

# DATA ACT IMPLEMENTATION CHECK-IN

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## HEARING

BEFORE THE  
SUBCOMMITTEE ON  
GOVERNMENT OPERATIONS  
OF THE

COMMITTEE ON OVERSIGHT  
AND GOVERNMENT REFORM  
HOUSE OF REPRESENTATIVES

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## DATA ACT IMPLEMENTATION CHECK-IN

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Thursday, December 8, 2016

HOUSE OF REPRESENTATIVES,  
SUBCOMMITTEE ON GOVERNMENT OPERATIONS,  
COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM,  
*Washington, D.C.*

The subcommittee met, pursuant to call, at 9:04 a.m., in Room 2154, Rayburn House Office Building, Hon. Mark Meadows [chairman of the subcommittee] presiding.

Present: Representatives Meadows, Jordan, Walberg, Carter, Grothman, Connolly, and Maloney.

Mr. MEADOWS. The Subcommittee on Government Operations will come to order. And without objection, the chair is authorized to declare a recess at any time.

This is our last hearing of the 114th Congress. As Mr. Connolly would so eloquently point out, it is a welcomed event.

I would also want to thank the staff, both the majority and the minority staff, for just an incredible job that they have done throughout this 114th Congress. Many times we cruise along like a swan on top of the water, and they are paddling like crazy underneath the surface. So a real shoutout to them.

But I also wanted to thank my ranking member. Not only is he a man of insight and truly principled, but he has become a dear friend and one in whom I think, hopefully, we can set an example of having differences, but having respect and, really, a bipartisan effort to address a number of issues.

And the DATA Act is one of those issues that, honestly, was really a push from Mr. Connolly originally. And so I just want to thank him for that. I hope it doesn't go unnoticed that in squeezing in this third hearing on the DATA Act's implementation in the 114th Congress, it is really about setting a priority for transparency that this committee and many of you who are here today understand that it's not only a priority now, but will be a priority in the 115th Congress and, hopefully, well into the future.

Until now, it has been very difficult to get reliable and useful and complete information as it relates to government spending and the American taxpayer dollars. And that's what makes the DATA Act so vitally important, and it holds a promise of, I believe, providing unprecedented insight into Federal spending.

We're now 5 months away from delivering on that promise. There are some serious signs that some of the agency implementation is lagging behind. But let me just say, first and foremost, this committee is very appreciative of all the work that has been done so far and all the work that will be done in the coming months and

years. And for Treasury and OMB, as they are leading the implementation efforts, they're responsible for telling the agencies what data to report and how to report it. And all the agencies, obviously, are responsible for their reporting on that spending data.

So while there remain some critical aspects of the implementation that are off track, I think GAO reported in July of 2016 that OMB and Treasury had not designed or implemented the full controls and documented the processes that related to the review and the agency implementation. They also found that there was some concern with regards to the population of agencies and how they are required to report that spending and data under the DATA Act. In recent months, I guess, the agency's IG has reported some concerns on the readiness of the respective agencies to implement.

Many of those reports, however, as they look at some of the issues from HUD, Housing and Urban Development's IG, show that they face serious challenges and are at risk of missing the May deadline. I'm very thankful, Ms. Timberlake, that you're here today representing HUD. And certainly, Mr. Gribben, for SBA and your work.

But I think the participation of both of you kind of underscores the progress that we're making, and to have a hearing that is totally focused on what we have not done versus on what we have done I think would be appropriate. And so, hopefully, today that we can hear from GAO and some of the experts there in terms of what has been done, what remains to be a challenge, and which agencies are stepping up to do their part.

I can tell you that the ranking member and I are both committed to making sure that this particular aspect of the DATA Act really is meaningful. What I don't want is to meet a May deadline. And I think today we'll hear some testimony that would suggest that we're going to perhaps miss that.

I think OMB, Mr. Mader, this is your last hearing, as I understand. We thank you for your service to our country and certainly to OMB. I think the pilot program and the delays and what we're hearing there is a concern, just speaking frankly. And yet, at the same time, you and I have had some good conversations about not only moving forward, but how we do that.

So I look forward to working with each one of you in the implementation. As we go forward, hopefully today, we'll establish some of these last 5-month hurdles that we have before implementation, and knowing that, even after May, that we're going to have quite a bit of tweaking that has to be done and perhaps some more focus on areas that were not performing as well.

So I'd like to thank all of you for being here today. I look forward to your testimony. And I'll recognize the ranking member for his opening statement.

Mr. CONNOLLY. Thank you, Mr. Chairman. And let me begin by saying I want to express similar sentiments about our collaboration and your friendship.

What an unlikely relationship: the chairman of the Freedom Caucus and this progressive Democrat from Northern Virginia. We don't pretend we're going to agree on everything. But you know what? Our relationship began with mutual respect, respect for each other's point of view, respect for the fact that we both were pre-

sumably motivated to try to leave this place a better place than we found it.

And we found common ground where we could. And this subcommittee in the last 2 years reflects that spirit. And would that all such committees and subcommittees could operate that way. And we don't gloss over differences, but neither do we overreact to them.

And I really appreciate your friendship, Mark, and your leadership of the subcommittee. And hopefully, in the next Congress, that collaboration and friendship will even deepen and we'll be more select in the number of hearings we have.

But I thank you, and I wish everybody a happy holiday.

This bipartisan agreement that, if implemented properly, the DATA Act can improve transparency and accountability in government spending. Under the DATA Act, agencies are required to report spending using a common set of data standards, and that information must be made publicly available for free access and download.

The public benefits are potentially quite substantial. Currently, each agency reports spending data differently, using different systems and reporting requirements across the Federal Government. Implementation of the DATA Act will provide universal access and harmonious standards for Federal spending information as one consolidated electronic data set. This will enable data to be compared across agencies and to help expose duplication and waste in Federal spending. The DATA Act holds great potential for saving taxpayers money.

Additionally, just last week, this committee heard about how the DATA Act can be used to restore the power of the purse here in the United States Congress.

Unfortunately, Congress has failed to provide the funding necessary for agencies to fully implement the act. The CBO estimated that the DATA Act would cost about \$300 million from fiscal year 2014 through fiscal year 2018.

Since the passage of the act in 2014, Congress—no surprise—has appropriated one-tenth of that amount, \$30.7 million, to four agencies for implementation in fiscal year 2016. GAO has noted that the lack of resources is a risk to timely implementation.

Despite these funding challenges, the government has made some progress, real progress, on implementation since the act's passage and additional progress since our last hearing on this issue in April. In response to a GAO recommendation, OMB and Treasury established a Data Standards Committee in April, which will be responsible for developing and maintaining data standards.

While progress has been made, implementation challenges remain that pose a risk to timely implementation. The new version of the DATA Act's Schema was released 4 months later than planned and just 1 year before reporting is required to begin under the act. Agencies will rely on the Schema for reporting guidance, and its delay could pose a risk to timely agency reporting. I know we want to hear more about that this morning, Mr. Chairman.

I have concerns about further delay in OMB's contracting portion of the Section 5 pilot, which you mentioned, Mr. Chairman. Section

5 of the act requires OMB to run pilot programs to reduce reporting burdens for recipients of Federal grants and contracts.

While GAO has found that OMB has made progress in ensuring that the design of the pilots meets statutory requirements and leading practices, the committee recently learned that the contracting portion of the pilot will be delayed until early 2017. This is particularly troubling, given the effects it will have on the Federal contracting industry. I want to understand the reasons for the delay and how OMB intends to mitigate the risk this delay poses to timely implementation.

Elections have consequences, but the new administration must not impair full implementation of this act. It's critical that the next administration make implementation of the DATA Act a priority and the Congress follow through with bipartisan commitment for its oversight and full funding.

Mr. Chairman, I'll be a partner with you in conducting that oversight and advocating for the necessary funding in the next Congress.

When Congress enacted the Federal IT Acquisition Reform Act, the process for investing in information technology potentially became a lot more efficient. I think the DATA Act shows similar potential and will complement FITARA and help agencies make smarter investments. These pieces of legislation should enhance the procurement process across the board.

The DATA Act and similar government transparency efforts have tremendous potential and will be more important than ever, I believe, over the next 4 years. Congress will need to fully fund it, remain focused on the mission, and continue to hold hearings like this one to ensure successful implementation.

And with that, I yield back. Thank you.

Mr. MEADOWS. I thank the gentleman for his kind words, and I will reaffirm my commitment to him with regards to the funding aspect. As a fiscal conservative, it is vitally important that we get the proper funding to make sure that we implement that. So you have my reaffirmation of that commitment.

I will hold the record open for 5 legislative days for any member who would like to submit a written statement. Before we recognize our panel of witnesses, I wanted to recognize one other group, the Data Coalition Group, that actually helped me understand this whole issue a lot better. And as I was going along assuming that everything was going along with the speed of light, they were the ones that helped me understand the potential for the delayed implementation. So I wanted to recognize them.

We'll now recognize our panel of witnesses. I'm pleased to welcome Ms. Paula Rascona, director of the Financial Management and Assurance area at the U.S. Government Accountability Office. And along with Ms. Rascona is Peter Del Toro, the assistant director of strategic issues at U.S. GAO. His expertise on this issue will be important for the subject matter of this hearing, and he will as well be sworn in.

The Honorable David Mader, controller at the Office of Financial Management at the office of OMB.

Welcome.



Mr. David Lebryk, fiscal assistant secretary of the U.S. Department of Treasury.

Welcome.

Ms. Courtney Timberlake, deputy chief financial officer at the U.S. Department of Housing and Urban Development.

Welcome.

And Mr. Timothy Gribben, chief financial officer and associate administrator for performance management at the U.S. Small Business Administration.

Welcome to you all.

And pursuant to committee rules, we'll have all witnesses sworn in before they testify. So if you'd please rise and raise your right hand.

Do you solemnly swear or affirm that the testimony you are about to give will be the truth, the whole truth, and nothing but the truth?

Thank you. Please take your seat. And let the record reflect that all witnesses answered in the affirmative.

In order to allow time for discussion, I would ask that you would limit your oral testimony to 5 minutes. Most of you are familiar with that. But your entire written statement will be made part of the record.

So we will now recognize you, Ms. Rascona, for 5 minutes. Thank you.

## **WITNESS STATEMENTS**

### **STATEMENT OF PAULA RASCONA**

Ms. RASCONA. Thank you. Chairman Meadows, Ranking Member Connolly, and members of the subcommittee, I am pleased to be here today to discuss our oversight of the implementation of the Digital Accountability and Transparency Act of 2014 and steps that the Office of Management and Budget, Department of Treasury, and Federal agencies have taken. This hearing comes at an important time with the approaching deadline of May 2017 and the administration transition.

Today, we are releasing another report in a series of interim reports to Congress in response to our mandate. Our report examines the data governance structure and transition, implementation challenges reported by major agencies, governmentwide standards and technical specifications for reporting, and updated designs to the Section 5 pilot. My written statement highlights some of the key progress, findings, and the new recommendation from our report issued today.

In brief, Mr. Chairman, OMB and Treasury have taken steps to further establish a data governance structure, issued additional guidance, and improve the design of the Section 5 pilot. But more work is needed for timely and effective implementation of the DATA Act. In addition, agencies continue to face implementation challenges and are taking steps to mitigate those challenges.

First, regarding data governance and the transparency to a new administration, OMB and Treasury have created a new Data Standards Committee to maintain and clarify existing standards and establish new data elements. Although this represents

progress, more remains to be done, such as developing a clear set of policies and procedures to help ensure the integrity of data standards over time.

The transition to a new administration presents potential risk to the DATA Act implementation efforts of shifting priorities or a loss of momentum. This further highlights the need for a robust data governance structure to provide consistent data management during a time of change and transition.

Second, agencies continue to report challenges in their implementation plan updates. We identified four overarching categories of challenges in the August 2016 CFO Act agencies' implementation plan updates, including systems integration issues, a lack of resources, evolving and complex reporting requirements, and timely and consistent guidance. Agencies reported making changes to internal policies and procedures, leveraging existing resources, and employing manual and temporary system integration workarounds to help mitigate these challenges.

The updated plans indicated that some agencies are at risk of not meeting the May 2017 reporting deadline because of these challenges. In addition, some agency inspector general readiness review reports indicate that their agencies are at risk of also not meeting the reporting deadline.

The third area in our report is on data standards and technical specifications for reporting. OMB has made some progress with these efforts and issued additional guidance in November 2016 on reporting financial information for specific transactions and senior accountability official quality assurances. However, a lack of clarity with certain definitions remains.

Agencies have made progress in creating and testing their data files using Treasury's data validation system, but additional work remains before the May 2017 deadline. Some agencies reported in their plan updates efforts to develop interim solutions by constructing these files manually until software fixes are completed. This can be burdensome and increase the risk for errors.

The last area covered in our report is a pilot to reduce the recipient reporting burden. The revised designs of the grants and procurement portions of the Section 5 pilot program now meet DATA Act statutory requirements and partially meet each of the leading practices for effective pilot design. This represents significant progress since April 2016. However, the design of the procurement portion of the pilot does not clearly document how findings from reporting certified payroll will relate more broadly to the diverse range of other Federal procurement reporting requirements.

In our report released today, we made a new recommendation to OMB intended to help ensure that the design of the procurement portion of the pilot better reflects leading practices by more clearly documenting this linkage.

Mr. Chairman, this concludes my prepared remarks. I would be happy to answer any questions that you or the other subcommittee members have. Thank you.

[Prepared statement of Ms. Rascona follows:]



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United States Government Accountability Office

Testimony  
Before the Subcommittee on  
Government Operations, Committee on  
Oversight and Government Reform,  
House of Representatives

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## DATA ACT

### Implementation Progresses but Challenges Remain

Statement of Paula M. Rascona  
Director  
Financial Management and Assurance

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Chairman Meadows, Ranking Member Connolly, and Members of the Subcommittee:

I am pleased to be here today to discuss steps that the Office of Management and Budget (OMB), the Department of the Treasury (Treasury), and federal agencies have taken to implement the Digital Accountability and Transparency Act of 2014 (DATA Act).<sup>1</sup> As you know, the critical deadline of May 2017 is approaching, at which time agencies will be required to report their financial and payment data in compliance with established standards. We have previously reported that OMB and Treasury have taken significant steps toward implementing the act's various requirements, including standardizing data element definitions, issuing guidance to help agencies develop their implementation plans, and designing a pilot for developing recommendations to reduce recipient reporting burden.<sup>2</sup> We have also reported that agencies have identified challenges to the effective and timely implementation of the DATA Act, including inadequate guidance, tight time frames, competing priorities, a lack of funding, and system integration issues, and are taking actions to mitigate these challenges.<sup>3</sup>

Today, we are releasing another report in a series of interim reports that GAO is providing to the Congress in fulfillment of our mandate to provide oversight of DATA Act implementation.<sup>4</sup> Our report examined (1) steps taken by OMB and Treasury to establish a clear data governance structure, which is particularly important for the transition to a new administration; (2) challenges reported by major agencies in their implementation plan updates; (3) the operationalization of government-wide data standards and technical specifications for data reporting; and (4) updated designs for the pilot for reducing recipient reporting burden and progress made in its implementation. My statement will highlight key findings and the recommendation from our report and provide updates on

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<sup>1</sup>Pub. L. No. 113-101, 126 Stat. 1146 (May 9, 2014). The DATA Act amended the Federal Funding Accountability and Transparency Act of 2006 (FFATA). Pub. L. No. 109-282, 120 Stat. 1186 (Sept. 26, 2006), *codified at* 31 U.S.C. § 6101 note.

<sup>2</sup>See list of related GAO products at the end of this statement.

<sup>3</sup>GAO, *DATA ACT: Improvements Needed in Reviewing Agency Implementation Plans and Monitoring Progress*, GAO-16-698 (Washington, D.C.: July 29, 2016).

<sup>4</sup>GAO, *DATA Act: OMB and Treasury Have Issued Additional Guidance and Have Improved Pilot Design but Implementation Challenges Remain*, GAO-17-156 (Washington, D.C.: Dec. 8, 2016).

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the status of some of GAO's prior recommendations.<sup>5</sup> As part of this work, we analyzed OMB and Treasury documents and interviewed OMB and Treasury staff and officials. We reviewed DATA Act implementation plan updates from the Chief Financial Officers Act of 1990 (CFO Act) agencies to determine challenges they continue to face. In addition, we reviewed documentation from and interviewed officials from various federal agencies to obtain information on (1) agencies' use of technical guidance and (2) design of the pilot for reducing recipient reporting burden (Section 5 Pilot). The work upon which this statement is based was performed in accordance with generally accepted government auditing standards. More details on our scope and methodology can be found in appendix I of the report.

In brief, OMB and Treasury have taken steps to establish a data governance structure, issued additional guidance, and improved the Section 5 Pilot design; however, more work is needed for effective implementation of the DATA Act. In addition, agencies continue to face challenges and are taking steps to mitigate those challenges. I will highlight some of the actions taken and reported challenges that we describe in our report.

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## Data Governance and the Transition to a New Administration

OMB and Treasury have established a new Data Standards Committee that will be responsible for maintaining established standards and developing new data elements or data definitions that could affect more than one functional community (e.g., financial management, financial assistance, and procurement). Although this represents progress in responding to GAO's prior recommendation, more remains to be done to establish a data governance structure that is consistent with leading practices to ensure the integrity of data standards over time.

Several data governance models exist that could inform OMB's and Treasury's efforts. Many of these models promote a common set of key practices that include establishing clear policies and procedures for developing, managing, and enforcing data standards. A common set of key practices endorsed by standard-setting organizations recommends that data governance structures include the key practices shown in the

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<sup>5</sup>See appendix II of the report being released today for the status of all prior GAO report recommendations related to the DATA Act.

text box below. We have shared these key practices with OMB and Treasury.

#### Key Practices for Data Governance Structures

1. Developing and approving data standards.
2. Managing, controlling, monitoring, and enforcing consistent application of data standards.
3. Making decisions about changes to existing data standards and resolving conflicts related to the application of data standards.
4. Obtaining input from stakeholders and involving them in key decisions, as appropriate.
5. Delineating roles and responsibilities for decision-making and accountability, including roles and responsibilities for stakeholder input on key decisions.

Source: GAO analysis of selected data governance frameworks. For additional information on these key practices as well as the methodology used to identify them, see GAO-17-156, | GAO-17-282T.

A robust, institutionalized data governance structure is important to provide consistent data management during times of change and transition. The transition to a new administration presents risks to implementing the DATA Act, including potential shifted priorities or loss of momentum. The lack of a robust and institutionalized data governance structure for managing efforts going forward presents additional risks regarding the ability of agencies to meet their statutory deadlines in the event that priorities shift over time.

## Implementation Plan Updates

In June 2016, OMB directed the 24 CFO Act agencies to update the initial DATA Act implementation plans that they submitted in response to OMB's May 2015 request.<sup>6</sup> In reviewing the 24 CFO Act agencies' August 2016 implementation plan updates, we found that 19 of the 24 CFO Act agencies continue to face challenges implementing the DATA Act. We identified four overarching categories of challenges reported by these agencies that may impede their ability to effectively and efficiently implement the DATA Act: systems integration issues, lack of resources,

<sup>6</sup>Office of Management and Budget, *Request for Updated DATA Act Implementation Plans by August 12, 2016*, OMB Memorandum to All CFO Act Agencies' DATA Act Senior Accountable Officials (Washington, D.C.: June 15, 2016).

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evolving and complex reporting requirements, and inadequate guidance. To address these challenges, most agencies reported taking mitigating actions, such as making changes to internal policies and procedures, leveraging existing resources, utilizing external resources, and employing manual and temporary workarounds.

However, the information reported by the CFO Act agencies in their implementation plan updates indicates that some agencies are at increased risk of not meeting the May 2017 reporting deadline because of these challenges. In addition, inspectors general for some agencies, such as the Departments of Labor and Housing and Urban Development, have issued readiness review reports indicating that their respective agencies are at risk of not meeting the reporting deadline.<sup>7</sup> As discussed further below, the technical software requirements for agency reporting are still evolving, so any changes to the technical requirements over the next few months could also affect agencies' ability to meet the reporting deadline.

In August 2016, in response to a prior GAO recommendation, OMB established procedures for reviewing and using agency implementation plan updates that include procedures for identifying ongoing challenges. According to the procedures document, OMB will also be monitoring progress toward the statutory deadline and setting up meetings with any of the 24 CFO Act agencies that OMB identifies as being at risk of not meeting the implementation deadline.

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<sup>7</sup>Department of Labor, Office of Inspector General, *The Department Needs to Ensure It Is on Track to Implement DATA Act Requirements*, 17-16-002-13-001 (Washington, D.C.: September 2016), and Department of Housing and Urban Development, Office of Inspector General, *Independent Attestation Review: U.S. Department of Housing and Urban Development, DATA Act Implementation Efforts*, Memorandum No. 2016-FO-0802 (Washington, D.C.: August 2016).

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### Operationalizing Data Standards and Technical Specifications for Data Reporting

In May 2016, in response to a prior GAO recommendation, OMB released additional guidance on reporting financial and award information required under the act to address potential clarity, consistency, and quality issues with the definitions of standardized data elements.<sup>8</sup> While OMB's additional guidance addresses some of the limitations we have previously identified, it does not address all of the clarity issues. For example, we found that this policy guidance does not address the underlying source that can be used to verify the accuracy of non-financial procurement data or any source for data on assistance awards. In addition, in their implementation plan updates, 11 of the 24 CFO Act agencies reported ongoing challenges related to the timely issuance of, and ongoing changes to, OMB policy and Treasury guidance. Eight agencies reported that if policy or technical guidance continues to evolve or be delayed, the agencies' ability to comply with the May 2017 reporting deadline could be affected.

In August 2016, OMB released additional draft guidance on how agencies should report financial information involving specific transactions, such as intragovernmental transfers, and how agency senior accountable officials should provide quality assurances for submitted data. OMB staff told us that this most recent policy guidance was drafted in response to questions and concerns reported by agencies in their implementation plan updates and in meetings with senior OMB and Treasury officials intended to assess agency implementation status. OMB staff told us that they received feedback from 30 different agencies and reviewed over 200 comments on the draft guidance. The final guidance was issued on November 4, 2016.<sup>9</sup>

Although OMB has made some progress with these efforts, other data definitions lack clarity which still needs to be addressed to ensure that agencies report consistent and comparable data. These challenges, as well as the challenges identified by agencies, underscore the need for OMB and Treasury to fully address our prior recommendation to provide agencies with additional guidance to address potential clarity issues.

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<sup>8</sup>Office of Management and Budget, *Additional Guidance for DATA Act Implementation: Implementing a Data Centric Approach for Reporting Federal Spending Information*, Management Procedures Memorandum No. 2016-03 (Washington, D.C.: May 3, 2016).

<sup>9</sup>Office of Management and Budget, *Additional Guidance for DATA Act Implementation: Further Requirements for Reporting and Assuring Data Reliability*, OMB Memorandum M-17-04 (Washington, D.C.: Nov. 4, 2016).



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We also noted in our report being released today that the late release of the schema version 1.0 may pose risks for implementation delays at some agencies. The schema version 1.0, released by Treasury on April 29, 2016, is intended to standardize the way financial assistance awards, contracts, and other financial data will be collected and reported under the DATA Act. A key component of the reporting framework laid out in the schema version 1.0 is the DATA Act Broker, a system to standardize data formatting and assist reporting agencies in validating their data prior to submitting them to Treasury. Treasury has been iteratively testing and developing the broker using what Treasury describes as an agile development process. On September 30, 2016, Treasury updated its version of the broker, which it stated was fully capable of performing the key functions of extracting and validating agency data. Treasury officials told us that although they plan to continue to refine the broker to improve its functionality and overall user experience, they have no plans to alter these key functions.

Agencies have reported making progress creating their data submissions and testing them in the broker, but work remains to be done before actual reporting can begin. Some agencies reported in their implementation plan updates that they developed plans for interim solutions to construct these files until vendor-supplied software patches can be developed, tested, and configured that will extract data to help their clients develop files that comply with DATA Act requirements. However, some of these interim solutions rely on manual processing, which can be burdensome and increase the risk for errors.

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### Pilot to Reduce Recipient Reporting Burden

The Section 5 Pilot is designed to develop recommendations to reduce the reporting burden for federal funds recipients. It has two primary focus areas: federal grants and federal contracts (procurements). OMB partnered with the Department of Health and Human Services to design and implement the grants portion of the pilot and with the General Services Administration to implement the procurement portion.

Our review of the revised design for both the grants and procurement portions of the pilot found that they partly met each of the leading practices for effective pilot design (shown in the text box below).

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**Leading Practices for Effective Pilot Design**

1. Establish well-defined, appropriate, clear, and measurable objectives.
2. Clearly articulate an assessment methodology and data gathering strategy that addresses all components of the pilot program and includes key features of a sound plan.
3. Identify criteria or standards for identifying lessons about the pilot to inform decisions about scalability and whether, how, and when to integrate pilot activities into overall efforts.
4. Develop a detailed data-analysis plan to track the pilot program's implementation and performance and evaluate the final results of the project and draw conclusions on whether, how, and when to integrate pilot activities into overall efforts.
5. Ensure appropriate two-way stakeholder communication and input at all stages of the pilot project, including design, implementation, data gathering, and assessment.

Source: GAO. For additional information on these practices as well as the methodology used to identify them, see GAO-16-438 | GAO-17-282T.

We also determined that the updated design for both portions of the Section 5 Pilot meets the statutory requirements for the pilot established under the DATA Act. Specifically, the DATA Act requires that the pilot program include the following design features: (1) collection of data during a 12-month reporting cycle; (2) a diverse group of federal award recipients and, to the extent practicable, recipients that receive federal awards from multiple programs across multiple agencies; and (3) a combination of federal contracts, grants, and subawards with an aggregate value between \$1 billion and \$2 billion.<sup>10</sup>

Although this represented significant progress since April 2016, we identified an area where further improvement is still needed. Specifically, the plan for the procurement portion of the pilot does not clearly describe and document how findings related to centralized certified payroll reporting will be more broadly applicable to the many other types of required procurement reporting. This is of particular concern given the diversity of federal procurement reporting requirements.

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<sup>10</sup>FFATA, § 5(b)(3), (b)(2)(B), (b)(2)(C), (b)(2)(A).

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Implementation of the grants portion of the pilot is currently under way, but the procurement portion is not scheduled to begin until early 2017. Department of Health and Human Services officials and OMB staff told us that they are recruiting participants and have begun administering data collection instruments for all components of the grants portion of the pilot. However, in late November 2016, OMB staff and General Services Administration officials informed us that they decided to delay further implementation of the procurement portion of the pilot in order to ensure that security procedures designed to protect personally identifiable information were in place. As a result, General Service Administration officials expect to be able to begin collecting data through the centralized reporting portal sometime between late January 2017 and late February 2017. OMB staff stated that despite the delay, they still plan on collecting 12 months of data through the procurement pilot as required by the act.

In our report being released today, we made a new recommendation to OMB that would help ensure that the procurement portion of the Section 5 Pilot better reflects leading practices for effective pilot design. In commenting on the report being released today, OMB neither agreed nor disagreed with the recommendation, but provided an overview of its implementation efforts since passage of the DATA Act. These efforts include issuing three memorandums providing implementation guidance to federal agencies, finalizing 57 data standards for use on USASpending.gov, establishing the Data Standards Committee to develop and maintain standards for federal spending, and developing and executing the Section 5 Pilot. OMB also noted that, along with Treasury, it met with each of the 24 CFO Act agencies to discuss the agency's implementation timeline, unique risks, and risk mitigation strategy and took action to address issues that may affect successful DATA Act implementation. According to OMB, as a result of these one-on-one meetings with agencies, OMB and Treasury learned that in spite of the challenges faced by the agencies, 19 of the 24 CFO Act agencies expect that they will fully meet the May 2017 deadline for DATA Act implementation.

Treasury also provided comments on our report being released today. In its comments, Treasury provided an overview of the steps it has taken to implement the DATA Act's requirements and assist agencies in meeting the requirements under the act, including OMB's and Treasury's issuance of uniform data standards, technical requirements, and implementation guidance. Treasury's response also noted that as a result of the aggressive implementation timelines specified in the act and the complexity associated with linking hundreds of disconnected data

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elements across the federal government, it made the decision to use an iterative approach to provide incremental technical guidance to agencies. Treasury noted, among other things, that this iterative approach enabled agencies and other key stakeholders to provide feedback and contribute to improving the technical guidance and the public website.

Chairman Meadows, Ranking Member Connolly, and Members of the Subcommittee, this concludes my prepared statement. I would be happy to answer any questions that you may have at this time.

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**GAO Contact and  
Staff  
Acknowledgments**

If you or your staff have any questions about this testimony, please contact Paula M. Rascona at (202) 512-9816 or [rasconap@gao.gov](mailto:rasconap@gao.gov). Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this statement. GAO staff who made key contributions to this testimony are Michael LaForge (Assistant Director), Peter Del Toro (Assistant Director), Maria Belaval, Aaron Colsher, Kathleen Drennan, Thomas Hackney, Diane Morris, Katherine Morris, and Laura Pacheco.

Mr. MEADOWS. Thank you so much.

Mr. Mader, you are recognized for 5 minutes.

#### **STATEMENT OF DAVID MADER**

Mr. MADER. Chairman Meadows, Ranking Member Connolly, members of the committee, thank you for inviting me here today to discuss the progress that we are making towards the implementation of the DATA Act.

We have made significant progress since we last discussed this issue with the subcommittee in April. Since April of 2016, OMB has provided additional policy guidance to Federal agencies on the DATA Act implementation. We've delivered on our commitment to monitor agency progress, and we've implemented a governance structure over the data standards.

First, on May 3, we issued guidance, which included requirements for Federal agencies to submit data from designated authoritative sources for display on a future USASpending.gov Web site.

Second, we issued guidance on November 4 regarding reporting intergovernmental transfers, reporting awards, and assurances from our senior accountable officials regarding the validity of the data that will be submitted to the new Web site.

Third, we've implemented continued monitoring of progress towards the implementation. As you recall, back in April, when Dave and I were here, we said that we were beginning to meet with each of the 24 CFO Act agencies to discuss their detailed implementation plans. I'm pleased to report that Dave and I and our teams completed those in-person visits with all of those 24 agencies, and we've received written updates this past summer from each of the 24 agencies with regard to their implementation plans between now and May of 2017.

When we looked at the updated plans this summer, we identified nine agencies where Dave and I conducted subsequent in-person reviews to better understand some of the challenges that they were facing between now and May of 2014.

Fourth, we've developed recommendations to modify the existing financial assistance provision in our uniform grants guidance, which will support the alignment of the final data standards with the DATA Act.

And fifth, we implemented a governance structure for USASpending regarding the data center. And as I think we've all discussed over the last year, that it's important for us to and we've adopted the recommendations from GAO with regard to building out this governance structure. So this is a governance structure that will exist for years to come as we develop standards and as we refine the standards going forward.

Lastly, we've made continued progress in the Section 5 pilot to reduce the unnecessary reporting burden for Federal grant and contract recipients. The HHS pilot for grants is well underway, and we fully expect that the final report on that study will be issued in 2017, in August.

As we have discussed, and as my colleague from GAO has testified, we've made the adjustments to the procurement pilot. Unfortunately, when we began developing the tool that was going to actually host the ingestion of this data, we identified some concerns

around the robustness of the cybersecurity aspect of that system, and we've had to actually restart that process. And as GAO has mentioned, we don't anticipate starting the actual data collection now until either late January or early February.

But as we discussed at our April hearing, we are going to issue a report, even if it's interim, in August of 2017, and we will continue to collect, as we committed in the April hearing, to collect a full year's worth of data and then modify the report accordingly once we receive all of the data.

Thank you for the opportunity to testify today, and I look forward to our conversations.

[Prepared statement of Mr. Mader follows:]

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**TESTIMONY OF DAVID MADER  
CONTROLLER,  
OFFICE OF MANAGEMENT AND BUDGET**

**BEFORE THE COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM  
SUBCOMMITTEE ON GOVERNMENT OPERATIONS  
UNITED STATES HOUSE OF REPRESENTATIVES**

December 8, 2016

Chairman Meadows, Ranking Member Connolly, and Members of the Subcommittee, thank you for inviting me to today to discuss our progress toward implementing the Digital Accountability and Transparency Act of 2014 (DATA Act). We have made significant progress since we last discussed this issue with you in April.

From the Administration's first days in office, improving Federal financial spending transparency has been a focus of the President's Open Government initiative. Like Congress, the Office of Management and Budget (OMB) is committed to realizing the vision that all stakeholders know how and where tax dollars are spent.

Over the past 31 months, we have been working to implement the DATA Act, in partnership with the Department of the Treasury. We are committed to the goal of providing a complete view of how Federal appropriated dollars are spent from appropriations to obligations and expenditure. Standardized, published data sets will provide the tools needed for agencies to examine their spending and improve how the Federal government spends taxpayer dollars. Upon successful implementation of the DATA Act, open Federal financial data will no longer be a vision, but a reality to drive a better government.

**Progress Since April 2016**

Since April 2016, when I last testified before this Subcommittee, OMB has provided additional policy guidance to Federal agencies on DATA Act implementation, delivered on our commitment to monitor agency progress, and taken steps to design and implement a governance structure over the data standards for public display of Federal spending data.

1. *Issued MPM 2016-03 which included requirements for Federal agencies to submit data from designated authoritative sources for display on the future USAspending.gov.* On May 3, 2016, to support agencies' successful implementation of data standards, OMB issued MPM 2016-03 "Additional Guidance for DATA Act Implementation:

Implementing a Data-Centric Approach for Reporting Federal Spending Information.”<sup>1</sup> This policy guidance provides agencies with specific direction on reporting summary level and award-level data to USAspending.gov and promotes data quality to ensure that data reported is sourced from or matches to authoritative sources and links across financial and management systems.

2. *Issued M-17-04 which included guidance on reporting intergovernmental transfers, reporting awards, and SAO assurance.* To continue to address opportunities to improve Federal spending transparency, the use of data standards, and data quality, OMB issued a memorandum on DATA Act implementation to agencies on November 4, 2016. M-17-04, “Additional Guidance for DATA Act Implementation: Further Requirements for Reporting and Assuring Data Reliability”<sup>2</sup> articulates specific policy requirements to assure the quality of data submitted pursuant to the DATA Act, clarifies how to report single awards that may contain personally identifiable information (PII), and outlines responsibilities and requirements for reporting appropriations account and award-level financial information associated with intragovernmental transfers.
3. *Continued monitoring agency implementation progress through individual agency visits and requirement for updates to DATA Act implementation plans.* When OMB and Treasury testified before this Subcommittee in April, we had started meeting with Federal agency leaders to discuss their progress on DATA Act implementation. We have since met with each of the 24 CFO Act agencies to discuss their implementation timeline, unique risks, and their risk mitigation strategy. Based on these progress discussions, OMB and Treasury have taken action to address issues that may affect successful DATA Act implementation, including providing additional guidance for reporting, showcasing agency best practices, and underscoring opportunities to leverage existing resources. Through agency one-on-one meetings, Dave Lebryk and I have learned that in spite of resource challenges, system integration issues, and changes to business processes, 19 of 24 of the CFO Act agencies expect that they will fully meet the May 2017 deadline for DATA Act implementation.

To continue to monitor agency progress against their plans, and as a corollary to our one-on-one agency meetings, this past summer OMB and Treasury requested written updates to CFO Act agencies’ September 2015 DATA Act Implementation Plans. Representing the vast majority of federal spending, the CFO Act agencies’ progress towards DATA Act implementation is critical to the success of our Federal spending transparency initiatives. In August, all 24 of these agencies provided updates to their implementation timelines, assessment of resources needed for DATA Act implementation, and identification of risks and risk mitigation strategies, as appropriate. Our review of these updates enabled us to track and assess agency progress toward successful implementation and identified areas where subsequent action was needed. We also conducted in person follow up meetings with 9 agencies that reported significant issues to better understand their challenges. In addition to these extensive outreach efforts to the CFO Act Agencies,

<sup>1</sup> <https://www.whitehouse.gov/sites/default/files/omb/financial/memos/management-procedures-memorandum-no-2016-03-additional-guidance-for-data-act-implementation.pdf>

<sup>2</sup> <https://www.whitehouse.gov/sites/default/files/omb/memoranda/2017/m-17-04.pdf>



we have continued, through our partnership with Treasury, to engage with small and independent agencies, including through numerous Councils and Committees. In addition, Treasury hosts weekly DATA Act “office hours” sessions which provide the necessary opportunity for all agencies to pose questions to both Treasury and OMB on DATA Act implementation, raise issues of concern, or share best practices.

4. *Developed recommendations to modify existing financial assistance provisions in the Grants Uniform Guidance to support and align with final data standards and with DATA Act and, more broadly, Federal spending transparency policy.* Through analysis and engagement with stakeholders, OMB and the Council on Financial Assistance Reform (COFAR) have identified opportunities to align existing Uniform Guidance provisions with the DATA Act data standards, ensure complete data based on award-level reporting requirements, and improve agency internal controls to monitor sub-award reporting. These proposed changes have been recommended by the COFAR, and the formal rulemaking process to implement them is underway.
5. *Established a governance structure for USAspending.gov data standards.* Since the 2015 effort to develop and issue standards for the initial 57 data elements, OMB, in consultation with Treasury, has worked to establish a governance framework to maintain and continue to develop data standards for Federal spending and award level reported data. This effort is critical to ensure the integrity of the data standards used through an institutionalized process that can be replicated across agencies. Building off of last year’s process, which GAO assessed generally adhered to ISO leading practices for formulating data definitions,<sup>3</sup> and to ensure that there is broad participation of a cross section of interests, OMB established the Data Standards Committee (DSC) this past September. The DSC includes representation from various Federal lines of business (budget, finance, procurement, financial assistance, performance, human resources, information technology), and consistent with our approach last summer, the process for identifying and finalizing new data standards will be conducted in an open, transparent manner, with opportunities for non-Federal stakeholders to provide feedback. The DSC will maintain the existing standards while also seeking opportunities for further enhancing standards that cut across multiple communities. The DSC first met in September and has been meeting monthly since then.
6. *Continued progress on Section 5 pilot.* In the past eight months, OMB has continued to pilot strategies to reduce unnecessary reporting burdens for Federal grant and contract recipients. OMB has pursued a two-track approach – one for grants and one for contracts – in an effort to address the significant challenges associated with Federal reporting.

For the grants track, OMB has partnered with the Department of Health and Human Services (HHS), which is serving as our executing agent. With respect to the grants-specific test areas, we have made significant progress, and have begun testing of all six opportunities to reduce grantee reporting burden. With efforts underway to collect and analyze data, we will meet the DATA Act’s requirements to identify opportunities to

<sup>3</sup> See GAO, *DATA Act: Data Standards Established, but More Complete and Timely Guidance is Needed to Ensure Effective Implementation*, [GAO-16-261](#) (Washington, D.C.: January 29, 2016), at 12.

reduce unnecessary Federal grant-related reporting burden. HHS has been conducting significant outreach throughout the past year and a half to ensure a diverse pool of participants. The final report will be issued in August 2017, in accordance with the Act's requirements.

As I committed to in April, the plan for the procurement pilot has been modified to diversify and broaden its scope and address GAO's April 2016 recommendations. The scope has been adjusted to explore five test models designed to reduce contractor burden by piloting a central reporting capability for reports required under the Federal Acquisition Regulation. The concept is being tested by piloting central collection of weekly reports required by the Davis-Bacon Act. As these reports are currently provided weekly to thousands of contracting officers across the Federal government, we anticipate the data collected for the five test models will be robust and support recommendations that can be applied to other FAR reporting requirements. The General Services Administration (GSA) has been working with a contractor since early September to build the prototype tool. The launch of the data collection has been delayed in order to address some potential vulnerabilities GSA found in the infrastructure. We have committed to collecting data for a full 12 months from the start of the data collection and will have several months of data to use in building the recommendations for the August 2017 report.

#### **The Work Ahead: Upcoming Milestones**

To continue our efforts towards successful DATA Act implementation, we must maintain the focus over the next several months to:

- Continue our monitoring of agency progress against planned implementation through May 2017. OMB and Treasury will continue to work directly with agencies on their DATA Act implementation efforts.
- Continue to use the Data Standard Committee to address issues related to data standards maintenance and identify any gaps that would improve Federal spending transparency.

Since April, we have continued to make significant progress to implement the DATA Act and realize the goal of improving Federal spending transparency. We will continue to utilize our Federal and non-Federal partners to successfully move implementation forward and build on our partnership with Congress to successfully implement the DATA Act and our broader vision of Federal spending transparency. Thank you for the opportunity to testify today and I look forward to answering your questions.

Mr. MEADOWS. Thank you.

Mr. Lebryk, you are recognized for 5 minutes.

#### STATEMENT OF DAVID A. LEBRYK

Mr. LEBRYK. Chairman Meadows and Ranking Member Connolly, thank you for inviting me here to talk about Treasury's efforts to implement the DATA Act.

I'd like to begin by thanking the committee for your continued interest and oversight on this issue. When we've been implementing this pretty complex and robust legislation, your interest in these hearings have been very useful to us as we've been going back to the agencies and talking to external stakeholders about the importance of the effort and, indeed, to make sure that we're making meaningful progress toward implementation of the May 2017 deadline.

I also think this is the fourth and perhaps final time that Dave Mader and I will testify before Congress, and I also want to express a personal thank you to Dave. One of the real pleasures in this process has been working with Dave. His leadership and his commitment from OMB have been critical to our success, and I want to thank him publicly for that.

When I testified before the committee in April, we provided an update on our use of the agile approach in terms of implementation. And so today what I would like to talk a little bit more about is the three workstreams that we have responsibility for in Treasury, and that is the establishment of the Schema, the establishment of a Broker, and then ultimately implementation of a new Web site to present the data.

I'll start with the Schema, which is really one of the foundational points of the whole success of the effort. And the Schema is really taking—we talked about those 57 elements that need to be reported to the government as a whole. In actuality, around 400 elements that need to be reported. And so what we have done is developed a Schema that identifies to the agencies what needs to be reported and how it needs to be reported to the Treasury, into the Broker. That was a very extensive effort and one that we sought public comment on and public input. And I think we're in a position now to have finalized the Schema, and agencies are using it to compile their files.

The second piece that we've had responsibility for is the data Broker. And that is when the information comes in, it needs to reside in a certain place. And the Broker is the place where we ingest the data from files from the agencies, have the ability to validate the information, and then ultimately have the agency certify the information as valid before we present it on the Web site.

Here, we also used an agile approach, in which we used a number of data versions, had the agencies come in, in what we called our sandbox just to test and to make sure that their data was in the right file format and would pass the Broker. And that process has been an iterative one that began about 6 or 8 months ago.

I can tell you that in having managed other large-scale efforts, doing something like this in the past in the government has oftentimes taken 3 or 4 years. Our ability to do this in a 6-month proc-

ess is attributable to the use of the agile development process and the iterative progress and the user-centric process.

The final piece I want to report on is development of the USASpending Web site. We know that how the information is presented and its usability is critical. So we've had an OpenBeta.gov site where users can come in and sort of give us their input and their feedback on what that site should look like, how the information should be presented, how they will potentially use the information.

And what we know is that when someone comes to the Web site to use the data, they tend to come for three reasons. The first reason is they just want the information that we provide. The second is they might want to use the tools that we have available on the Web site. And the third kind of user oftentimes just comes in and wants the data so that they can actually manipulate the data or use the data or do the analysis around the data however they choose. We're designing the new USA Web site so that users can have an effective and successful experience in all three of those areas.

I've attended several forums recently where it's very clear that there's a strong worldwide trend for more data. And it's not surprising that there's more interest in transparency and more interest in usability, and, as we like to talk about in this project better data, better decisions, and better government.

It's clear to me that what we've been doing with the Schema and our approach, the agile approach, is very applicable not only to what we're doing in this country, but also at the State and local governments as well as international governments. The approach we've taken is extensible, so that while we have 400 elements that we're reporting on today, we realize that there are more things we can include going forward, one reason why the Data Standards Committee is so important.

We also realize that this foundational approach, we believe, will have a material impact on other areas across government, whether it be in IT, whether it be in human resources, or performance across government.

I would like to conclude by saying that while Treasury's aspect of the implementation is on track, there is still a significant amount of work that needs to be done to meet the May 2017 milestone. Our team has been working to complete the data infrastructure to support the Web site, develop the new and improved USASpending Web site, and work with the agencies to facilitate their submissions, and we'll continue to work with them over the coming months.

But in my experience over 25 years in the Federal Government, these types of implementations are not simple or even perfect, even when well planned and well managed. The data will not be flawless or fully complete in May, since this is the first time this has been collected and linked in this manner.

While much attention has been paid to the May deadline, I think it's important to note that May is just the beginning. We at Treasury are committed to continuously improve the data by working with agencies and the oversight entities to increase spending transparency and meet the goals of the DATA Act.

That concludes my opening remarks.  
[Prepared statement of Mr. Lebryk follows:]

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**Statement of  
David A. Lebryk  
Fiscal Assistant Secretary  
U.S. Department of the Treasury  
before the  
House Committee on Oversight and Government Reform  
Subcommittee on Government Operations  
United States House of Representatives  
December 8, 2016**

Chairman Meadows and Ranking Member Connolly of the Subcommittee on Government Operations, thank you for inviting me to discuss the Department of the Treasury's (Treasury) efforts to increase transparency and accountability in federal financial management and implement the Digital Accountability and Transparency Act of 2014 (DATA Act).

As you know, Treasury and the Office of Management and Budget (OMB) are leading the implementation of the DATA Act to provide more accessible, searchable, and reliable spending data for the purposes of promoting transparency, facilitating better decision-making, and improving operational efficiency. Tracking over \$3 trillion in annual federal spending by the federal government on a quarterly basis in a clear and consistent way that the public will understand is a large task. The scale of the effort is immense even with the most modern technology – because the federal data that we need to collect is scattered across hundreds of disconnected systems across the federal enterprise. Despite the large challenge and the complicated federal data landscape, I am pleased to say that Treasury is on-track to meet our goals for the government-wide implementation of the DATA Act.

When I testified before this Committee in December 2014, we were just beginning the DATA Act implementation and over the past two years I'm pleased to report that we have made substantial progress. Treasury has been leading three key work streams – the DATA Act Information Model Schema (DAIMS), the DATA Act Broker (Broker) and the future USASpending.gov website – I would like to provide the Committee with an update on each work stream today.

The key reason Treasury is on-track is because we made the decision to implement an agile development approach, rather than a traditional waterfall development approach and are leveraging existing resources to the greatest extent practicable. Treasury made this decision primarily because of the complicated federal data landscape, challenging statutory deadlines, funding constraints, and the need to consider ongoing and evolving stakeholders interests. Unlike the traditional waterfall development approach, which requires defining the requirements up-front, the agile method requires making decisions and changes based on the circumstances observed as the project is being implemented. Traditional waterfall development is structured around five process groups (initiating, planning, execution, controlling and closure). The agile approach is based on the following principles: embrace change, focus on customer value, deliver functionality incrementally, collaborate, reflect and learn and adapt continuously. Agile development is relatively new to the federal government, but has been gaining popularity and

credibility in the private sector since early 2000 as an alternative to lengthy information technology projects that incurred significant schedule delays and cost overruns.

#### **DATA Act Information Model Schema (DAIMS)**

Treasury issued the DAIMS v. 1.0 in April 2016. The DAIMS is the most critical component of the DATA Act implementation because it sets the requirements for all the data elements to be reported by federal agencies, the relationships between each element, the validation rules and the overall context of how the data fits together. There are more than 400 interconnected data elements within the DAIMS – some being submitted directly from the agency financial systems and others being pulled or derived from existing government-wide systems.

As you can imagine, finalizing the requirements of the DAIMS was an extensive and labor-intensive process. My team worked tirelessly for about a year to develop and improve this model to ensure that the requirements would improve the transparency of federal spending. We issued the baseline version of the DAIMS in May of 2015 and issued five subsequent versions based on ongoing feedback from external stakeholders and federal agencies until April 2016 and during that time we received hundreds of comments that our team addressed. We addressed longstanding data anomalies and consistency issues by engaging all federal agencies. For example, our Treasury and OMB teams held 55 hours of technical calls with agencies with an average of 80 participants per call. Our team set out to do what some in the federal government said was impossible and we believe the final product is a model that will serve as a foundation for federal data management in the future and help improve the way the government works.

#### **DATA Act Broker**

The DATA Act Broker is a tool that Treasury developed to allow agencies to submit the required data in a standardized format. The Broker accepts data submitted directly from agencies and it also pulls data from existing data sources when needed. The Broker validates agency data, allows agencies to certify the data and complete the data submission. The Broker then uploads the agency certified data to be posted on the website.

Treasury also used an agile development approach for the Broker and created the initial prototype Broker last year. This prototype was tested by agencies and used to develop the Alpha Broker that was released in April, the Beta Broker that was released in June, and the full Broker that was completed in September of this year. We currently have more than 220 Broker testing accounts and more than 650 test files that have already been uploaded to the Broker. The Broker is being developed using open source code, which can be accessed on the [Federal Spending Transparency Collaboration \(https://fedspendingtransparency.github.io/\)](https://fedspendingtransparency.github.io/) site. By using the code Treasury developed as open source for the Broker, the government invests in the development of the code once and then agencies can reuse the same code or extend it within their own environments to improve the quality of the data before they submit it to Treasury. Financial management system vendors can also leverage the same code to enhance the agency systems.

It is also important to note that the Broker is a robust, government-wide tool that will improve data quality and contains about 100 complex validations and more than 170 data element

validations. In the past, with a waterfall development approach, it would take several years to develop a functional system like the Broker. We developed the Broker in less than 6 months – that is the impact of the agile development process. It allowed us to shave-off a significant amount of development time and resources and quickly implement feedback from stakeholders with each iteration.

#### **Future USASpending.gov Site**

For more than eight years, USASpending.gov has been a key resource for the public to find information on federal spending and we are working on the redesign of this site for May of next year. The improved site will include the expanded data included in the DAIMS and a more useful interface that will improve federal spending transparency. In November 2015, Treasury launched OpenBeta.USASpending.gov, our beta site for testing ideas and obtaining feedback from the American people on the design of the future USASpending.gov site that will be completed in May 2017. Our team has led a user-centered design process and so far we have held 10 design studio sessions, more than 45 user interviews with agencies and external stakeholders and released 12 wireframes on OpenBeta.USASpending.gov for public feedback on a rolling basis.

The future USASpending.gov website will also include a robust Application Programming Interface (API) that will allow advanced users to retrieve our data efficiently and easily and use the data to drive private sector business value and innovative product development. The alpha version of the outbound API was released for public input in August and subsequently updated in October.

In addition, we are also on track to complete the infrastructure supporting the website. The infrastructure is built using cloud technology and includes many technical components to ensure performance, transparency of data sources, and security.

#### **A Foundation for a More Data-Driven Government**

I have recently attended several international forums focused on the increasing demand for a more data-driven government – highlighting the most cutting-edge approaches for open data efforts from across the globe – and I am even more convinced that the work we are doing on the DATA Act is truly innovative. The agile and user-centered approaches for developing standards and running a large, enterprise-wide effort have the potential to serve as a standard, not just here in the United States, but for our partners abroad. Taking reasonable risks, being open and trying new approaches like the agile development methodology can pay off for the government and we will build off the lessons learned from our DATA Act implementation for years to come.

The DAIMS also sets an important foundation to organize data across the entire federal enterprise, connecting data elements that were previously segmented in databases and systems from the budget, accounting, procurement and financial assistance communities. The DAIMS is also an extensible model that can be used to link to other management data – like performance, information technology and human resources – to improve the way we work. There are also potential use cases that we are exploring with state and local governments who are interested in



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using DAIMS to link other data that can document outcomes and support evidence based analysis. Once implemented, the DATA Act will not only make it easier to understand how the federal government spends taxpayer dollars, but also serve as a tool for better oversight, data-driven decision-making, and innovation both inside and outside of government.

**Conclusion**

Even though Treasury's government-wide implementation is on-track, there is still a significant amount of work to do to meet the May 2017 milestone. Our team will be working to complete the data infrastructure to support the new website, develop the new and improve USASpending.gov website and continue to work with agencies to facilitate their data submissions. Federal agencies will continue to work over the next six months to test and submit their data based on the DAIMS.

In my experience of more than twenty-five years in the federal government, these types of government-wide implementations are not simple or perfect even with the best planning and management. The data will not be flawless or fully complete in May – since this is the first time this data has been collected and linked. While much attention has been paid to the May deadline – I think it is important to note that May is just the beginning. We at Treasury are committed to continuously improve the data by working with agencies and oversight entities to increase spending transparency and meet the goals of the DATA Act.

Thank you for your continued interest in this important effort and I look forward to your questions.

Mr. MEADOWS. Thank you so much.

Ms. Timberlake, you are recognized for 5 minutes.

**STATEMENT OF COURTNEY TIMBERLAKE**

Mr. TIMBERLAKE. Good morning. On behalf of Secretary Julian Castro, I want to thank you, Chairman Meadows, Ranking Member Connolly, and distinguished members of the subcommittee, for the opportunity to discuss HUD's efforts to increase transparency and accountability through implementation of the DATA Act.

I was honored to join HUD this past August to serve as the deputy chief financial officer. I appreciate the subcommittee's focus on implementation of the DATA Act, and I am pleased to report that HUD will substantially meet DATA Act reporting requirements by May of 2017.

HUD has made significant progress and is using the implementation of the DATA Act to change business processes, improve data quality, and evaluate future financial and programmatic technology needs.

Using the Department of the Treasury and OMB's DATA Act Implementation Playbook as a foundation, HUD has developed a plan that follows the eight steps outlined in the Playbook. Through proactive planning and management, HUD is on track with completing the milestones.

DATA Act implementation is a priority for HUD, and we have dedicated existing resources by aligning DATA Act support with other initiatives.

HUD's strategy to implement the DATA Act accounts for varying timelines and requirements across HUD, FHA, and Ginnie Mae. Our strategy is rooted in strong cross-organizational and inter-agency collaboration, as well as effective risk management throughout multiple stages of implementation. This strategy works to align existing resources, best practices, and schedules to promote HUD's commitment in complying with the DATA Act and remain in compliance beyond the initial May 2017 DATA Act submission.

HUD will continue to submit data to USASpending.gov for grants, cooperative agreements, and vouchers. We are able to utilize the expertise and resources of our shared service provider at Treasury to provide financial and award data.

During implementation, HUD has identified challenges, but through collaboration with our shared service provider, we continue to resolve these shared issues.

The variety of source systems within HUD requires a standardized approach to data validation. When implemented, the DATA Act reporting requirements will strengthen agency data policies and assist in its ongoing data standardization efforts.

To fully realize this opportunity, HUD will continue to navigate the complex environment of new and legacy systems. We will leverage the shared service environment and existing IT modernization efforts to overcome these data challenges.

One of the primary goals of DATA Act implementation is to provide a complete, understandable picture of Federal spending to the public. DATA Act submissions and reporting processes will be audited and reviewed by HUD's inspector general and GAO in multiple contexts.

With that awareness, we will continue to work with our IG and GAO, which includes reviews of our overall IT strategy to ensure compliance with the DATA Act.

To help reduce costs, HUD plans to utilize and leverage its relationship with our shared service partners at Treasury to complete submission of data to the data Broker. However, HUD will incur additional costs associated with support services, ongoing reviews, audits, and updates as required by the DATA Act.

The act requires agencies to provide standardized data to inform taxpayers, private industries, and Federal agencies on government-wide spending initiatives. Under the DATA Act, HUD will have the opportunity to expand data-driven decisionmaking to further inform its Federal spending efforts, enhancing accountability for its programs.

HUD is dedicated to performing transparent reporting. We plan to leverage the data extracted from source systems to help management make informed business decisions for our agencies, our stakeholders, and the American taxpayer.

On behalf of HUD, I appreciate the opportunity to testify today. HUD has made significant progress in implementing the requirements of the DATA Act. We look forward to sharing our detailed financial data with the public, realizing the benefits of standardized data, and participating in the conversations our data will spark.

I welcome any questions you may have. Thank you.

[Prepared statement of Ms. Timberlake follows:]

Testimony of Courtney Timberlake  
Deputy Chief Financial Officer  
U.S. Department of Housing and Urban Development  
Before the  
Committee on Oversight and Government Reform  
Subcommittee on Government Operations  
United States House of Representatives  
December 8, 2016

On behalf of Secretary Julián Castro, I want to thank you Chairman Meadows, Ranking Member Connolly and distinguished members of the subcommittee for the opportunity to discuss HUD's efforts to increase transparency and accountability through implementation of the DATA Act. HUD will substantially meet DATA Act reporting requirements by May 2017. HUD has made significant progress and is using the implementation of the DATA Act to change business processes, improve data quality and evaluate future financial and programmatic technology needs.

#### **DATA Act Implementation**

Using the Department of the Treasury and OMB's DATA Act Implementation Playbook as a foundation, HUD has developed a plan that follows the eight steps outlined in the Playbook. Through proactive planning and management, HUD is on track with completing milestones. Data Act implementation is a priority for HUD, and we have dedicated resources for planning and implementation from within our base—taking opportunities to align DATA Act work with other initiatives to make as much progress as possible within existing resources. Our plan has specific timelines and requirements for HUD, including FHA and Ginnie Mae, reflecting very different data sources and challenges. Further, the plan includes tasks related to developing and implementing long-term solutions, identifying best practices for submitting data for all DATA Act components, and promoting compliance well beyond the initial May 2017 submission.

HUD's strategy for implementation is rooted in strong cross-organizational and interagency communication and collaboration, effective risk management techniques for all aspects of implementation. HUD is following best practices in this regard, documenting and prioritizing risks and issues, evaluating impacts, and taking appropriate corrective actions.

#### **Foreseeable Challenges**

##### Challenges with Reconciliation

HUD currently reports financial assistance awards to USASpending.gov for grants, cooperative agreements, and vouchers. We are able to utilize the expertise and resources of our shared service provider at Treasury. Treasury submits award data to USASpending.gov, and provides validation and verification analysis. Because of this shared approach, some challenges may fall

beyond HUD's role—but through communication and collaboration, HUD looks forward to resolving issues with its partners.

#### Data Quality and Integrity

Ensuring data validity is vital to accurate, timely reporting and transparency. Due to the variety of source systems within HUD, this requires a standard approach to data validation. Implemented fully, the DATA Act reporting requirements will strengthen agency data policies, standardization of data definitions, and related processes. Realizing this opportunity will require HUD to navigate the complex environment of multiple systems, outdated technology, and other factors. HUD will leverage the shared service environment and existing IT modernization efforts to obtain consistent quality data.

#### Audits and Public Inquiries

One of the primary goals of DATA Act implementation is to provide a complete, understandable picture of Federal spending to the public. HUD anticipates a significant increase in public inquiries and requests for information due to an incomplete understanding of the reporting complexities for HUD's reporting programs. Further, announced audits from the HUD Inspector General, GAO, FISMA audits, AFR audits, HUD's multiple IT projects that affect DATA Act reporting, and the transition of DATA Act from an implementation team to a program without additional staff will put a burden on limited staff and may necessitate additional resources.

#### **Process Going Forward**

##### Managing Costs

To help reduce costs, HUD plans to utilize and leverage its relationship with our shared service partners at Treasury to complete submission of data to the Treasury-developed data Broker. Extensive ongoing testing and validation will be required. HUD is implementing approaches to incorporate both DATA Act requirements into existing agency data analysis projects. This keeps costs to a minimum while reducing error. However, HUD will incur additional costs associated with support services, on-going reviews, audits, and updates as required by the DATA Act.

##### Creating Value from Standardized Data

The DATA Act requires agencies to provide standardized and integrated data to inform taxpayers, private industries, and federal agencies on government-wide spending initiatives. HUD's DATA Act implementation will enhance the agency's accountability for Federal funding and improved data quality. HUD has dedicated significant time and resources towards building a foundation for transparency reporting, especially in working towards DATA Act requirements. HUD plans to leverage the data extracted from source systems to help management make informed business decisions. This will involve ongoing IT efforts currently in progress, such as utilization of leading edge Business Intelligence and Analytics tools. Integrating DATA Act reporting with existing tools will improve HUD's ability to optimize operations, and inform programmatic decision-making.

**Conclusion**

On behalf of HUD, I appreciate the opportunity to testify today. HUD has made significant progress implementing the requirements of the DATA Act. We look forward to sharing our detailed financial data with the public, and participating in the conversations our data will spark.

I welcome any questions you may have.

Mr. MEADOWS. Thank you, Ms. Timberlake.  
Mr. Gribben, you are recognized for 5 minutes.

**STATEMENT OF TIMOTHY E. GRIBBEN**

Mr. GRIBBEN. On behalf of Administrator Maria Contreras-Sweet, I want to thank you, Chairman Meadows, Ranking Member Connolly, and distinguished members of the subcommittee, for this opportunity to discuss SBA's efforts to increase transparency and accountability in financial management through implementation of the DATA Act.

I am pleased to inform the subcommittee that SBA has successfully generated the required DATA Act files and passed the Broker's validation tests. In fact, SBA has the distinction of being the first CFO Act agency to complete its implementation work 6 months ahead of schedule.

SBA initiated the project in September 2014 with an overall timeline to complete the project in compliance with DATA Act reporting requirements. SBA's financial systems are current generation, and data quality standards have been in place such that we can reconcile information that we send to governmentwide systems like USASpending and FPDS.

SBA also benefits from having financial systems that are supported by qualified functional and technical leads, and we had already completed the work necessary to link award data between our financial systems and our management system, which is the most difficult requirement inherent in DATA Act reporting.

For some challenges, SBA currently reports financial assistance awards to USASpending for loan guarantees, for business direct loans, SBIC debentures, grants and cooperative agreements, and contract awards, and we are able to validate the reported data against our internal data systems.

Now that the awards file is being provided by the Broker and the agency is not able to modify that file, the SBA does not know what challenges may exist in the future with data reconciliation. We are especially concerned about how the reporting cadences between the different award submissions may affect our ability to reconcile the awards file with the financial file.

SBA's programs are executed through a variety of third-party partners, including financial institutions. And while data capture fields have been strengthened through the use of validation edits in recent years, challenges to data capture requirements will take time to communicate to these third-party organizations and to train them.

SBA will utilize system controls as much as possible to obtain consistent quality data at points of entries to our automated systems, and we will strengthen data policies and standards when needed.

SBA anticipates a significant increase in public inquiries and requests for information due to incomplete understanding of the reporting complexities for SBA's loan guarantees and surety bond program.

Further, announced audits from our inspector general, as well as the support that we have to provide for yearly IT security reviews and audits, without additional staff will place a burden on the lim-

ited staff we currently have, and this necessitates some additional resources.

To help reduce costs, SBA plans to utilize the functionality of the Treasury-developed data Broker to lessen the burden of merging and validating the agency's data. However, presubmission validation and extensive testing of the data files to ensure proper reconciliation will be required by the agency.

We will implement tools to incorporate requirements for DATA Act, as well as agency analysis reporting requirements, and we'll develop automated processes at available opportunities to reduce errors and the costs associated with human intervention. But despite all of these efforts and practices, additional resources will be needed.

SBA plans to leverage the data extracted from the source systems to help management make better-informed management decisions. This will involve acquiring some business intelligence and analytics tools. SBA will use the new reporting requirements as an opportunity to modernize our data standardization and data quality programs as well.

SBA's ability to understand the benefits that can be realized through the implementation of the DATA Act has been informed by our participation in Treasury's technology pilot. By being able to see the visualization created with our FY 2014 grants and contracts data, we have been able to identify four key benefits that we believe should be realized by agencies upon implementation.

One is greater transparency, which would help us reduce fraud and mitigate risk. Two is providing greater insights by helping us identify efficiencies and inefficiencies in the delivery of our programs. Three is customized services by giving us greater flexibility to segment populations to customize our services to the public. And four, to better enable data-driven decisions by providing data that facilitates faster, more accurate performance-based decisions.

In conclusion, on behalf of SBA, I appreciate the opportunity to testify today and share with you information on the significant progress we have made in implementing the requirements of the DATA Act, and in particular the work that we have accomplished with Treasury on devising a technology solution for the Broker. And I welcome any questions you may have.

[Prepared statement of Mr. Gribben follows:]





U.S. Small Business Administration  
Washington, D.C. 20416

**Testimony of Timothy Gribben**  
**Chief Financial Officer and Associate Administrator for Performance Management**  
**U.S. Small Business Administration**  
**Before the**  
**Committee on Oversight and Government Reform**  
**Subcommittee on Government Operations**  
**United States House of Representatives**  
**December 8, 2016**

On behalf of Administrator Maria Contreras-Sweet, I want to thank you Chairman Meadows, Ranking Member Connolly and distinguished members of the subcommittee for the opportunity to discuss the Small Business Administration's efforts to increase transparency and accountability in financial management through implementation of the DATA Act. I am pleased to inform the subcommittee that SBA has successfully generated the required DATA Act files and passed the Broker's validation tests. In fact, SBA has the distinction of being the first CFO Act agency to complete its implementation work, six months ahead of the May 2017 implementation date.

**DATA Act Implementation**

SBA initiated the DATA Act project in September 2014 and developed an overall timeline to complete the project in compliance with DATA Act reporting requirements. SBA's financial systems are current generation, and data quality standards have been in place such that we perform monthly reconciliations of information currently reported in government-wide systems (e.g., USA Spending and FPDS-NG). SBA also benefits from having financial systems supported by qualified functional and technical leads. As an added benefit, SBA had already completed the work necessary to link award data between the management systems and its financial system, which is the most difficult requirement inherent in DATA Act reporting.

In April 2015, Treasury deployed a technology project called the DATA Act Broker pilot with SBA, which was a proof-of-concept effort designed to develop a data taxonomy necessary to map and reconcile agency management system data with agency financial system data. The original Broker concept was to reach into agencies' source systems, validate in real-time, and transform source system data to the DATA Act schema. Since then, the pilot's iterative approach to the Broker implementation has evolved to a revised concept of agencies generating and submitting three standardized files to the Broker: (1) File A, appropriations account information; (2) File B, treasury account symbol program activity and object class; and (3) File C, award financial data. File D, which contains award and awardee information for

procurement and financial assistance awards, will be generated by the DATA Act Broker and presented to agencies for final confirmation and submission.

In December 2015, Treasury began using a testing environment, called a “sandbox,” for Federal agencies to voluntarily test their data files using the prototype Broker. The purpose of sandbox testing was to help agencies further their implementation plans, gain an understanding regarding how the agency data submission process might work, and obtain early feedback from agencies.

### **Foreseeable Challenges**

#### Challenges with Reconciliation

SBA currently reports financial assistance awards to USASpending.gov for loan guarantees and business direct loans, SBIC debentures, grants and cooperative agreements, and contract awards and is able to validate the reported data against internal system data. Under the pilot SBA successfully tested the generation and submission of four data files – A, B, C and D. Now that File D is being provided by the Broker and the agency is not able to modify File D, the SBA does not know what challenges may exist with data reconciliation. SBA is especially concerned about how the reporting cadences between the different award submissions may affect our ability to reconcile File D to File C.

#### Data Quality and Integrity

Source systems are managed by program offices within SBA, so a standard approach to ensuring data validity is vital. SBA will seize the opportunity created by meeting DATA Act reporting requirements to strengthen agency data policies and standardization of data definitions. SBA will designate a Chief Data Officer to oversee a multi-tiered review of agency reporting data and implement a business intelligence and analytics solution for consolidated agency data. This is a challenge because SBA's programs are executed through a variety of third party partners including financial institutions. While data capture fields have been strengthened through the use of validation edits in recent years, historical data may not be of similar quality. As well, changes to data capture requirements will take time to communicate to and train in these third party organizations. SBA will utilize system controls as much as possible to obtain consistent quality data at point of entry to our automated systems.

#### Audits and Public Inquiries

One of the primary goals of DATA Act implementation is to create a complete picture of Federal spending for public consumption. SBA anticipates a significant increase in public inquiries and requests for information due to an incomplete understanding of the reporting complexities for SBA's loan guaranty and surety bond programs. Further, announced audits from the SBA Inspector General in addition to the yearly IT systems security reviews, FISMA audits, A-123 reviews, and system certification and accreditations without additional staff will put a burden on limited staff and necessitate additional resources.

### **Process Going Forward**

#### Managing Costs

To help reduce costs, SBA plans to utilize the functionality of the Treasury-developed data Broker to lessen the burden of merging and validating agency data. However, pre-submission validation and extensive testing of the data files to ensure proper reconciliation will be required. The agency will implement tools to incorporate both DATA Act requirements and agency data analysis to help keep costs to a minimum and will develop automated processes at available opportunities to reduce errors and costs associated with human intervention. Despite all these best efforts and practices, additional resources continue to be needed to support the on-going reviews, audits, and updates as required by the DATA Act.

#### Uses of Standardized Data in Agency Management Reporting

SBA plans to leverage the data extracted from source systems to help management make informed business decisions. This will involve acquiring Business Intelligence and Analytics tools. The Agency will also assess the feasibility of using the existing Office of Financial Systems Data Mart (OFSMart) as the data warehouse to integrate with these tools. OFSMart currently houses SBA loan data, standardized for reporting purposes and will be expanded to include grant, contract, and financial data. When fully implemented, it is expected that OFSMart will be used for data analysis, and management reporting. SBA will also use this environment to conduct pre-submission validation of agency data. SBA will use the new reporting requirements as an opportunity to modernize our data standardization and data quality programs.

#### Creating Value through Better Access to Data

SBA's ability to understand the benefits that can be realized through implementation of the DATA Act has been informed by our participation in Treasury's pilot. By being able to see the visualization created with our FY 2014 contracts and grants data, we have been able to identify four key benefits that should be realized by all agencies upon implementation.

- **Provide transparency:** by reducing fraud and mitigating risk. For example, we now have greater ability to identify data outliers, which reduces the risk of fraud and facilitates internal control and improper payment reviews and improves ability to identify data anomalies.
- **Greater Insights:** by identifying efficiencies across programs.
- **Customize services/actions:** by segmenting populations to customize actions. For example, the parsed data increases our ability to improve program delivery across different segments of the population and diverse geographic areas.
- **Enable data driven decisions:** by providing data that facilitates faster, more accurate performance based decisions.

#### **Conclusion**

On behalf of SBA, I appreciate the opportunity to testify today and share with you information on the significant progress we have made on implementing the requirements of the DATA Act,

and in particular the work we have accomplished with Treasury on devising a technology solution for the Broker.

I welcome any questions you may have.

Mr. MEADOWS. Thank you so much for your testimony. Thank all of the witnesses for their well-thought-out and well-prepared testimony.

I'll recognize the gentleman from Michigan, the vice chair of the subcommittee, Mr. Walberg, for 5 minutes.

Mr. WALBERG. Thank you, Mr. Chairman.

And, indeed, this has been a valuable subcommittee looking at issues over the course of this term, doing what we're supposed to do here in the people's house, doing oversight over what goes on in very important agencies and the support agencies that will assist us in knowing what's taking place.

Yesterday, we had a hearing where one of the pieces of information that came out—and thanks for the panel for being here—revolved around a Washington Post article that came out earlier this week illustrating why the DATA Act is so important, as well as other evaluative tools that we put in place. We found out that—sadly, it had to come from Bob Woodward—talking about the Department of Defense having a report that showed \$125 billion of savings over 5 years simply by addressing administrative waste.

What was challenging and frustrating is the fact that DOD has attempted to hide that, squash that information that they requested to be developed because it would impact their ability to spend if Congress got wind of it.

Well, we did get wind of it. And when you see \$125 billion of cost savings that could assist—I mean, that's at the level, reportedly, of operational costs for 50 Army brigades or 10 carrier groups—that starts to be real money, but more importantly for our troops to get away from that waste.

So, Ms. Rascona, let me ask, how might full implementation of the DATA Act improve our ability to identify that kind of savings at DOD?

Ms. RASCONA. Well, the DATA Act is not only going to provide more transparency to where the funds are being spent, but hopefully it's also going to provide a vehicle for DOD management and other agencies to manage their funds and manage their programs and make sure that as obligations are incurred, that they are debilitated in the proper time.

Another benefit of the DATA Act should be through oversight on the part of not only DOD management, but their auditors and also the Congress, and this should give more visibility to how DOD is spending their money.

The third area would be through data analytics, where DOD can analyze the data and look for areas of fraud, risk, abuse, and potentially improper payments, and recover funds through that mechanism also.

Mr. WALBERG. What can you tell me about DOD's readiness relative to data?

Ms. RASCONA. We just received the IG's report regarding DOD's readiness. And in their report, they indicate that DOD is going to be requesting an extension. They have the opportunity to use three extensions of 6 months each before reporting their data. It's our understanding that the letter has been drafted, but it has not been sent forward for signature yet. We also know that OMB and Treas-

ury were informed of this in August, so they may have some more insight for you.

Mr. WALBERG. I guess I'd move over there, because of the responsibility, Mr. Mader, as you know, to report any request for extensions to Congress and this committee. Has a request been made yet?

Mr. MADER. We don't have a formal request yet. As my colleague from OMB testified, we understand that a letter has been drafted, but the director has not received it yet.

Mr. WALBERG. Based upon that, does it appear that DOD will be ready to fully implement the DATA Act by the extended statutory deadline, which could be upwards of 6 months?

Mr. MADER. Congressman, I'm not in a position today to speculate as to whether they're going to be ready 6 months after August of 2016. And I say that because of, sort of wearing one of my other hats in overseeing all of the Federal financial audits of all of the agencies, I'm intimately involved in the DOD efforts to move towards a clean opinion, and that's been going on, as you know, for a number of years now.

Mr. WALBERG. A long time.

Mr. MADER. A number of years.

And not making excuses for my colleagues from DOD, but the complexity and scale of that organization, the number of separate financial management systems and management systems is a real challenge. And as I think my colleague from SBA testified, sort of linking up those management systems, the multiplicity in the case of DOD management systems with financial systems, is a big lift.

Mr. WALBERG. Well, I appreciate that.

And, Mr. Chairman, with appreciation of that, but also now having evidence that has been leaked to us in an article about \$125 billion of waste, and the fact that DOD has given clear indication by what they've said and what they've done with it, that they want to cover it up, this is an important thing that we push, regardless of the complexity. We're talking about the lives of troops. We're talking about the security of this country. We're talking about remaining on top as a strong power. So let's keep pushing.

Mr. MEADOWS. I thank the gentleman.

The chair recognizes the gentleman from Virginia, Mr. Connolly.

Mr. CONNOLLY. Thank you, Mr. Chairman.

And let me just say to my friend from Michigan, I associate myself with his remarks, and I am so pleased he brought it up. We can't ignore this. And it is the product, the byproduct, of a siloed system at the Pentagon that exempts itself from everything. The Pentagon stands out. It's one of the few Federal agencies that cannot produce a certified audit. Let's call it an unqualified audit.

The biggest spender, the biggest procurer, the biggest employer in the Federal Government, and it can't abide by those rules. It exempts itself from the GSA schedule of purchasing where we get discounts and we can try to get best price for off-the-shelf products. No, no, they've got their own.

When we passed FITARA, we had to sort of dance around the Pentagon, because if we had gone there we would have had jurisdictional problems here and they would have objected. And then, ironically—not you, Mr. Mader, but a previous person at OMB,

then, of course, objected to the bill because it didn't include DOD. I thought, well, we'd love to include DOD. They didn't want to be included. And we don't want to keep the bill bottled up forever on that.

And then we have \$125 billion. I mean, that is the budget of some whole Federal agencies. What we could do with that.

And the gentleman from Michigan makes an excellent point. And, frankly, at some point, this committee could make a real contribution without designing to step on toes in, frankly, examining some of these issues a little bit more in depth in terms of processes that are not in place and rules and regulations that apply to other Federal Governments in terms of transparency and reporting that are not abided by because the Pentagon exempts itself. And it's so big we sometimes, frankly, as a Congress, have turned a blind eye to it.

So I applaud my colleague from Michigan, I associate myself with those remarks, and I would hope in the next Congress, this committee might try to make some contributions in trying to put systems in place that would prevent this kind of scandal from recurring. And I join him in that.

Mr. Mader, the goal here with the DATA Act is to have harmonized reporting standards, full transparency, and so I can look across the Federal family, 24 agencies, and see the same format, formatted data, so that I can actually compare apples and apples as opposed to this hodgepodge we have right now. Is that correct?

Mr. MADER. That's correct, Mr. Congressman.

Mr. CONNOLLY. And what would be your best estimate of when we can achieve that goal?

Mr. MADER. So, if you remember, under the DATA Act we're adding new data elements, right? So we've been reporting spend, but we are going to have actually more spend, so we're going to have in excess of 3 billion as opposed to the little over 2 billion, because we are adding new spend into the equation.

The other significant, and it's a real benefit, is now we're going to report that spend for, let's say, a contract, right? And we're going to be able to appoint that contract back to, what was the appropriation, what was the program activity, and what was the object class?

Mr. CONNOLLY. Right.

Mr. MADER. And that's the real power, then, of both within a department, but then horizontally saying, who's using funds for this kind of activity?

Mr. CONNOLLY. I agree, and thank you. But I'm Citizen Q, and I want to see how my Federal Government is spending and accounting for spending. When will I be able to go online in any Federal agency, I'm going to see that harmonized set of standards so that I can actually follow the picture? When will the DATA Act be fully online and implemented?

Mr. MADER. For the vast majority of the CFO Act agencies who represent in excess of 90 percent of the governmentwide spend, we're going to be able to see that in May.

Mr. CONNOLLY. In May?

Mr. MADER. In May of 2017, right.

Mr. CONNOLLY. All right. Mr. Meadows and I are going to be ready, I think, with a hearing.

Mr. MADER. No, we appreciate the healthy skepticism. But I know there has been a lot of concern about, will this work? And I think my colleague from SBA—and we've been using them as our prototype, because while they may not be the biggest department, they actually have all of the elements, all of the complexity that a DHS has. So we said, let's use them as our proof of concept. And Mr. Gribben just testified, they actually dumped all their data into the Broker and they're generating reports. It works.

Mr. CONNOLLY. But SBA is not part of the pilot project for grants and contracts, right?

Mr. MADER. No, HHS—well, two separate things. So the pilot for Section 5 is to reduce burden, separate and distinct from the rest of the DATA Act.

Mr. CONNOLLY. Right. But SBA gives a lot of grants and contracts.

Mr. MADER. Yeah.

Mr. CONNOLLY. And it might be useful if they were part of the pilot project with respect to that.

Mr. MADER. Well, the pilot—so HHS, as you know, is sort of our agent to execute that. And the reason we selected HHS is because they are the 800-pound gorilla with regard to grants.

Mr. CONNOLLY. Yeah.

Mr. MADER. So they work with the other grantmaking agencies. So Tim and other agencies know what HHS is doing.

But, again, I go back to my point, is there was any concern on this committee's point as to whether the concept that we introduced back in 2014 about the Broker and what Treasury was going to do and agile development, I'm here to say, it works. He just testified to it. It works.

Mr. CONNOLLY. Yeah. And just a final point. How cooperative is the Pentagon with what we're trying to do with the DATA Act in light of what you just heard Mr. Walberg and myself say with respect to the \$125 billion, I don't know, lost money?

Mr. MADER. I can't comment on that Post story. But with regard to—

Mr. CONNOLLY. No, I'm not asking you to. I'm asking you about compliance and cooperation.

Mr. MADER. They are cooperating. And, actually, what we're trying to do is leverage the work, Congressman, that we're doing on trying to get them to be audit ready to help them with the DATA Act. And it's the same folks that are working on both of those initiatives.

So we, Dave and I, have met with them multiple times in person. They're not sitting back saying, we're exempt. I mean, they are working on it.

Mr. CONNOLLY. Good. And just to clarify, so when you said by May of next year full, hopefully, 90 percent implementation compliance, you're including the Pentagon?

Mr. MADER. They're going to—so the Pentagon—

Mr. CONNOLLY. That was a long pause, Mr. Mader.

Mr. MADER. No, no, the Pentagon, will continue to report—they are going to continue their full appropriation, right? What they're



going to be deficient in is actually making some of these quality assurance linkages between our financial system and the management system.

Because, remember, we've been criticized, and rightfully so, in the past by GAO about the quality of the data that's coming in, because if it came in from the procurement system but it doesn't match with the financial system you've got to wonder which one is right.

So the linkages between these two that both Courtney and Tim have testified to is critical. That's where DOD is running into significant challenges, because of the multiplicity of their procurement systems and their financial systems.

Mr. CONNOLLY. Yeah. Thank you.

Mr. MEADOWS. I thank the gentleman.

The chair recognizes the gentleman from Georgia, Mr. Carter, for 5 minutes.

Mr. CARTER. Thank you, Mr. Chairman.

And thank all of you for being here.

Ladies and gentlemen, on October the 8th, 2016, Hurricane Matthew made landfall, bringing destructive winds and flooding to the Southeast, including the First Congressional District of Georgia, which I have the honor and privilege of representing.

The damage was widespread, but one community that was particularly hard hit was the Westlake Apartments in Savannah. Westlake Apartments is a privately owned 100-unit property that is part of a Section 8 housing assistance payment contract with HUD. The property suffered severe water damage from the storm and families were displaced and forced to turn into shelters.

Although the responsibility lies with the private property owner to provide safe and clean housing for Section 8 tenants, it took almost 2 weeks—almost 2 weeks—to contact the Westlake owner, relocate the displaced residents, and to begin inspections.

In total, 22 units were found to be uninhabitable and unfit for HUD subsidies. It took several official letters from my office and numerous conference calls from HUD to finally hold the owners accountable, despite these owners being legally obligated through their contract with HUD.

One of the mechanisms HUD uses to hold private property owners accountable is withholding subsidies. If a Section 8 owner does not provide clean, safe housing or fails to relocate residents, HUD is supposed to withhold subsidy payments. In this situation, it was never clear if the payments were withheld, when they were going to be withheld, or where the subsidy was going. Was this money going to be used to immediately move displaced residents out of the shelters and into temporary housing?

My constituents, some of whom are still displaced, even today, December the 8th, some are still displaced, they deserve to know, they deserve to know, and they need to know.

What happened at Westlake Apartments was completely unacceptable. And while I am grateful to HUD for their work with us to correct the situation, we need to make sure something like this never happens again.

The DATA Act, if it's fully implemented, would provide much-needed clarity into how HUD spends its funding and then if with-

holding subsidy payments is an effective enough mechanism to hold owners accountable.

Ms. Timberlake, is HUD fully committed to implementing the DATA Act, as required by law, and providing more transparency into how these subsidies are spent in the Section 8 housing program?

Ms. TIMBERLAKE. Congressman Carter, thank you for the question. HUD is committed to complying with the DATA Act. I understand that you and Secretary Castro have previously spoken about this issue.

Mr. CARTER. On numerous occasions. In fact, I've invited Secretary Castro four times to visit this area. Haven't seen him yet, but I've invited him four times. He hasn't been down there.

Look, you know who the face of the Federal Government is in the First Congressional District? You're looking at it right here. You know who had to face these residents and tell them about this? Right here.

Now, that's fine, I'm a responsible person and I can handle that. But I don't want to have to call the Secretary of HUD and invite him down four times and he has no interest at all in coming down there and helping these people.

These people were displaced. Have you ever been displaced out of your home? Have you ever had a flood at home? What happened? Tell me what happened. I need to go back and I need to tell these people what happened. So you tell me what happened.

Ms. TIMBERLAKE. Congressman Carter, I understand that your staff has received updates on the progress that the owner has made.

Mr. CARTER. We're not talking about progress. I'm asking you what happened. Why did it take 2 weeks to contact the owner? Were the subsidies withheld?

Ms. TIMBERLAKE. Sir, my office is not involved in overseeing Section 8 multifamily housing properties.

I do want to go back to a point you made earlier. The DATA Act is focused on creating more transparency in financial reporting related to all of our projects. I'd be happy to take back your specific concerns to my colleagues.

Mr. CARTER. How can I take them any higher than taking them to the Secretary himself? I spoke to him on two different occasions, invited him four different times to come down and see what was going on here. Haven't seen him yet.

Ms. TIMBERLAKE. Congressman Carter, I would be happy to take back your concerns.

Mr. CARTER. I hope you will. Thank you very much.

Ms. Rascona, can you help me here? If we implement the DATA Act, do you think that this will help in a situation like this?

Ms. RASCONA. I can't speak to this particular situation, but I do believe that the DATA Act, once fully implemented, and you get those appropriate linkages between financial and performance data, will help program managers better monitor their programs, be more responsive to inquiries. And hopefully, through data analytics, they'll be able to identify areas of risk, improper payments, and other areas that need management attention.

So the sooner we can get the full act implemented, I think the better off we'll be from a management perspective.

Mr. CARTER. And do you think it'll help us in Congress to be able to actually see what's going on there?

Ms. RASCONA. I would hope so.

Mr. CARTER. I would hope so too, because right now it ain't good. I'm just telling you.

Look, folks, I'm a responsible person and I'm perfectly willing to meet with these people. I'm perfectly willing to accept my responsibility. But this was just, I'm sorry, this was just poor, poor, poor performance on behalf of HUD. This should have never happened. Can you imagine having to take your family, being displaced?

Mr. MEADOWS. The gentleman's time has expired.

Mr. CARTER. I yield.

Mr. MEADOWS. The chair recognizes the gentleman from Ohio, Mr. Jordan.

Mr. JORDAN. Thank you, Mr. Chairman.

This committee is a result of a committee hearing we had last week where we tried to get answers to certain questions. GAO was here and said they couldn't give us the answers to many of the questions we had because Treasury and OMB weren't able to provide them the information. That seemed to us to be information that should be readily available.

We know that that was accurate, because it took Treasury until just this week to give us information that the committee had been asking for, for over a year. So let's see if we can get some answers, Mr. Chairman, to just some basic questions.

My understanding is there's three broad categories. So we've got the fee category, that the various agencies in the Federal Government collect fees. We've got fines and penalties that the various agencies across the Federal Government collect. And then we also have settlements. Largely, that's a Department of Justice issue, but it could be other agencies, I suspect, as well.

So, Mr. Mader, can you tell me the overall amount that the Federal Government collects in those three categories, fees, fines and penalties, and settlements, annually?

Mr. MADER. Congressman Jordan, I don't have that data today. I'm not sure what that number is.

Mr. JORDAN. Mr. Lebryk, can you tell us?

Mr. LEBRYK. I can tell you the Bureau of the Fiscal Service reports for the government as a whole. So we do governmentwide reporting. And the figure that we place in a combined statement of the Treasury, that number of total fines, penalties, and forfeitures is \$14,134,491,326.11.

Mr. JORDAN. Say it again. Fourteen billion?

Mr. LEBRYK. Fourteen billion, 134 million—

Mr. JORDAN. You don't have to give all that. Fourteen billion, got it. What about fees?

Mr. LEBRYK. That is included in that total figure, and that is for fiscal year 2015.

Mr. JORDAN. Only \$14 billion?

Mr. LEBRYK. That we have reported in the combined statement in fiscal year 2015.

Mr. JORDAN. OMB issues a document that says fees alone are \$534 billion. Why the discrepancy?

Mr. LEBRYK. I don't know where that number comes from.

Mr. JORDAN. You're saying all three categories, fees, fines and penalties, and settlements, those three broad categories, it's a total of \$14 billion?

Mr. LEBRYK. Fines, fees, and forfeitures.

Mr. JORDAN. Fines, fees, and forfeitures.

Mr. LEBRYK. The settlement number, I don't have that figure in front of me.

Mr. JORDAN. Where does the \$534 billion number come from, Mr. Mader, that is in the OMB document for fees?

Mr. MADER. I'm not sure what document, Congressman, you're referring to.

Mr. JORDAN. I think it's the Presidential budget, if I remember. Yeah. The Presidential budget lists, for 2017, \$534 billion.

Mr. MADER. Then the number is right if it's in the President's budget, sir.

Mr. JORDAN. Okay. So OMB says it's \$534 billion just in fees, and Treasury says it's \$14 billion in fees, fines, penalties, and settlements. Who's right?

Mr. LEBRYK. Sir, I think the number, the larger number you're referring to is offsetting receipts. The Federal Government takes money in, in two major buckets. One is normal receipts in terms of tax collections and the like. The bucket you're talking about, which has the 500-and-some billion in it, is things like sales of postage stamps, park fees, and a number of other things like that.

The number I gave you is a much more defined, narrow number. The larger number you have there is a broader, more expansive number.

Mr. JORDAN. Well, the number I gave you is fees, right? You even said fees in your definition when you were talking about offsetting receipts. You said fees; you used that when you described it. That's what I asked, fees.

Mr. LEBRYK. One element, one sub-element of the number that you have is fees, yes.

Mr. JORDAN. Okay. What's your thoughts on Congressman Palmer's legislation that would say these three categories, instead of the agencies being able to spend it, these come back to Treasury and are subject to the appropriations process and congressional oversight and control?

Mr. MADER. Mr. Congressman, the administration doesn't have an opinion on that legislation.

Mr. JORDAN. Not at all?

Mr. MADER. Not at all.

Mr. JORDAN. What about Treasury?

Mr. MADER. The administration, we speak for Treasury.

Mr. JORDAN. The administration? Okay, got it. Can you tell me—

Mr. MADER. They're still part of the administration, last I checked.

Mr. JORDAN. I understand, but I was just going to see if he would offer a different response.

Can you tell me what just the Department of Justice in settlements occurred in 2016?

Mr. LEBRYK. Sir, I don't have that number in front of me.

Mr. JORDAN. You don't have that number?

Mr. Mader.

Mr. MADER. I don't have that number, no, sir.

Mr. JORDAN. That's a pretty important number, because a lot of us feel like that's not just settlements, that's a shakedown operation that's going on over there. We'd like to have that.

All right. Mr. Chairman, thank you. I yield back.

Mr. MEADOWS. I thank the gentleman.

The chair recognizes the gentleman from Wisconsin, Mr. Grothman, for 5 minutes.

Mr. GROTHMAN. Yeah. For Mr. Mader—is that right, Mader?

Mr. MADER. Yes, sir.

Mr. GROTHMAN. Okay. There's a famous restaurant in Milwaukee.

Mr. MADER. I know. Unfortunately, we don't own it.

Mr. GROTHMAN. Good. I hope you've been there. It was there.

With regard to the DATA Act, could you just give me, in general, your opinion as to how much progress OMB and Treasury are making in determining which agencies are required to report under the act?

Mr. MADER. So we, I think back in the April hearing, we had a conversation about that, and we committed after the hearing to go back and look at all of the agencies that could potentially be required under the statute to adhere to the DATA Act.

And I want to sort of set the stage, though. The fact is that we've been concentrating on the 24 CFO Act agencies, because they represent 90-plus percent of the total government spend. They're the ones that are going to spend the \$3-plus billion that will be reported in next May.

Subsequent to the hearing in April, we went back and started looking at all of those other midsize agencies, smaller agencies, independent boards and commissions. We went out and asked that group whether, based on their reading, their general counsel's reading of the DATA Act, whether they would be required to adhere to the DATA Act.

So we have now 83 agencies, which includes the 24 CFO Act agencies, that have said: Yes, we are covered by it. There are a number of those other agencies that came back and said: We're not covered by it. We're going back to have conversation with them, and then we're looking at all of the others over the next couple of months to see should they be adhering to it.

And I think, Congressman, the reason we took that approach is—and I think everybody has recognized—we've been doing this with limited additional funding, and we've redirected resources across departments to accomplish this. We really focused on those that are contributing the 90-plus percent of the dollars. We will get to everybody else over time.

Mr. GROTHMAN. So it isn't even really settled yet which of these other agencies are part of it. Do they know they're part of it? Could you say, if I asked you right now, these agencies are part of it and these aren't, you would give me a hard list?

Mr. MADER. We can give you the list of the 83 that have said: Yep, we're part of it. Like, you know, you have, like, FDIC, which is going to be reporting under the DATA Act. So we can provide the committee with a list of the ones that have said: Yes, we have read the statute and, yes, we are obligated to report.

Mr. GROTHMAN. Okay. So is it right now settled that we know which agencies are supposed to report and which are not?

Mr. MADER. No, it's still not settled. As I just said, we've gotten responses back from some saying they're not required. We're going to go back and look at their rationale. And there's some others that we've asked and that, quite candidly, haven't gotten a response from, and we're going to follow up with them.

But some of these, you need to understand, some of the ones that we're talking about are very, very small boards and commissions. I don't want to speculate how much their spend is, but it's not a lot. But we're going to get to them. It's just a matter of setting management priorities, and that's what we did.

Mr. GROTHMAN. You can tell me again, when did the act first pass?

Mr. MADER. May of—well, it was signed by the President May of 2014.

Mr. GROTHMAN. I think it's odd that we're over 2-1/2 years in and we haven't decided what agencies are part of it yet. But if that's what it is, that's what it is.

Mr. MADER. Well, I think when you have more than 90 percent of the spend, that's a significant accomplishment.

Mr. GROTHMAN. Well, if you would have asked me at the time the act passed—and I wasn't here—but I would have thought that would take about a week. But what do I know?

Okay, Mr. Lebryk—is that right, Lebryk?

Mr. LEBRYK. Yes, sir.

Mr. GROTHMAN. Under the GAO's report that a newly convened Data Standards Committee drafted a charter that delineates the role—we understand that GAO's report—we understand from GAO's report that the newly convened Data Standards Committee has drafted a charter that delineates its roles and responsibilities. What is the status of that charter?

Mr. LEBRYK. The OMB has stood the committee up. It has met on numerous occasions already. The first meeting was in September. Dave and I met with the committee, I want to say, maybe a month ago, several weeks ago. We've charged them with making sure they put together a work plan about what they're going to be looking for in the next 6 months. They are scheduled to come back to us shortly with that work plan and consistent with the charter.

Mr. GROTHMAN. Has it been approved by the Executive Steering Committee?

Mr. MEADOWS. The gentleman's time has expired, but if you'd go ahead and answer.

Mr. LEBRYK. The committee reports to the Executive Steering Committee, which consists of Dave and me. And, yes, we have agreed. And OMB is the lead on the committee, but they do report to us on a regular basis.

Mr. GROTHMAN. Thank you.

Mr. MEADOWS. I thank the gentleman.

The chair recognizes himself for 5 minutes. They have called votes, and so I want to be sensitive to you and your staff. And so instead of coming back and recessing, I'm going to yield some time to the gentleman from Ohio, and then I will give some written questions, and that way we can adjourn so that you don't have to wait for me to come back.

But the gentleman from Ohio, I'll yield to him.

Mr. JORDAN. I thank the chairman.

Reading from the President's budget for 2017: "Offsetting collections and offsetting receipts from the public are estimated to be \$534 billion." So I'm still having trouble figuring out why Treasury says it's \$14 billion when we have \$534 billion here in fees from OMB. Why that huge gap?

Mr. LEBRYK. So we can bring you a definition of what the offsetting receipts is to give you a fuller feel for what all the different components are that go into that number.

Mr. JORDAN. But even this: "Of these, an estimated \$231.8 billion are offsetting collections." So that's a lot more than \$14 billion just there.

Mr. LEBRYK. And offsetting collections, when you look at the definition of offsetting receipt, you can see things like sale of Federal property, of—

Mr. JORDAN. All I'm saying is, these are things outside of the jurisdiction of normal appropriations by the United States Congress, the people's representatives, right?

Mr. LEBRYK. No, sir. The only—when the government—as the Constitution says, we can only spend money with the authority of Congress. So anything that we're doing is with the authorization of Congress.

Mr. JORDAN. Yeah, but not in the normal appropriations process.

Mr. LEBRYK. Congress would have given the authority to each entity to do—to take those funds and use them in a number of ways.

Now, I should mention to you that most of these funds that you're looking at have those receipts, are returned to the general fund, and they are not dedicated to those programs. In certain circumstances, the funds are dedicated to those programs—

Mr. JORDAN. I understand.

Mr. LEBRYK. —as Congress has given that authority to those programs. It's called a permanent authority.

Mr. JORDAN. Okay. Let me ask you one other question, if I could, Mr. Chairman.

The settlement issue, settlements at Department of Justice, do you know if that number has been increasing or decreasing?

Mr. LEBRYK. I don't know, but what I do know from my experience is it varies, because, for example, during the savings and—during various issues during the history of our country, economic issues, sometimes there's more settlements than other settlements.

Mr. JORDAN. Okay. Fair enough. That \$14 billion number you gave us that combines all these three, these three broad categories, has that number been trending up or down?

Mr. LEBRYK. Unfortunately, sir, I did not look at the trend before I showed up this morning.

Mr. JORDAN. Thank you. We need to know that. Thanks.

Mr. MEADOWS. So, Mr. Lebryk, let me offer you an out, because I don't want you to give false testimony and I know you're trying to answer and be prepared for us.

But just looking at your own reports, there's about \$9 billion that you collect just within the IRS alone. So your \$14 billion has to be understated.

I'm a numbers guy and I look at everything. So here's what I would ask you to do, is go back, let's look at that. The gentleman's point is well-taken. It's not \$14 billion. And I understand that you were trying to be prepared for this committee and I want to applaud you for doing that, but let's look at that differently. There's just zero chance that that's an accurate number, okay, just based on your own data.

Mr. LEBRYK. I agree, sir. What I was referring to is what is reported through something we call a Treasury account symbol that is very specific. And you're——

Mr. MEADOWS. What the gentleman is trying to get at is that we have from OMB between \$500 and \$650 billion that come in, in fees, settlements, fines, et cetera. Some, as you mentioned are, quote, appropriated only because we say that they're appropriated, but it doesn't go through the normal appropriations process. We need some accurate numbers from both of you, if we can do that.

We are going to votes. Here's what I would ask OMB if you would do. I need your contacts, since this is your last rodeo, I need your contacts on implementing all of this throughout all of the agencies, who we need to go through, in terms of making sure that we don't lose any progress on this throughout all the agencies.

Mr. MEADOWS. And then from GAO's standpoint, I need you to work with OMB in these last few days on the governance aspect of that, the hurdles that we have. You've already identified those. If you can could report back.

Mr. MEADOWS. If there's no further business before this committee, the committee stands adjourned. Thank you all.

[Whereupon, at 10:21 a.m., the subcommittee was adjourned.]

