

There is no uniform answer to the question of how much it costs to create a searchable online database for government expenditures. To a certain extent, the price tag will depend on various factors including the overall information technology infrastructure for the respective government, and the features sought after in the websites. However, what we have found is that the actual cost of building a comprehensive searchable website for government expenditures is in most cases far lower than the initial cost estimate, and spending transparency portals can be built within existing revenues.

The Cost for USAspending.gov

The Congressional Budget Office estimated that implementing the Federal Funding Accountability and Transparency Act would cost \$4 million in 2007 and about \$15 million over the 2007-2011 period, assuming appropriation of the necessary amounts. After the Office of Management and Budget purchased the underlying technology for USAspending.gov from a third-party organization, OMB Watch, which hosts a similar website at www.FedSpending.org, OMB was able to build the website for less than \$1million. The purchase price for the software was \$600,000. OMB Watch has since offered its software to interested parties for free.

State Spending Transparency Cost

The cost for building the Missouri Accountability Portal has been estimated at **\$293,140**. However, resources and staff were merely re-allocated and the **money was taken from existing IT funds**, so that there was no cost to taxpayers outside the existing budget framework.

South Carolina, too, constructed its transparency website by reallocating **existing resources and staff time**. And while there has been a price tag associated with Comptroller Susan Combs's website in Texas (\$310,000), this site, too, was built within **existing revenues**.

In Oklahoma, the fiscal note for the legislation that created the spending transparency website estimated a total cost of **\$300,000** - \$40,000 for construction and \$260,000 for maintenance and upgrades. The sponsor of the legislation has since reported that the **software was purchased for \$8,000**, and the website was built and loaded by reallocating staff time at no extra cost.

Compared to these examples, some fiscal notes in other states, which run in the millions of dollars, such as in Michigan and Arizona, have been extremely high.

This was the case in Kansas, too, where opponents claimed the creation of the spending transparency website would cost **\$40 million**. However, \$40 million was the price tag for the overhaul of the complete accounting system, the entire financial management system, which had already been decided. Ultimately, the website construction was slipped into the bigger project, and the **actual price tag for implementation was \$0**.

	Cost Estimate	Actual Cost
Federal	\$19 million	less than \$1 million
Oklahoma	\$300,000	\$8,000 plus staff time
Kansas	\$40 million	\$0 (because within existing program, if isolated, estimate is about \$100,000)

Savings

When discussing the cost question, one should also factor in the savings that can be generated through transparency in government finance. While this movement towards greater openness is still in its infancy, there is already an anecdotal body of evidence in terms of savings that are being achieved through the creation of searchable online databases for government expenditures.

General Savings and Efficiencies:

Texas

State Comptroller Susan Combs has identified \$8.7 million of efficiencies and savings since she took office. \$4.8 million have already been realized with an additional \$3.8 million expected this year. Examples:

- *Toner: A closer look at contracts for toner cartridges revealed a simpler and smarter way to consolidate purchases through one contract, rather than through multiple vendors. Getting a discount for volume saved more than 20 percent, for a total of \$73,000 on that one item.*
- *P.O. Boxes: The mail sorter machine used by our agency needed to be replaced and rather than spending around \$328,000 on a new mail sorter, including maintenance, the agency purchased additional P.O. Boxes for less than \$10,000 and let the existing automated machines at the Postal Service do the sorting.*
- *The agency decided not to print a duplicative study being done by another agency, saving \$250,000.*
- *IT contracts: \$457,319 saved through the elimination of several such contracts.*
- *Microfilm and pager connections: eliminating microfilm no longer needed and disconnecting pagers saved over \$114,600.*

Missouri

While Missouri hasn't catalogued savings achieved through the Missouri Accountability Portal, Ed Martin, former chief of staff to Gov. Matt Blunt, points to anecdotal savings such as through the renegotiation of subscription costs for newspapers with publications the state has advertising contracts with, using these contracts as leverage in the negotiation.

Kansas

Kansas lawmakers are currently using the spending transparency portal to question agencies in hearings about costly building leases, out of state travel and out of state contracts.

Reduced Cost on Freedom of Information Requests:

Many requests made under a state's freedom of information laws revolve around financial information, and agency compliance with these requests requires staff time while other cost may be incurred as well. By providing much of the information online, the number of such requests may be reduced and significant savings may be generated.

"Implicit" Savings / Detecting Fraud

Further savings likely to be generated from increased transparency in government finance come in the form of changed spending patterns acknowledging greater scrutiny. Such scrutiny will also boost the likelihood of discovering potential financial fraud, thereby creating disincentives for such fraud and reducing the occurrence of it.

*For more information contact Mattie Corrao
Executive Director of the Center for Fiscal Accountability at mcorrao@atr.org*