

111TH CONGRESS  
2D SESSION

# H. R. 5514

To require State governments to submit fiscal accounting reports as a condition to the receipt of Federal financial assistance, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

JUNE 10, 2010

Mr. POSEY introduced the following bill; which was referred to the Committee on Oversight and Government Reform

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## A BILL

To require State governments to submit fiscal accounting reports as a condition to the receipt of Federal financial assistance, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “National Activity  
5       Based Total Accountability Act of 2010”.

6       **SEC. 2. FINDINGS AND PURPOSE.**

7       (a) FINDINGS.—The Congress finds as follows:

8               (1) The Federal Government sends hundreds of  
9       billions of dollars to the States each and every year.

1           (2) In Fiscal Year 2008, among the money sent  
2           to the States were \$267 billion for health care, \$53  
3           billion for transportation, \$47 billion for housing  
4           and urban development, \$36 billion for education,  
5           and \$27 billion for agriculture.

6           (3) States receive money from the Federal Gov-  
7           ernment through grants, loans, loan guarantees,  
8           property, cooperative agreements, interest subsidies,  
9           insurance, food commodities, and direct appropria-  
10          tions, among others means.

11          (4) Every State spends money for common ac-  
12          tivities such as health care, transportation, housing,  
13          education, agriculture and other issues, yet some  
14          States are more effective than others when spending  
15          these Federal taxpayer dollars.

16          (5) Taxpayers, legislators, and agencies should  
17          be able to objectively and reliably share data com-  
18          paring apples-to-apples performance measurements  
19          that identify what government does and what it real-  
20          ly costs.

21          (6) Activity-based total accountability will show  
22          which States are the most effective with taxpayer  
23          dollars and lead to competition among States.

24          (7) States demonstrating that they are more ef-  
25          ficient with tax dollars by having lower activity costs

1 will serve as models for others to ensure that there  
2 is more accountability for how tax dollars are spent  
3 and to ensure that the taxpayer is getting the best  
4 value for their dollar.

5 (b) PURPOSE.—The purpose of this Act is to improve  
6 the policymaking process and government accountability  
7 at the State level by requiring annual accountings from  
8 State governments in a format that uses total account-  
9 ability measures, including unit-cost data.

10 **SEC. 3. STATE FISCAL ACCOUNTING REPORTS.**

11 (a) IN GENERAL.—Not later than 15 days before the  
12 end of a Federal fiscal year, each State government that  
13 receives Federal financial assistance in that Federal fiscal  
14 year shall submit a State fiscal accounting report for the  
15 Federal fiscal year to the Director of the Office of Man-  
16 agement and Budget (hereinafter in this Act referred to  
17 as the “Director”).

18 (b) CONTENTS OF REPORT.—Each State fiscal ac-  
19 counting report shall include—

20 (1) a one-page summary that lists the total  
21 funding and expenditures of each budget entity of  
22 the State government; and

23 (2) for each budget entity of the State govern-  
24 ment, a unit-cost summary for the Federal fiscal  
25 year.

1       (c) PUBLICATION OF REPORTS.—The Director shall  
2 publish each report received under this section on an  
3 Internet Web site of the Director not later than 30 days  
4 after receiving that report.

5 **SEC. 4. STANDARDIZATION OF STATE FISCAL ACCOUNTING**  
6 **REPORTS.**

7       (a) STANDARDIZATION OF REPORTS.—The Director  
8 shall ensure that each State fiscal accounting report is in  
9 such standardized form as the Director may prescribe.  
10 Such form shall permit the comparison of the information  
11 contained in a State fiscal accounting report with the in-  
12 formation contained in every other State fiscal accounting  
13 report.

14       (b) INITIAL REPORTS.—Not later than 180 days  
15 after the date of enactment of this Act, each State govern-  
16 ment that is required to submit a report under section  
17 3 shall submit to the Director a description of the pro-  
18 grams and other activities carried out by each budget enti-  
19 ty of that State government over that fiscal year, including  
20 such information on those programs or activities as the  
21 Director may require.

22       (c) CLASSIFICATION SYSTEM.—Based on the descrip-  
23 tions submitted under subsection (b) and on what the Di-  
24 rector determines to be the most relevant data available

1 (including data from the most recent census), the Director  
2 shall by rule do the following:

3 (1) Establish a uniform system for classifying  
4 such programs and activities within categories (here-  
5 inafter in this Act referred to as “agency activities”)  
6 identified by the Director.

7 (2) For each agency activity, identify conduct  
8 (hereinafter in this Act referred to as an “activity  
9 unit”) that, in the determination of the Director,  
10 constitutes a completed instance of such agency ac-  
11 tivity.

12 (3) For each agency activity, identify, to the ex-  
13 tent practicable, performance measures for that  
14 agency activity, and, in publishing a report under  
15 section 3(c), link electronically such performance  
16 measures to that agency activity.

17 **SEC. 5. UNIT-COST SUMMARY.**

18 Each unit-cost summary for a budget entity of a  
19 State government shall be in such form as the Director  
20 may prescribe, be one page long, and include the following:

21 (1) A statement of funds available, as described  
22 under section 6.

23 (2) For each agency activity that the budget en-  
24 tity began, attempted, continued, or completed, a  
25 line-item listing as described under section 7.

1           (3) A reconciliation of funds available with ad-  
2       justed expenditures as described under section 8.

3   **SEC. 6. STATEMENT OF FUNDS AVAILABLE.**

4       (a) IN GENERAL.—A statement of funds available  
5   shall identify—

6           (1) in accordance with subsection (b), each  
7       source of funds available for expenditure or obliga-  
8       tion by the budget entity and the amount of such  
9       funds; and

10          (2) the sum of all amounts identified under  
11       paragraph (1).

12       (b) IDENTIFICATION OF SOURCES.—In identifying  
13   the sources of funds available for expenditure or obligation  
14   by the budget entity, the budget entity shall include the  
15   following:

16          (1) All funds made available by State appro-  
17       priations laws.

18          (2) Any Federal financial assistance provided  
19       by a Federal department or agency.

20          (3) Any other sources the Director determines  
21       appropriate.

22   **SEC. 7. AGENCY ACTIVITY LINE ITEM LISTINGS.**

23       (a) IN GENERAL.—A line item listing for an agency  
24   activity shall—

25          (1) identify—

1 (A) the agency activity;

2 (B) in accordance with subsection (b), the  
3 total amount of funds that the budget entity ex-  
4 pended in carrying out the agency activity;

5 (C) the number of activity units of the  
6 agency activity the budget entity began, at-  
7 tempted, continued, or completed; and

8 (D) the unit-cost of the agency activity, de-  
9 termined in accordance with subsection (c); and

10 (2) describe as many of the following as are rel-  
11 evant to the agency activity:

12 (A) What conduct constitutes an activity  
13 unit.

14 (B) Each purpose for which the budget en-  
15 tity engaged in that agency activity.

16 (C) Each person that is an intended bene-  
17 ficiary of that agency activity.

18 (b) SPECIAL RULES FOR DETERMINATION OF EX-  
19 PENDITURES.—

20 (1) ALLOCATION OF EXPENDITURES FOR CER-  
21 TAIN AGENCY ACTIVITIES.—If the Director deter-  
22 mines that there is an agency activity for which no  
23 method of measuring the accomplishment of the  
24 agency activity exists, an expenditure for that agen-  
25 cy activity must be consistently allocated to what is,

1 in the determination of the Director, a sufficiently  
 2 similar agency activity for which such a method ex-  
 3 ists.

4 (2) PAYMENTS TO CONTRACTORS OR SUBORDI-  
 5 NATE ENTITIES INCLUDED.—An identification of the  
 6 total amount of funds that a budget entity expended  
 7 shall include any amounts paid to a contractor or  
 8 subordinate entity.

9 (c) DETERMINATION OF UNIT-COST.—

10 (1) IN GENERAL.—The unit-cost of an agency  
 11 activity shall be determined in accordance with the  
 12 following formula:

$$\text{UC} = \frac{\mu}{\varphi}.$$

13 (2) DEFINITION OF TERMS IN FORMULA.—For  
 14 purposes of the formula in paragraph (1)—

15 (A) UC is the unit-cost of the agency activ-  
 16 ity;

17 (B)  $\mu$  is the amount described in sub-  
 18 section (a)(1)(B); and

19 (C)  $\varphi$  is the number described in sub-  
 20 section (a)(1)(C).

21 **SEC. 8. RECONCILIATION OF FUNDS AVAILABLE WITH AD-**  
 22 **JUSTED EXPENDITURES.**

23 (a) IN GENERAL.—A reconciliation of funds available  
 24 with adjusted expenditures shall—

1 (1) identify the adjusted expenditures of the  
2 budget entity; and

3 (2) explain any difference between the adjusted  
4 expenditures and the sum of all funds available for  
5 expenditure or obligation by the budget entity (de-  
6 termined in accordance with section 6).

7 (b) DETERMINATION OF ADJUSTED EXPENDI-  
8 TURES.—

9 (1) IN GENERAL.—The adjusted expenditures  
10 of the budget entity shall be determined in accord-  
11 ance with the following formula:

$$AE = EXP + PT + REV.$$

12 (2) DEFINITION OF TERMS IN FORMULA.—For  
13 purposes of the formula in paragraph (1)—

14 (A) AE is the adjusted expenditures;

15 (B) EXP is the sum of all expenditures by  
16 the budget entity for agency activities;

17 (C) PT is the sum of all pass-throughs  
18 identified by the budget entity under subsection  
19 (c); and

20 (D) REV is the sum of all reversions iden-  
21 tified by the budget entity under subsection (c).

22 (c) IDENTIFICATION OF PASS-THROUGHS AND RE-  
23 VERSIONS.—A budget entity may identify an amount as

1 a pass-through or a reversion if the amount satisfies cri-  
2 teria established by the Director.

3 **SEC. 9. NONCOMPLIANCE.**

4 If the Director determines that a State government  
5 has failed, with respect to a Federal fiscal year, to file  
6 a sufficient and timely State fiscal accounting report  
7 under this Act, the Director shall so inform the head of  
8 each Federal department or agency. Each such head shall  
9 withhold 10 percent of any Federal financial assistance  
10 provided to the State government for the next Federal fis-  
11 cal year.

12 **SEC. 10. RULES.**

13 The Director is authorized to make such rules as may  
14 be necessary to carry out this Act.

15 **SEC. 11. DEFINITIONS.**

16 In this Act:

17 (1) The term “State government” means the  
18 government of each of the several States, the Dis-  
19 trict of Columbia, and any commonwealth, territory,  
20 or possession of the United States.

21 (2) The term “budget entity” means a State  
22 agency or the State judiciary.

23 (3) The term “agency activity” means major  
24 operational activities carried out by a budget entity.

1           (4) The term “Federal financial assistance” has  
2           the meaning given such term in section 7501 of title  
3           31, United States Code, and also includes any other  
4           amounts that the Director determines appropriate.

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