my desk, and in that bill there may be some bad spending items, some kind of last minute cram-ins, or items that may not have seen the full light of day during the legislative process. I then either have to accept those, or veto a good bill. And there's a better way forward, at least the House thought there was a better way forward in the legislative process, and that's the line-item veto.

Under the proposal, the President can approve spending that is necessary, red-line spending that is not, and send the wasteful and unnecessary spending back to the Congress for an up or down vote. I think this is an important part of making sure we have accountability here in Washington, D.C.

I want to thank the House for passing the bill. I would hope the Senate would take it up. We can work together to inspire confidence in the appropriations process here in Washington. And it's in the interest of both political parties to do so, and it's in the interest of both branches of government to do so.

Right now, however, I have the honor of signing this new bill. It's a bill that empowers the American taxpayer, the American citizen. And we believe that the more transparency there is in the system, the better the system functions on behalf of the American people.

Again, I thank the members. It's my honor now to sign the Federal Funding Accountability and Transparency Act

President Bush Signs Federal Funding Accountability and Transparency Act

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of 2006. (Applause.)

(The bill is signed.)

THE PRESIDENT: Thank you. (Applause.)

END 9:55 A.M. EDT

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For Immediate Release
September 26, 2006

Fact Sheet: Achieving Greater Transparency and Accountability in Government

President Bush Signs Federal Funding Accountability and Transparency Act
In Focus: Budget Management
[\(en Español\)](#)

Today, President Bush Signed The Federal Funding Accountability And Transparency Act Of 2006 To Improve The Quality And Accessibility Of Information About Federal Spending. This legislation calls on the Office of Management and Budget to oversee a new website through which the public can readily access information about grants and contracts provided by Federal government agencies, except for those classified for national security reasons.

- **The Act Is Part Of President Bush's Ongoing Commitment To Improve Transparency, Accountability, And Management Across The Federal Government.** The Administration has implemented a number of initiatives allowing American taxpayers to see how their tax dollars are spent and what they are getting for their money. Greater transparency has made programs more accountable for their performance and more responsive to the American public. Two of these initiatives include:
 - **ExpectMore.gov:** This website was established earlier this year to allow the American people to see how well Federal programs are performing. To date, the Administration has evaluated the effectiveness of nearly 800 Federal programs, representing over 80 percent of the Federal budget. Agencies and OMB post these candid assessments of Federal programs in jargon-free language on ExpectMore.gov, so taxpayers will know which programs work, which ones do not, and what programs are doing to improve.
 - **Results.gov:** Since 2002, this website has provided detailed information on the President's agenda for improving Federal agency management. It also tracks agencies' progress in meeting their goals. Federal agencies are held accountable for developing and adopting better management disciplines under the President's Management Agenda. The status of agencies' management reform efforts is made public through scorecards updated on Results.gov every quarter.

Transparency Produces Quantifiable Results

The President's Push To Publicly Provide Federal Program Performance Information Has Helped Make Agencies Accountable For Producing Results. Agency management improvement efforts are measured based on clear, transparent, quantifiable goals. For example:

- **With The Support Of Congress, And After Publicly Disclosing Clear Justification, The President Was Successful In Reducing Or Ending Spending On 89 Programs That Weren't Getting Results Or Serving Essential Priorities.** This year, the President proposes to end or reduce 141 programs that are not achieving results or serving essential priorities, saving nearly \$15 billion.
- **By Making Agencies Verify Payment Eligibility And Publicly Measure Accuracy, Improper Payments Have Been Reduced By \$7.8 Billion, Lowering The Government-Wide Improper Payment Rate By 17 Percent.**
- **By Subjecting Federal Government Activities To Competition From The Private Sector, The Federal Government Is Now Operating More Efficiently And Saving Taxpayers \$900 Million Per Year.**

- **By Creating An Inventory Of Property Held By The Federal Government, The President Has Been Able To Dispose Of More Than \$3.5 Billion In Unneeded Federal Assets.**

Transparency And Accountability For Spending Taxpayer Dollars - The Line Item Veto

In Order To Turn Information About Wasteful Spending Into Concrete Action, The President Needs The Line Item Veto. The House of Representatives approved Line Item Veto legislation earlier this year by a strong bipartisan majority, and the President calls on the Senate to do the same. The Line Item Veto would be a tool to further improve government transparency and accountability and ensure wise financial stewardship of taxpayer resources.

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