

BUDGET & FINANCE (/BUDGET-FINANCE)

States Fear DATA Act's Costs

State and local governments say without federal funding, a bill working its way through Congress threatens to greatly increase the costs of reporting.

BY RYAN HOLEYWELL ([HTTP://WWW.GOVTECH.COM/AUTHORS/RYAN-HOLEYWELL-GT.HTML](http://www.govtech.com/authors/ryan-holewell-gt.html)) / MAY 4, 2012



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State and local government officials are finding themselves the odd men out on a popular piece of bipartisan legislation designed to increase **transparency and accountability of federal spending** (<http://www.governing.com/topics/mgmt/gov-did-the-stimulus-do-anything-for-transparency.html>).

State and local officials, and the organizations that represent them, say they don't oppose those goals — but they don't like the way Congress is trying to achieve them.

Last week, the House passed the **DATA Act** (<http://www.governing.com/topics/mgmt/gov-future-of-federal-spending.html>), which would essentially take the enhanced reporting requirements that came with stimulus spending — which many observers credit with creating a new era of accountability in Washington — and extend it across all federal contracts, grants and loans.

The bill would require any recipients of federal funds (including state and local governments) to report at least quarterly how they used those funds to a newly created Federal Accountability and Spending Transparency Board. That board also would be charged with developing standards for which information should be reported, and it would help create a searchable platform for federal spending and reporting data that would be the successor of USASpending.gov.

To help watchdogs identify potential fraud and waste, data from recipients would be compared to each federal agency's expenditures to ensure they correspond.

Passage of the House legislation, sponsored by Rep. Darrell Issa (R-Calif.), has been praised by organizations that advocate for open government — like the Sunlight Foundation, OMB Watch and the Project on Government Oversight.

But state and local leaders are frustrated that the DATA Act doesn't provide money to help them comply with the new requirements. "We don't have the capacity, at this time, to implement this," said Cornelia Chebinou, head of the Washington office of the National Association of Auditors, Comptrollers and Treasurers. "Without funding, it's just not a possibility."

States and localities didn't get money to pay for the enhanced reporting requirements that came with the stimulus act either. But that was essentially free money for states and localities, and it only represented a fraction of federal spending. The change would be a significant shift that state and local leaders say they can't afford.

The Congressional Budget Office — the nonpartisan agency that analyzes the cost of federal legislation — **says** (<http://www.cbo.gov/sites/default/files/cbofiles/attachments/hr2146.pdf>) the DATA Act “would impose no costs” on state and local governments. But that's according to Congress’s narrow definition of an unfunded mandate. All the major organizations representing state and local governments say it will come at great expense. To say otherwise is “out and out wrong,” Chebinou says.

At a time when the scandal over the General Service Administration's lavish spending at a conference continues to generate national scorn, accountability is a popular, bipartisan issue for federal lawmakers to champion. That has made it difficult for state and local officials to state their case.

Ali Ahmad, a spokesman for Rep. Issa, says the legislation would standardize and streamline some of the reporting processes. That could make the reporting process more efficient — and less costly.

State and local governments haven’t been able to quantify exactly how much the changes may cost them. But whatever that figure may be, says Lars Etzkorn of the National League of Cities, it comes at a time when state and local governments are still struggling financially.

Etzkorn also says the the federal government hasn’t provided data indicating that the benefits taxpayers may get from the legislation justify its cost.

Earl Devaney, the widely respected former chair of the recovery board, has attributed the minuscule rate of fraud among the hundreds of billions of stimulus dollars to enhanced reporting requirements, suggesting the effect is largely preventive.

State officials also believe that the switch is being implemented too quickly, and it could be executed more effectively if it was gradually phased in, says Michael Bird, senior federal affairs counsel for the National Conference of State Legislatures.

This story was published on Governing.com, the website of GOVERNING magazine. Ryan Holeywell is a staff writer at GOVERNING.

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