

DATA ACT: MONITORING IMPLEMENTATION PROGRESS

JOINT HEARING BEFORE THE SUBCOMMITTEE ON GOVERNMENT OPERATIONS AND THE SUBCOMMITTEE ON INFORMATION TECHNOLOGY OF THE COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM HOUSE OF REPRESENTATIVES ONE HUNDRED FOURTEENTH CONGRESS SECOND SESSION

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DATA ACT: MONITORING IMPLEMENTATION PROGRESS

Tuesday, April 19, 2016

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON GOVERNMENT OPERATIONS, JOINT
WITH THE SUBCOMMITTEE ON INFORMATION TECHNOLOGY,
COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM,
Washington, D.C.

The subcommittees met, pursuant to call, at 2:31 p.m., in Room 2154, Rayburn House Office Building, Hon. Mark Meadows [chairman of the subcommittee] presiding.

Present: Representatives Meadows, Hurd, Walberg, Blum, Buck, Carter, Grothman, Connolly, Kelly, and Lieu.

Mr. MEADOWS. The subcommittee on Government Operations and the Subcommittee on Information Technology will come to order. And without objection, the chair is authorized to declare a recess at any time. My apologies for running late to all of my colleagues and obviously each one of you as well.

The American people deserve to know that their Federal tax dollars are being wisely spent. However, the GAO and others have consistently reported that Federal spending data is often incomplete, out of date, or inaccurate. Just last week the GAO told this committee that there are over 200 areas in the Federal Government with wasteful duplication, overlap, and fragmentation. OMB recently reported that Federal improper payments of nearly \$137 billion, that's billion with a B, for fiscal year 2015, the largest annual total since 2004, when agencies first began reporting this data. Without accurate information, the GAO, Congress, and the American people are limited in their ability to prevent waste, fraud, abuse, and mismanagement.

The DATA Act can help change all of that. If implemented properly, the DATA Act will allow us to finally know how much our government is spending, and that money is being spent wisely. In fact, before testimony to this committee in 2014, the GAO comptroller general said that the DATA Act is the single biggest thing Congress could do to address wasteful spending. Quite a statement. Today we are weeks away from the 2-year anniversary of the DATA Act passage. Treasury, OMB are leading the implementation efforts and they're responsible for telling agencies what data to report and how to report it.

Now, while OMB and the Treasury have made progress on the implementation, many questions are left to be answered. I've heard real concerns directly from the stakeholders that the implementation of the DATA Act is lagging behind. OMB has released little

information on the contractor portion of the pilot program that is required by statute. Several guidance documents that the agencies need in order to implement the act, have not been finalized by Treasury and OMB. And without a clear and timely guidance, agencies may struggle to meet the statutory reporting timeframes.

We're here today to determine what parts of that implementation are on track; where OMB, Treasury, and Federal agencies are falling behind; and while statutory deadlines are important. I want to make sure that agencies are implementing this bill thoroughly and correctly, not just on time.

As recent as just an hour or so ago, I heard stories from a stakeholder that would suggest that the intent of Congress is perhaps not being best served by the direction in which we are going. So I look forward to working with the agencies to ensure that we realize the benefits of transparency in Federal spending that the DATA Act can certainly provide.

I thank each of our witnesses for attending here today. I look forward to hearing your testimony.

And I now recognize the ranking member of the subcommittee on government operations, Mr. Connolly, for his opening statement.

Mr. CONNOLLY. Thank you, Mr. Chairman. And I want to thank my colleagues, you of course, the other chairman, Mr. Hurd, and my good friend, Ms. Kelly, the other ranking member. The four of us, I think have a common view about the role of IT in the Federal Government and how we can use it as a transformative tool, but how we need to use it as a transformative tool.

And I want to thank all of you for the partnership. I think it's made a real difference in building some cohesion within the Federal Government in at least this area. And it does kind of give a lie to the fact that we can't really get anything done around here and we never act in a bipartisan, indeed, nonpartisan way, and that, you know, at least in this case is not true.

Today we revisit the Digital Accountability and Transparency Act, which this committee supported in a bipartisan basis and was signed into law 2 years ago. The DATA Act, if properly implemented, as the chairman just indicated, will bring enhanced transparency to Federal spending that will in turn, I hope, lead to better decisionmaking.

Agencies will now be required to report spending at a more granular level, and that data is to be communicated using a common language that will enable true comparisons across the Federal Government. Agencies, Congress, watchdogs inside and outside of the government will now be able to connect the dots on how agencies are spending, which will help identify duplication and waste, something the committee examined last week with the annual GAO Duplication Report. The DATA Act holds great potential for creating efficiencies and government savings.

While the OMB and the Treasury Department continue to make progress in defining those new standards, a recent GAO report notes that some definitions will require additional work, as they could lead to inconsistent reporting. I look forward to hearing how those concerns are being addressed, and also I want to hear more about the status of the pilot program to reduce the reporting burden on the recipients of Federal grants and contracts. The DATA

Act directed OMB to create such a pilot program to streamline such reporting.

For the grantee program, OMB partnered with the Department of Health and Human Services and is working with GSA on the contracting portion. The law also calls for input of a diverse group of Federal award recipients. However, GSA and OMB have yet to present a detailed plan to achieve this goal. As a Member representing a number of Federal grant recipients and contractors, and that's an understatement, I want to hear how OMB plans to better engage those communities in this effort. I'm hopeful that as the pilot moves forward, specific grantees and contractors will have that opportunity to test proposals that agencies might use to reduce duplicative or unnecessarily burdensome reporting.

While the design of the grants pilot program appears to be on track, I am concerned by the GAO's assessment that OMB is taking a more narrow approach with respect to the contractor portion, focused on certified payroll reporting. For example, the GAO said, and I quote, "the plan did not include specific information on the methodology, strategy, or types of data to be collected. Further, a scalability was not addressed to result in the recommendations that could be applied governmentwide. The design also did not indicate how data will be evaluated to draw conclusions," unquote.

At this point, the procurement portion of the pilot is at risk of not meeting the 12-month reporting cycle deadline as set by Congress.

These new DATA Act reporting requirements for agencies are not scheduled to be implemented until May 2017. So today's hearing, I think, Mr. Chairman, is the perfect opportunity to look at what's working so far and to examine those areas that might need more work a year out from that deadline.

As my colleagues know, I was pleased to coauthor the Federal Information Technology Acquisition Reform Act, FITARA, also known as Connolly-Issa, which has a better ring to it, we think. GAO in its 2015 report on duplicative wasteful spending said, and I quote, it should improve the transparency and management of IT acquisitions and operations across the government. I think the DATA Act and FITARA will both complement each other and help agencies make smarter investments. The DATA Act holds tremendous potential.

I look forward to hearing from today's witnesses any suggestions they might have for ensuring that we realize that potential and stay on course.

Mr. Chairman and Mr. Hurd and Ms. Kelly, by the way, something we may also want to have a hearing on in terms of what can go awry with the best of intentions in the IT field is FedRAMP. And it may be time for us to have a hearing on that and—because this reminds me of that, though this, I hope, is in better shape than FedRAMP.

With that I yield back.

Mr. MEADOWS. I thank the gentleman for his comments and his kind words.

The chair now recognizes the chairman of the Subcommittee on Information Technology, who's forgotten more about technology

than I have ever known, the gentleman from Texas, Mr. Hurd, for his opening statement.

Mr. HURD. Thank you, Mr. Chairman. And thank you for including our subcommittee on this important issue. Good afternoon to our witnesses today.

Yesterday was tax day in the United States, millions of Americans filled out their tax forms and sent a portion of their hard earned income to the Federal Government. In fiscal year 2015, the Federal Government spent \$3.7 trillion, which amounted to about 21 percent of the Nation's gross domestic product. That's about \$12,000 for every man, woman, and child in the United States. What are taxpayers getting for that investment in their government? Is the government spending their money wisely? Are there some programs that work well and should be expanded and others that are duplicative and should be eliminated?

The unfortunate reality is that the Federal Government's spending data is housed in disconnected and silo systems that use various unrelated formats, making those questions very difficult to answer. And the costs of our inability to accurately track Federal tax dollars are steep. Chairman Meadows mentioned the over 200 areas in the Federal Government where the GAO Duplication Report identifies areas of duplication, overlap, and fragmentation. Eliminating these areas of waste and duplication would save us approximately \$125 billion from 2010 to 2025.

The monetary cost is devastating, as is the cost of citizens losing trust and confidence in their own government. Government secrecy and corruption results in loss of trust from citizens, but so does general incompetence. That is why the DATA Act is so important. If implemented properly, the DATA Act will allow us to begin to untangle the web of Federal agency spending and start to restore trust between government and its citizens.

I thank the witnesses for their testimony today. I'm looking forward to working with them to effectively implement the DATA Act.

I yield back.

Mr. MEADOWS. I thank the gentleman for his comments.

The chair recognizes the ranking member of the Subcommittee on Information Technology, Ms. Kelly, the gentlewoman from Illinois, for her opening statement.

Ms. KELLY. Thank you, Mr. Chairman. And thank you to our witnesses for appearing on today's panel to discuss the administration's progress in implementing the DATA Act.

The act requires that agencies report spending data in a consistent way, which in turn will create opportunities to improve operational efficiency and oversight. The transparency that the DATA Act is designed to provide will help enhance accountability for agencies' spending decisions. Once implemented, the DATA Act will provide the public with Federal spending data that is accessible, reliable, and useable. Mr. Lebryk has stated at this committee, and I quote, better data leads to better decisions and ultimately a better government.

The Office of Management and Budget and the Department of Treasury have initiated multiple efforts to carry out the requirements of the DATA Act. I commend the way the administration has

embraced the act and worked diligently to set the executive branch on the right path.

The Department of Health and Human Services has taken a significant role in designing a plan to test the pilot program to streamline and reduce the reporting burden on grantees. I look forward to hearing more about their plans for the pilot, some of the potential outcomes, and the timeframe for results. However, the procurement portion of the pilot program, which intends to test areas for reducing the reporting burden on contractors, has taken a narrow approach, focusing on only one area in which contractor reporting be reduced.

In a report released today on the pilot program, GAO raised concerns with the design of the procurement portion and its ability to provide meaningful and useful data for effective testing of the pilot. GAO recommends that OMB clearly document how the procurement portion of the pilot will contribute to the DATA Act and requirements, and ensure the design reflects leading practices. It is important that congressional oversight helps ensure that the opportunity to reduce reporting burden and streamline areas of reporting is not missed during the implementation of the DATA Act.

The work of Congress does not end with the passage or oversight of the DATA Act. It is equally important that Congress provide sufficient resources for Federal agencies to make the necessary changes to implement the DATA Act and transform the collection and reporting of Federal spending data. I look forward to hearing from the witnesses.

I yield back.

Mr. MEADOWS. I thank the gentlewoman for her opening remarks.

And I will hold the record open for 5 legislative days for any member who would like to submit a written statement.

Mr. MEADOWS. We'll now recognize our panel of witnesses. And I'm pleased to welcome Ms. Michelle Sager, Director of Strategic Issues at the U.S. Government Accountability Office. Ms. Sager, it is our understanding that you are accompanied by your colleague from GAO, Ms. Paula Rascona, who has expertise that we may need during questioning.

Next we have the Honorable David Mader, controller at the Office of Federal Management—the Office of Management and Budget; Mr. David Lebryk, Fiscal Assistant Secretary of the U.S. Department of Treasury; and Mr. Michael Peckham, executive director of the DATA Act Program Management Office at the U.S. Department of Health and Human Services. Welcome to you all.

And pursuant to committee rules, all witnesses will be sworn in before they testify. And we will also swear in Ms. Rascona. So if you'd please rise and raise your right hand.

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

Thank you. Please be seated.

And let the record reflect that all witnesses answered in the affirmative.

And in order to allow time for discussion, we would appreciate it if you would please limit your oral testimony to 5 minutes. However, your entire written testimony will be made part of the record.

And so I will go ahead and recognize you, Ms. Sager, for 5 minutes for your opening testimony.

WITNESS STATEMENTS

STATEMENT OF MICHELLE SAGER

Ms. SAGER. Thank you. Chairman Meadows, Chairman Hurd, Ranking Members Connolly and Kelly, thank you for the opportunity to discuss GAO's ongoing work on DATA Act implementation. As we heard in your opening statements, DATA Act holds great potential, and I'd like to take just a moment to talk about that potential.

If fully and effectively implemented, the DATA Act holds the possibility of transforming what we know about Federal spending; that includes grants, contracts, and loans. This holds great potential for you and your work as policymakers considering appropriations and authorizations, for Federal agency officials trying to connect the dots about various programs, for your constituents, and for all of us as taxpayers trying to understand where the Federal dollars go. However, transforming this promise into a reality does require a very heavy front-end investment as well as leadership from OMB and Treasury in collaboration with their colleagues across the Federal Government.

In my statement today, I'd like to talk about some of the complex technical and policy issues that have already been addressed, and we acknowledge that these issues are ongoing. At the same time, there are a number of challenges that must be addressed in order to assure full and effective implementation.

I'd like to briefly highlight three specific areas: first, the data standards and the associated technical guidance; second, what Federal agencies are reporting as some of the challenges in their DATA Act implementation plans submitted to OMB; and then third, the current status of the design of the Section 5 pilot to reduce recipient reporting burden.

First with regard to the data standards, OMB and Treasury have made considerable progress in establishing data element definitions for reporting on Federal spending data. However, more complete and timely guidance is needed in order to ensure consistent and comparable reporting of high quality data. A lack of finalized guidance to date has slowed agencies' ability to operationalize the data standards and the technical schema. It is our understanding that additional guidance is forthcoming very soon, and we look forward to analyzing this guidance to follow up on the recommendations and findings from our January 2016 report.

Second, with regard to what Federal agencies are reporting as challenges in the implementation plans they began submitting to OMB in September of last year, continuing through January of this year, these challenges fall into a couple of main categories, and they include competing priorities, resources, systems integration, and guidance.

Agencies do also acknowledge that they have identified some potential mitigating strategies to mitigate these challenges, and these include effective communication, information sharing, and the opportunity to leverage existing resources. Agencies also reported that additional support from both OMB and Treasury is needed to ensure full and effective implementation.

Third, with regard to the pilot to reduce recipient reporting burden, as you noted in your opening statements, OMB has taken action to implement the pilot in two parts, one focused on grants and one focused on procurement. The Department of Health and Human Services has been designated as the executing agency for the grant portion of the pilot, while OMB leads the procurement portion along with the General Services Administration. We did find that if implemented according to HHS's proposed design, the grants portion of the pilot will likely meet requirements established under the act and does follow leading practices for effective pilot design. However, as you also noted and as we state in the report that we're issuing today, the procurement portion of the plan does not document how it will contribute to meeting the act's requirements as well as following leading practices for effective design of the pilot program. We are concerned that the design of the procurement portion of the pilot could hinder effective implementation.

GAO will continue to monitor OMB and Treasury's progress to address DATA Act recommendations, including those calling for a data governance structure, for developing a Federal program inventory, and for expanding two-way dialogue with stakeholders as implementation proceeds.

In conclusion, almost 2 years into the DATA Act's implementation, we are faced with a mixed picture. Given its governmentwide scope and complexity, effective implementation of the act requires sustained progress and attention to known policy and technical issues. Although progress has been made in several areas, the challenges that we in Federal agencies have identified could lead to inconsistent reporting and must be addressed in order to ensure full and effective implementation.

This concludes my prepared statement. I look forward to any questions. Thank you.

[Prepared statement of Ms. Sager follows:]



United States Government Accountability Office

Testimony
Before the Subcommittees on Government
Operations and Information Technology,
Committee on Oversight and Government
Reform, House of Representatives

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Tuesday, April 19, 2016

DATA ACT

Progress Made but Significant Challenges Must Be Addressed to Ensure Full and Effective Implementation

Statement of Michelle A. Sager
Director, Strategic Issues

GAO Highlights

Highlights of GAO-16-556T, a testimony before the Subcommittees on Government Operations and Information Technology, Committee on Oversight and Government Reform, House of Representatives

Why GAO Did This Study

The DATA Act requires OMB and Treasury to establish government-wide data standards and requires federal agencies to begin reporting financial and payment data in accordance with these standards by May 2017. The act also requires OMB to establish a pilot program to develop recommendations for simplifying federal award reporting for grants and contracts. GAO has an ongoing body of work examining implementation of different aspects of the DATA Act.

This statement focuses on the following questions: (1) What efforts have been made to develop government-wide standards and associated technical guidance? (2) What implementation challenges and mitigation strategies have been reported by agencies? (3) How effective is OMB's design of the Section 5 Pilot to reduce recipient reporting burden? The statement also provides an update on OMB's and Treasury's efforts to address GAO's DATA Act recommendations.

This statement is primarily based on two GAO reports issued in 2016, as well as ongoing work examining agency DATA Act implementation plans. For its work examining agency implementation plans, GAO reviewed 42 plans to identify reported challenges and mitigation strategies that could affect agency progress toward meeting requirements under the act. GAO also interviewed OMB and Treasury staff to update the status of prior open recommendations pertaining to the act. Treasury had technical comments, which GAO incorporated as appropriate; OMB had none.

View GAO-16-556T. For more information, contact Michelle Sager at (202) 512-6806 or sagerm@gao.gov. For information on DATA Act implementation plans, contact Paula Rascona at (202) 512-9816 or rasconap@gao.gov.

April 19, 2016

DATA ACT

Progress Made but Significant Challenges Must Be Addressed to Ensure Full and Effective Implementation

What GAO Found

The Office of Management and Budget (OMB) and the Department of the Treasury (Treasury) have taken some significant steps toward implementing the key provisions of the Digital Accountability and Transparency Act of 2014 (DATA Act); however, several challenges need to be addressed in order to successfully meet the act's requirements.

Data standards and technical schema. GAO reported in January 2016, that OMB and Treasury had issued standardized data element definitions for reporting federal spending, but the lack of key guidance has slowed the ability of agencies to operationalize the data standards. Specifically, OMB and Treasury had not yet released guidance to agencies regarding how some data elements should be reported in order to produce consistent and comparable data. For example, *Award Description*, defined as a brief description of the purpose of the award, led to different interpretations by agencies.

GAO also found that Treasury's technical guidance continues to evolve and lacks finality which may impede agency implementation. Treasury has issued several iterative versions of the technical schema that describes the standard format for reporting data elements. Each iteration results in revisions to the technical guidance which may adversely affect the timely implementation of the act. A finalized technical schema would provide agencies with a stable base from which to develop data submission plans and processes. According to Treasury officials, final draft guidance has been provided to agencies for comment.

Agency reported implementation challenges and mitigation strategies. GAO's ongoing review of required implementation plans submitted to OMB indicates that federal agencies have identified significant challenges in implementing the DATA Act including competing priorities, resources, systems integration, and guidance. Some agencies also identified strategies to mitigate identified challenges, including effective communication and information sharing and leveraging of existing resources, and reported that additional support from OMB and Treasury is needed for successful implementation.

Pilot to reduce recipient reporting burden. OMB has designed a pilot that consists of two parts focused on the grants and procurement communities. The Department of Health and Human Services (HHS) has been designated as the executing agency for the grant portion while OMB leads the procurement portion with support by the General Services Administration's 18F and others. If implemented according to HHS's proposed design, the grants portion of the pilot will likely meet requirements established under the act and will partially reflect leading practices for effective pilot design. However, the procurement portion does not clearly document how it will contribute to meeting the act's requirements nor does it reflect leading practices for effective pilot design.

Although progress has been made, GAO has been unable to close any DATA Act recommendations including those calling for establishing a data governance structure, developing a federal program inventory, and expanding two-way dialogue with stakeholders. GAO will continue to monitor OMB's and Treasury's progress to address its recommendations as implementation proceeds.

Chairmen Meadows and Hurd, Ranking Members Connolly and Kelly, and Members of the Subcommittees:

I am pleased to be here today to discuss the implementation status of the Digital Accountability and Transparency Act of 2014 (DATA Act) and to update you on our recent work regarding the progress that has been made to date as well as some key challenges moving forward.¹ This is a critical period for the implementation of the DATA Act, as its reporting requirements take effect government-wide in 2017. Congressional oversight during this time will play a vital role in helping to determine whether the act will fulfill its promise for shedding light on how federal funds are spent.

The Office of Management and Budget (OMB) and the Department of the Treasury (Treasury) have taken some significant steps since the May 2014 passage of the DATA Act. They issued standardized data element definitions, released an eight-step implementation plan to help agencies meet their reporting requirements, and designed a pilot for developing recommendations to reduce recipient reporting burden (Section 5 Pilot). Despite these accomplishments, continuing challenges will need to be addressed in order to successfully meet the act's requirements.

We have completed several reviews of DATA Act implementation. In July 2015, we testified before your subcommittees on the progress made and challenges that needed to be addressed in the first year following passage of the act.² In September 2015, we issued a report on preserving the capabilities of the Recovery Operations Center.³ In January of this year, we issued a report on the establishment of data standards under the

¹Pub. L. No. 113-110, 128 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). Among other things, the DATA Act requires OMB and Treasury to establish government-wide data standards and requires federal agencies to begin reporting financial and payment data in accordance with these standards by May 2017.

²GAO, *DATA Act: Progress Made in Initial Implementation but Challenges Must Be Addressed as Efforts Proceed*, GAO-15-752T (Washington, D.C.: July 29, 2015).

³GAO, *Federal Spending Accountability: Preserving Capabilities of Recovery Operations Centers Could Help Sustain Oversight of Federal Expenditures*, GAO-15-814 (Washington, D.C.: Sept. 14, 2015).

act.⁴ Today, we are releasing a report on the design of the Section 5 Pilot.⁵ We also have engagements underway to examine the DATA Act implementation plans submitted by federal agencies and to explore possible approaches for developing an inventory of federal programs as required by the GPRA Modernization Act of 2010 (GPRAMA).⁶ This inventory would assist in the implementation of the DATA Act consistent with its stated purposes.⁷ In addition, we will continue monitoring OMB's and Treasury's development of technical and operational guidance to agencies on the standardized data element definitions developed last year as well as the implementation of the Section 5 Pilot design. This oversight approach will allow us to meet the DATA Act requirements for us to issue reports in 2017, 2019, and 2021 assessing and comparing the quality of data submitted under the act as well as agency implementation and use of data standards.

We have coordinated closely with federal inspectors general to leverage information and avoid duplication of effort as they conduct reviews and develop audit guidance and practices. As part of this effort, we will continue to work with our inspector general colleagues to ensure that sufficient attention is being devoted to agencies' capacities to meet their responsibilities under the act.

My remarks today will address the following topics related to implementation of the DATA Act. Specifically, I will be discussing (1) what efforts have been made to date to develop government-wide standards and associated technical guidance, (2) the challenges and mitigation strategies associated with implementation reported by agencies, and (3) the effectiveness of OMB's design of the Section 5 Pilot to reduce recipient reporting burden. In addition, I will provide an update on prior

⁴GAO, *DATA Act: Data Standards Established, but More Complete and Timely Guidance Is Needed to Ensure Effective Implementation*, GAO-16-261 (Washington, D.C.: Jan. 29, 2016).

⁵GAO, *DATA Act: Section 5 Pilot Design Issues Need to Be Addressed to Meet Goal of Reducing Recipient Reporting Burden*, GAO-16-438 (Washington, D.C.: Apr. 19, 2016).

⁶31 U.S.C. § 1122(a). GPRAMA updated the Government Performance and Results Act of 1993 (GPRA). Pub. L. No. 103-62, 107 Stat. 285 (Aug. 3, 1993).

⁷One of the purposes of the DATA Act is to link federal contract, loan, and grant information to programs of federal agencies. DATA Act, § 2(1).

GAO recommendations relating to the DATA Act and their implementation status (see appendix I).

With the exception of our review of agency implementation plans, my testimony today is based on work that we have either previously issued or are issuing today.⁸ We used multiple methodologies to develop the findings, conclusions, and recommendations for those reports. Details on the objectives, scope, and methodology for each of these issued reports are available in the reports. For our ongoing review of agency implementation plans, we requested 51 implementation plans submitted pursuant to requirements of OMB Memorandum M-15-12, and we obtained 42 of the 51 implementation plans requested.⁹ Most of these plans were submitted to OMB in September 2015. Some agency implementation plans were dated as late as January 2016. We analyzed the 42 federal agency implementation plans to identify any reported challenges and mitigating strategies in their DATA Act implementation plans. We did not evaluate the quality of the information provided in the agencies' plans. To obtain an update on open recommendations relating to the DATA Act, we met with OMB and Treasury officials to discuss progress made on addressing our open recommendations. We provided a draft of this statement to Treasury and OMB. Treasury officials provided technical comments on the draft statement, which we incorporated as appropriate. OMB had no comments on the draft statement.

The work upon which this statement is based was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our

⁸See GAO-15-752T, GAO-16-261, and GAO-16-438.

⁹See OMB Memorandum M-15-12, *Increasing Transparency of Federal Spending by Making Federal Spending Data Accessible, Searchable, and Reliable* (Washington, D.C.: May 8, 2015). The agency implementation plans we requested are those OMB directed federal agencies to prepare. We identified 51 agencies to request implementation plans from, including the 24 Chief Financial Officers (CFO) Act agencies, 13 entities that have been identified by OMB and Treasury as significant to the U.S. government's financial report, and 14 smaller federal agencies. We received plans from all 24 CFO Act agencies, but we did not receive plans from (1) five entities that had determined that the DATA Act was not applicable to them, (2) two agencies that stated they did not prepare an implementation plan because they were using or relying on their shared service provider's implementation plan, and (3) two agencies that had not yet completed and submitted their plans to OMB.

findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

**Progress Made In
Establishing Data
Standards but More
Complete and Timely
Guidance Is Needed
to Ensure Effective
Implementation**

**OMB and Treasury Issued
Standardized Data
Element Definitions for
Reporting Federal
Spending Data, but More
Needs to Be Done to
Ensure Consistent and
Comparable Reporting**

In our January 2016 report on data standards we noted that by the end of August 2015 OMB and Treasury had issued a list of 57 standardized data elements.¹⁰ The DATA Act requires that these data standards—to the extent reasonable and practicable—incorporate widely accepted common data elements, such as those developed by international standards-setting bodies. Incorporating leading practices from international standards organizations offers one way to help reduce uncertainty and confusion when reporting and interpreting data standards. Well-crafted data element definitions are needed to ensure that a data standard produces consistent and comparable information. In our January 2016 report, we noted that these standardized data element definitions largely followed leading practices. We compared the standardized data elements against leading practices promulgated by the International Organization for Standardization (ISO)¹¹ and found that 12 of the 57 DATA Act data element definitions issued in August 2015 met all of the ISO leading practices and each of the remaining 45 definitions met no fewer than 9

¹⁰GAO-16-261.

¹¹The ISO, a standards-setting body composed of international experts in various fields of study, has developed 13 leading practices for formulating data definitions for the purposes of specifying, describing, explaining, and clarifying the meaning of data. For more information about these leading practices see GAO-16-261.

leading practices, meaning that even the lowest-rated data elements in our review adhered to almost 70 percent of the ISO leading practices.

While this demonstrates good progress, it will be important to clarify data elements that did not adhere to leading practices to reduce the risk that agencies inconsistently apply the definitions. Imprecise or ambiguous data element definitions may allow for more than one interpretation by agency staff collecting, compiling, and reporting on these data and thus could result in inconsistent and potentially misleading reporting when aggregated across government or compared between agencies.

For example, OMB and Treasury issued four data elements that collectively represent the concept of *Primary Place of Performance*.¹² The location or place of performance of specific grant, contract, or other federal spending has long been a data element collected by agencies. However, agencies have taken varied approaches to reporting place of performance information—sometimes describing where the funded activity takes place, sometimes the recipient of the product or activity, or sometimes the location of the administrative headquarters of the provider or a sub-entity. We reported that although the definitions standardize some of the mechanics of what *Primary Place of Performance* covers, such as city, county, state, and ZIP+4 codes, the definition still leaves room for differing interpretations that could result in agencies capturing and reporting this information differently.

In another example highlighted in our January report, we noted that OMB and Treasury standardized the definition of *Program Activity* as required by the DATA Act. This definition adhered to all 13 ISO leading practices, but we still had concerns regarding the use of this data element.

¹²The four *Primary Place of Performance* data elements are defined as follows: (1) *Primary Place of Performance Address*: The address where the predominant performance of the award will be accomplished. The address is made up of six components: Address Lines 1 and 2, City, County, State Code, and ZIP+4 or Postal Code; (2) *Primary Place of Performance Congressional District*: U.S. Congressional district where the predominant performance of the award will be accomplished. This data element will be derived from the *Primary Place of Performance Address*; (3) *Primary Place of Performance Country Code*: Country code where the predominant performance of the award will be accomplished; and (4) *Primary Place of Performance Country Name*: Name of the country represented by the country code where the predominant performance of the award will be accomplished. Although OMB and Treasury treat these as four discrete data elements, for the purposes of our discussion in this report we refer to them collectively as *Primary Place of Performance*.

Specifically, OMB's and Treasury's guidance on *Program Activity* acknowledged that program activities can change from one year to the next and that *Program Activity* does not necessarily match "programs" as specified in GPRAMA or the Catalog of Federal Domestic Assistance. In responding to this guidance, officials at the U.S. Department of Agriculture said that when program activities change it is difficult to compare spending over time, underscoring the need for more guidance to ensure that the public can accurately interpret *Program Activity* compared to the other common representations of federal programs.

We also raised concerns about OMB's efforts to merge DATA Act requirements with certain GPRAMA requirements. GPRAMA requires the Office of Management and Budget (OMB) to make information available about each federal program.¹³ A stated purpose of the DATA Act is to link federal contract, loan, and grant spending information to federal programs to allow taxpayers and policy makers to track federal spending. However, we have reported that initial efforts to develop the program inventory resulted in inconsistent definitions and significant information gaps.¹⁴ As a result, the inventory does not provide useful information for decision making. As we have previously testified before this committee, OMB needs to accelerate efforts to determine how best to merge DATA Act purposes and requirements with the GPRAMA requirement to produce a federal inventory of programs that meets congressional expectations that federal agencies provide useful and valid information for decision making on all federal government programs.¹⁵ To help address this issue, we have initiated new work to develop a framework that can inform OMB's and agencies' future efforts to develop a viable and useful federal program inventory.

To help ensure that agencies report consistent and comparable data, we recommended that OMB and Treasury provide agencies with additional

¹³31 U.S.C. § 1122(a). See GAO-15-752T.

¹⁴GAO, *Government Efficiency and Effectiveness: Inconsistent Definitions and Information Limit the Usefulness of Federal Program Inventories*, GAO-15-83 (Washington, D.C.: Oct. 31, 2014).

¹⁵Our annual reports on fragmentation, overlap, and duplication have found that the lack of a comprehensive list of federal programs makes it difficult to identify and address these issues. See GAO-15-752T and GAO, *Federal Data Transparency: Effective Implementation of the DATA Act Would Help Address Government-wide Management Challenges and Improve Oversight*, GAO-15-241T (Washington, D.C.: Dec. 3, 2014).

guidance that addresses potential clarity, consistency, and quality issues with identified data element definitions.¹⁶ While OMB generally concurred with our recommendation, it took the position that the requirement to standardize data elements applied only to the 11 account level data elements standardized in May 2015, and efforts to standardize the remaining 46 data elements were conducted pursuant to a larger policy goal to improve the quality of federal spending data reported on USAspending.gov. However, for reasons put forth in our January 2016 report, we concluded that both the statutory language and the purposes of the DATA Act support the interpretation that OMB and Treasury are required to establish data standards for award and awardee information in addition to the account level information. Without data standards for award and awardee information, the inconsistent and incomparable reporting that Congress sought to remedy through the DATA Act will continue.

In December 2015, OMB and Treasury posted a data dictionary on the Federal Spending Transparency website that provides additional information about how each data element is defined, the type of data to be reported (i.e., integer, alphanumeric, numeric), and how data elements relate to each other.¹⁷ This data dictionary also includes new data elements, which OMB said encompass additional detail required for or consistent with DATA Act reporting, such as finer breakdowns of reported values for *Obligations* and *Outlays*. Although this new guidance improves the clarity of the data definitions by providing additional context and detail, we are still concerned about both the lack of clarity with certain data definitions and the addition of new data elements that agencies are required to report.

In addition, OMB and Treasury still have not addressed data quality issues with some data elements. Our prior work identified data quality issues with certain data elements, such as *Award Description*, which OMB and Treasury defined as "a brief description of the purpose of the award." In our previous work on the data quality of USAspending.gov, we identified challenges with this data element, citing the wide range of

¹⁶GAO-16-261.

¹⁷OMB and Treasury established a DATA Act collaboration website to obtain input on the development of data standards. This website can be found at <http://fedspendingtransparency.github.io>.

information that agencies report as the description or purpose. Agencies routinely provided information for this data element using shorthand descriptions, acronyms, or terminology that could only be understood by officials at the agency that made the award. As we reported in 2010 and 2014, this lack of clarity can be traced, in part, to guidance which is unclear or leaves room for multiple interpretations.¹⁸ The lack of basic clarity for certain data elements could make it difficult for people outside the agency to understand the data and would limit the ability to meaningfully aggregate or compare these data across the federal government. We made recommendations to OMB in 2010 and 2014 and to Treasury in 2014 to improve the accuracy and completeness of *Award Description*, which have yet to be addressed. At that time, Treasury officials neither agreed nor disagreed with our recommendations, while OMB staff generally agreed with the recommendations stating that they were consistent with actions required under the DATA Act.

**Lack of Finalized
Technical Guidance Could
Impede Agency
Implementation of DATA
Act Requirements**

OMB and Treasury issued initial guidance to federal agencies in May 2015 on meeting the reporting requirements of the Federal Funding Accountability and Transparency Act of 2006 (FFATA), as amended by the DATA Act, in accordance with the new data standards.¹⁹ OMB and Treasury also issued a DATA Act Implementation Playbook and subsequent guidance which, among other things, specified eight key steps for agencies to fulfill their DATA Act requirements.²⁰

In our January 2016 report we raised concerns about the completeness and timeliness of the technical guidance OMB and Treasury developed to facilitate agency data submission. Treasury has issued several iterative versions of the technical schema that describes the standard format for reporting data elements including their description, type, and length, but has not made available a finalized schema that would provide agencies

¹⁸See GAO, *Data Transparency: Oversight Needed to Address Underreporting and Inconsistencies on Federal Award Website*, GAO-14-476 (Washington, D.C.: June 30, 2014) and GAO, *Electronic Government: Implementation of the Federal Funding Accountability and Transparency Act of 2006*, GAO-10-365 (Washington, D.C.: Mar. 12, 2010).

¹⁹OMB Memorandum M-15-12.

²⁰See GAO-16-261 for additional information on the specific guidance issued by Treasury and the implementation requirements set out for federal agencies.

with a stable base from which to develop data submission plans. OMB's and Treasury's DATA Act Implementation Playbook outlines eight specific steps and timelines for implementing the DATA Act at the agency level. However, the finalized guidance that would help agencies carry out these steps has not been provided in time to coincide with when agencies were expected to carry out key activities outlined in the DATA Act Implementation Playbook. Given the importance of having a largely stable schema to serve as the foundation for developing subsequent technical processes at the agency level, any significant delay in releasing finalized guidance will likely delay implementation of the act. Accordingly, we recommended that OMB and Treasury take steps to align the release of finalized technical guidance, including the DATA Act schema and broker, to the implementation time frames specified in the DATA Act Implementation Playbook. Treasury officials generally concurred with our recommendation, noting that they recognize the importance of providing agencies with timely technical guidance and reporting submission specifications.

Treasury issued its updated schema, now referred to as the DATA Act Information Model Schema version 0.7 on December 31, 2015, to include schema diagrams depicting how the data elements fit together in context. This new version builds upon previous work and incorporates additional A-11 data elements to the schema. In addition, it increases the level of detail required that we believe may have consequences for timely implementation by federal agencies. Finally, while many of these additional data elements are derivatives of data elements required under FFATA, A-11 or new data elements required under the DATA Act, it could substantially increase the amount of data agencies need to submit.

Although schema version 0.7 provides additional context for reporting using the new data standards, we continue to have concerns about the evolving nature of the technical specifications provided to agencies. For example, the previous version of the schema provided information on the allowed values that could be entered for each data element, such as DC for the District of Columbia. Version 0.7 of the schema removed information on allowed values, which could lead to inconsistent and incomparable reporting. However, Treasury officials told us that they have developed other methods to enforce these values. In responding to a draft of this statement, Treasury officials told us they provided final draft technical guidance to agencies for comment. In addition, they provided a copy of this guidance to us which we will review in future work.

Agencies Reported Significant Challenges and Identified Mitigating Strategies for Implementing the DATA Act; Addressing Them Will be Key to Successful Implementation

OMB and Treasury have issued data standards and provided guidance and feedback to federal agencies on their DATA Act implementation plans. However, our ongoing work in this area indicates that challenges remain and will need to be addressed to successfully implement the DATA Act government-wide. In May 2015, OMB issued Memorandum M-15-12, which among other things, directed agencies to develop implementation plans.²¹ OMB issued additional guidance to the agencies detailing what should be included in their implementation plans, and asking agencies to describe any potential difficulties or foreseeable challenges, such as competing statutory, regulatory, or policy priorities, which could hinder their implementation of the DATA Act.²² This guidance also encouraged agencies to provide suggestions to mitigate the challenges they foresee, help to manage costs, and support investment planning. Our ongoing review of the DATA Act implementation plans from the 24 Chief Financial Officers Act agencies as well as 18 smaller federal agencies,²³ dated between August 2015 and January 2016, provides insight into the challenges agencies face as well as the mitigation strategies they suggest to address them. Based on our preliminary results, we believe the challenges and mitigation strategies reported provide important insight as to the level of effort, communication, collaboration, and resources needed to successfully implement the DATA Act government-wide.

Challenges Reported by Agencies in their DATA Act Implementation Plans

Based on our preliminary results from our ongoing review of agency implementation plans, we identified seven overarching categories of challenges reported by agencies to effectively and efficiently implement the DATA Act. (See table 1.)

²¹Office of Management and Budget, *Increasing Transparency of Federal Spending by Making Federal Spending Data Accessible, Searchable, and Reliable*, OMB Memorandum M-15-12 (May 8, 2015).

²²Office of Management and Budget, *DATA Act Implementation Plans Guidance*.

²³The 18 smaller federal agencies included 7 of the 13 entities that have been identified by OMB and Treasury as significant to the U.S. government's financial report, and 11 smaller federal agencies.

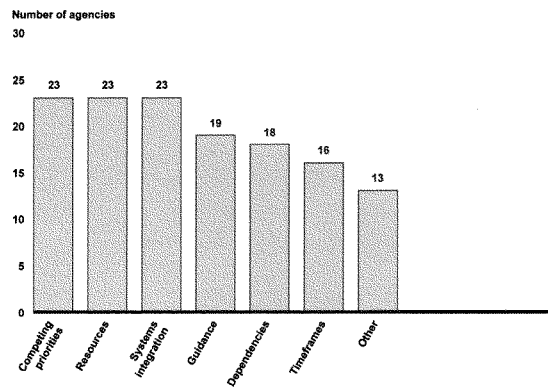
Table 1: Categories of DATA Act Implementation Challenges Reported by Agencies

Category	Description of reported challenges
Competing priorities	Statutory, regulatory, policy or other agency-specific matters that have competing priorities or conflicting requirements reported by agencies that may affect the agency's DATA Act implementation process.
Resources	Lack of funding or human resources reported by agencies as needed for implementation.
Systems integration	Technology issues including challenges with integrating multiple existing and disparate financial and management systems or the need to install new systems or modify existing systems to implement the DATA Act.
Guidance	Agency views that incomplete, unclear, and evolving guidance on requirements, including data elements, technical schema, and other key policies issued by OMB and Treasury and/or a lack of guidance provided impact agency DATA Act implementation.
Dependencies	Agency implementation activities that are dependent on other parties or actions being taken before the agency can proceed (i.e., additional guidance issued, resource limitations, financial systems being integrated, or resolution of competing priorities).
Time frames	Short length of time for agencies to implement DATA Act requirements.
Other	Other reported challenges by agencies relating to project or program management, reporting frameworks, and data issues.

Source: GAO analysis of agency implementation plans. | GAO-16-556T

The preliminary results of our review of the 42 agency implementation plans we received indicate that 31 agencies reported specific challenges some of which may overlap with multiple categories. Figure 1 shows that agencies reported challenges, most frequently in the following categories: competing priorities, resources, and systems integration.

Figure 1: Agency Reported DATA Act Implementation Challenges by Category



Source: GAO analysis of agency implementation plans. | GAO-16-556T

Competing priorities: Of the 31 agencies reporting challenges, 23 reported competing statutory, regulatory, or policy priorities which could potentially affect DATA Act implementation. One competing priority certain agencies reported is meeting requirements of OMB Circular No. A-11, which provides agencies with guidance on the budget process, including how to prepare and submit required materials for budget preparation and execution.²⁴ For example, one agency noted that the different timelines for OMB Circular No. A-11 requirements on "object class" and "program activity" reporting create competing priorities both for the agency's software vendors and for the agency's internal resources. The agency noted that staff with knowledge needed to understand and comment on new DATA Act data element definitions are the same staff required to work on the new Circular No. A-11 reporting requirements (e.g., technical revisions and clarifications). The agency added that its

²⁴Executive Office of the President, Office of Management and Budget, *Circular No. A-11: Preparation, Submission, and Execution of the Budget* (Washington, D.C.: June 2015).

ability to engage effectively on the DATA Act requirements while working to implement the Circular No. A-11 changes is severely inhibited.

Another competing priority some agencies reported is the data requirement set forth in the *Federal Acquisition Regulation* (FAR). Specifically, in October 2014 the FAR was amended to standardize the format of the Procurement Instrument Identifier (PIID) that must be in effect for new awards issued after October 2017.²⁵ The PIID must be used to identify all solicitation and contract actions, and ensure that each PIID used is unique government-wide for at least 20 years from the date of the contract award.²⁶ Some agencies reported they were concerned about the amount of effort involved in also implementing the PIID for the DATA Act. For example, one agency noted that it had implemented a standard PIID and developed processes and systems to handle the new identifiers to meet the FAR requirements, but the extent of any changes necessary to implement the PIID for the DATA Act, which also requires a unique identifier, is unknown. Another agency noted that this initiative and other agency initiatives will compete for many of the same resources, including subject matter experts.

Resources: Limited resources are another concern reported by 23 agencies in their implementation plans. Agencies frequently identified funding and human resources as needs for efficient and effective implementation. For example, one agency noted that the execution of its implementation plan is highly dependent on receiving the requisite funding and human resources as estimated in the plan, and the agency added that delays in securing additional resources for fiscal years 2016, 2017, and beyond will have a direct effect on its DATA Act implementation and schedule. Similarly, another agency pointed out that having insufficient funds for contractor support, managing the overall implementation, testing interfaces between systems, and addressing data mapping issues will pose a challenge for its entities and systems.

Some agencies also reported that human resources are key to successful DATA Act implementation. One agency reported it is concerned about the adequacy of its human resources, which could impair its ability to go beyond basic compliance with the DATA Act and added that this may

²⁵79 Fed. Reg. 61,739 (Oct. 14, 2014).

²⁶48 C.F.R. §§ 4.1600–4.1603.

prevent the agency from being able to address increased public inquiry and scrutiny of their data and operations. Specifically, the agency reported that resources are required for project management, data analysis, analytic expertise, data management, and training for financial inquiry and analysis. The need for subject matter experts, such as data architects, was raised as a challenge by another agency. Furthermore, one agency noted that the need to share limited resources for DATA Act implementation with other operational activities presents a significant challenge for their implementation strategy.

Systems integration: Systems integration is another pervasive challenge reported by 23 agencies in their implementation plans. Some agencies noted concerns about the ability of their systems to obtain and easily submit to Treasury all the data elements needed to implement the DATA Act, including the requirement to establish a unique award ID. For example, one agency reported that it does not have a systematic link to pull data from multiple systems by a unique award ID and it does not have an automated grants management system because the agency noted that it reports grants data manually using spreadsheets. This agency noted that it needs to replace its financial system and modify supporting systems to fully comply with the DATA Act. Another agency noted that five of the required data elements are not included in its procurement and financial assistance system. As a result, the agency noted that it will have to modify its system's software to include these elements in order to comply with the DATA Act. These statements from agency implementation plans indicate that, given the vast number and complexity of systems government-wide that are potentially involved in DATA Act implementation efforts, agencies may face a variety of challenges related to systems integration.

Guidance: In their implementation plans, 19 agencies reported the lack of adequate guidance as a challenge to implementing the DATA Act. Several agencies noted that they cannot fully determine how their policies, business processes, and systems should be modified to support DATA Act reporting because in their view, OMB and Treasury have not yet issued complete, detailed, finalized DATA Act implementation guidance on required data elements, technical schema, and other key policies. According to these agencies, issuance of such guidance is part of the critical path to meeting their implementation goals. For example, one agency noted that its implementation plan is highly dependent upon Treasury's development of the technical schema for DATA Act implementation. The agency also reported that any delays or changes to Treasury requirements in the technical schema will significantly affect the

agency's solution design, development and testing schedule, and cost estimate. Another agency included a list of unanswered questions in its implementation plan that it wanted OMB to address in guidance related to time frames, various technical requirements, level of reporting, linking systems, and tracking and reconciling data.

Dependencies: Eighteen agencies reported in their implementation plans that the completion of certain implementation activities is subject to actions or issues that must be addressed by OMB and Treasury in order for the agencies to effectively implement the DATA Act. Some agencies also noted that they were relying on their shared service provider's implementation of the DATA Act for agency compliance with the act.²⁷ For example, one agency noted that it will rely on its shared service provider to enhance its system, but funding may be restricted to enhance a system that the agency does not own. Another key dependency noted in one agency's implementation plan is the need for Treasury to provide detailed information or requirements regarding the data formats, validation module, error correction and resubmission process, and testing schedule. Without this information, the agency noted that it cannot provide complete cost estimates, determine changes to system and business processes, and determine the level of effort and resources required to develop the data submissions.

Time frames: In their implementation plans, 16 agencies identified time constraints as a challenge in implementing the DATA Act. For example, one agency noted that the time frame to get everything done indicated in the original guidance coupled with the complexity of the known issues makes it highly unlikely that its DATA Act initiative will stay on target. The agency also noted that there is no mitigation strategy for meeting the expected deadline on all aspects of the reporting because even if all tasks were worked concurrently, the schedule is not attainable for the agency. Another agency noted that the current reporting of award and awardee information to USASpending.gov is in accordance with FFATA. This information is reported within 3 days after the award was made for contracts and bi-monthly for financial assistance, while the DATA Act requires reporting of account-level information monthly where practicable but not less than quarterly. This agency noted that linking financial

²⁷ A shared service provider is a third-party entity that manages and distributes software-based services and solutions to customers across a wide area network from a central data center.

information with nonfinancial information that is reported with a different frequency creates a "moving target" and poses a challenge to linking the financial and nonfinancial data.

Other challenges: Agencies reported several other challenges in their implementation plans less frequently than the ones listed above. For example, a few agencies reported challenges related to the overall policies, procedures, and processes such as governance, risk management, and training. Some agencies also noted challenges related to the level of detail required for information and data required by the DATA Act that differ from existing financial reporting processes, including the ability to reconcile information and data to sources and official records. Finally, agencies reported concern with the quality and integrity of data in underlying agency systems and its effect on DATA Act reporting.

**Mitigation Strategies
Reported by Agencies in
their DATA Act
Implementation Plans**

Our preliminary results indicate that 26 agencies identified mitigation strategies to address challenges as suggested by OMB guidance. Some strategies discussed in the agency implementation plans address multiple challenges. Below are some of the more frequently cited and cross cutting mitigation strategies suggested by agencies in their implementation plans to address specific areas of concern.

Communication and information sharing: In their implementation plans, some agencies reported the need for frequent communication with OMB, Treasury, shared service providers, vendors, and other agencies in order to keep one another updated on their implementation activities, as well as to share best practices and lessons learned throughout the process. Agencies also suggested that reviewing other agencies' implementation plans for best practices, common challenges, and solutions would facilitate information sharing. For example, one agency pointed out that, in its view, lines of communication between Treasury and the agencies must be transparent to help ensure the submission of financial data is accurate and the process for submitting it runs smoothly. Another agency noted that it believes collaboration with other agencies to share common concerns will be beneficial.

Monitoring and development of guidance: In their implementation plans, agencies also discussed plans to closely monitor DATA Act implementation guidance in order to adapt agency implementation strategies as the guidance changes. For example, one agency noted that it will monitor and evaluate the release of DATA Act guidance as well as

data elements and technical schema in order to identify the effect on the project. Another agency noted that it plans to use its established governance structure to immediately facilitate solutions when additional guidance is provided. Further, some agencies discussed developing guidance and training materials for internal use. For example, one agency noted that it plans to create a common set of tools by establishing a "project management toolkit" for agency leaders to ensure DATA Act implementation needs are addressed efficiently and effectively.

Leveraging existing resources: To effectively use limited resources, some agencies noted in their implementation plans the importance of leveraging available systems and human resources by reassigning staff, using subject matter experts, and multitasking when possible to maximize efficiency. For example, one agency reported that it will leverage senior executive support to make the DATA Act implementation a priority and see what resources might be available in the "least expected places," as well as work on tasks concurrently. In addition, agencies reported the need to update systems to encompass more data elements and streamline reporting. For example, one agency reported that it plans to designate a Chief Data Officer to oversee a multi-tiered review of agency data and implement solutions for consolidating agency data.

Overall our preliminary work indicates that agency implementation plans contain valuable information on a variety of challenges in implementing the DATA Act, including a lack of funding, inadequate guidance, tight time frames, competing priorities, and system integration issues. Agencies reported working closely with internal and external stakeholders to address these challenges as effectively as possible, but also reported that additional support from OMB and Treasury is needed for successful implementation of the DATA Act.

**Section 5 Pilot
Presents Design
Issues that Need to
be Addressed to Meet
Goal of Reducing
Recipient Reporting
Burden**

In the report that is being issued today, we identified several design challenges involving the development of the Section 5 Pilot,²⁸ which the DATA Act required OMB to establish.²⁹ OMB created a two-part pilot that focused on two communities: federal grants and federal contracts (procurement). For grants, OMB designated the Department of Health and Human Services (HHS) to serve as its executing agent. On the contracting side, OMB's Office of Federal Procurement Policy (OFPP) is responsible for leading the procurement portion working with the General Services Administration's 18F and others.³⁰ OMB launched a number of pilot-related initiatives in May 2015 and expects to continue activities until at least May 2017.

²⁸GAO-16-438.

²⁹This pilot is intended to facilitate the development of recommendations to (1) standardize reporting elements across the federal government, (2) eliminate unnecessary duplication in financial reporting, and (3) reduce compliance costs for recipients of federal awards. FFATA § 5(b). Section 3 of the DATA Act amended or added several sections to FFATA, including FFATA's section 5 which contains the requirement for the Section 5 Pilot.

³⁰18F is an organization within the General Services Administration whose mission is to transform the way the government builds and buys information technology, with an emphasis on public-facing digital services. 18F is a fee-driven organization, largely operating under interagency agreements to provide services including consultation and design/build for digital services.

Design of Grants Portion of the Section 5 Pilot Is On Track to Meet DATA Act Requirements and Partially Adheres to Leading Pilot Design Practices

As the executing agent for the grants portion of the pilot, HHS has developed six "test models" that evaluate a variety of approaches to potentially reduce grantee reporting burden, including the development of a data repository for identifying common data elements and forms intended to eliminate duplicative reporting on Consolidated Federal Financial Reports.³¹ Detailed descriptions of the objectives and methodologies of each of these six test models can be found in our full report.³²

The DATA Act identifies three specific requirements related to the Section 5 Pilot's design. Specifically, the pilot must: (1) include data collected during a 12-month reporting cycle; (2) include a diverse group of recipients; and (3) include a combination of federal contracts, grants, and subawards with an aggregate value between \$1 billion and \$2 billion.³³ We found that if HHS effectively implements its stated plans for the grants portion of the Section 5 Pilot, it is likely that it will address these three requirements. HHS officials told us that they are still determining how to meet the requirement for total award value because they want to ensure the pool of pilot participants is as diverse and large as possible while still being legally compliant.

In addition, we found that the design of the grants portion of the pilot partially adhered to leading practices of pilot design. We assessed the designs of the grants and procurement portions of the pilot against

³¹The six test models HHS will develop and test include the following: (1) Common Data Element Repository (CDER) Library Part 1: an online repository for data elements and definitions that is intended to be an authoritative source for data elements and definitions; (2) CDER Library Part 2: a federal agency-only version of the CDER Library containing over 9,000 grants data elements that identifies which specific grant forms these data elements come from, so that users can see how many forms require the same data element and which agencies request that information; (3) Consolidated Federal Financial Report: a consolidated Federal Financial Report form to allow grantees to submit information once into one system rather than through multiple entry points; (4) Single Audit: combined grants forms related to the Single Audit; (5) Single Audit Common Notice of Award: a consolidated Notice of Award cover sheet for Single Audits; and (6) Learn Grants: an addition to the grants.gov website called "Learn Grants" to make it easier for stakeholders to search for, learn about, and apply for federal grants.

³²See appendix II of GAO-16-438.

³³FFATA, § 5(b)(3), (b)(2)(B), (b)(2)(A). The DATA Act also requires, to the extent practicable, that the pilot conducted to fulfill the requirements of section 5 include recipients who receive federal awards representing a range of programs and agencies. FFATA, § 5(b)(2)(C).

leading practices that we identified from our prior work and other sources regarding design of a pilot project (see textbox).

Leading Practices for Effective Pilot Design

- Establish well-defined, appropriate, clear, and measurable objectives.
- 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.
- 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.
- 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.
- Ensure appropriate two-way stakeholder communication and input at all stages of the pilot project, including design, implementation, data gathering, and assessment.

Source: GAO. | GAO-16-556T

Note: For additional information on these practices as well as the methodology used to identify them, see GAO-16-438.

Our analysis found that five of the six grants test models had clear and measurable objectives. In contrast, five of the six test models did not clearly articulate an assessment methodology. Only one test model had specific details about how potential findings could be scalable to be generalized beyond the context of the pilot. Furthermore, five of six grants test models provided some level of detail on how HHS plans to evaluate pilot results. Finally, HHS has engaged in two-way stakeholder communications for all six test models and has taken a number of actions to obtain input from grant recipients.

We provided our assessment of the design of the grants portion of the pilot to HHS officials, who told us that they generally concurred with our analysis and had updated their plan to address many of our concerns. However, at the time we were conducting our audit work, HHS officials said they could not provide us with the revised plan because it was under review by OMB. We have since received an updated version of the HHS plan for implementing the grants portion of the pilot. We plan to fully assess its contents and the extent to which it addresses our concerns in a forthcoming review that will focus on the pilot's implementation.

**Design of Procurement
Portion of the Pilot Needs
Attention**

The procurement portion of the pilot will focus on examining the feasibility of centralizing the reporting of certified payroll.³⁴ OFPP staff responsible for this portion of the pilot told us they decided to focus on certified payroll reporting because of feedback they received from the procurement community. Toward this end, the Chief Acquisitions Officers Council has entered into an interagency agreement with 18F to design a prototype system that would centralize certified payroll data, which it expects to test in summer 2016. This narrow focus on certified payroll stands in contrast to the grants portion of the pilot, where HHS will explore several areas in which grantee reporting burden could be reduced.

Based on our review, it is unclear how the design of the procurement portion will address the requirements set forth by section 5 of the act. As a result of design and development delays, OFPP does not expect to be able to collect meaningful and useful data for the procurement portion of the pilot until summer 2016. This is after May 9, 2016, the date by which data collection must begin to allow for a 12-month reporting cycle before the required termination date.³⁵ Further, we found that OFPP does not have a detailed plan for selecting participants that will result in a diverse group of recipients with awards from multiple programs and agencies. While there is some documentation related to OFPP's approach for selecting participants, they do not clearly convey how the procurement portion of the pilot would specifically contribute to meeting the act's requirement regarding diversity of participants. However, there is some documentation related to OFPP's approach for selecting participants in their draft procurement pilot plan and in a Federal Register notice issued on November 24, 2015.³⁶ For example, the draft plan identifies the Federal Procurement Data System-Next Generation as the mechanism

³⁴The Davis-Bacon Act requires contractors and subcontractors working on federally funded contracts in excess of \$2,000 to pay at least locally prevailing wages to laborers and mechanics. The act covers both new construction and the alteration or repair of existing public buildings and works. The Department of Labor sets prevailing wage rates for various job categories in a local area on the basis of periodic surveys it conducts of contractors, unions, public officials, and other interested parties. In addition to paying no less than locally prevailing wages, contractors for construction projects that are subject to the Davis-Bacon Act must pay their workers on a weekly basis and submit weekly certified payroll records. OFPP's pilot would test whether a centralized portal would simplify this reporting process.

³⁵The pilot is required to terminate 2 years after it is established. FFATA, § 5(b)(5). The pilot was required to be established on or before May 9, 2015. FFATA, § 5(b)(1).

³⁶80 Fed. Reg. 73,187.

that will be used for identifying which contracts and contractors to include in the pilot.³⁷ OFPP staff also told us that they intend to cover both large and small industries. While valuable information, it does not clearly convey how the procurement portion of the pilot would specifically contribute to meeting the act's requirement regarding diversity of participants. In our report being issued today, we recommend that OMB determine and clearly document how the procurement pilot will contribute to these requirements. OMB did not offer a view on this recommendation.

In addition, we found that the design of the procurement portion of the pilot did not reflect leading practices for effective pilot design which would help OMB develop effective recommendations to simplify reporting for contractors. OFPP staff told us that certified payroll reporting was selected as the subject of the pilot because they learned that it was a particular pain point for contractors as a result of various outreach efforts including a discovery process conducted by 18F to interview contractors, contracting officers, business owners, government employees, and subject-matter experts. However, the draft procurement plan does not provide specifics regarding the particular objectives and hypothesis that will be tested by the pilot. OFPP staff stated that, consistent with their view of agile practices, they intend to further refine their approach as 18F develops its prototype and additional work proceeds with the pilot. In addition, the draft plan did not address the issue of scalability necessary to produce recommendations that could be applied government-wide, nor did it indicate how data will be evaluated to draw conclusions. To enable the development of effective recommendations for reducing reporting burden for contractors, our report contains a recommendation that OMB ensure that the procurement portion of the pilot reflects leading practices for pilot design. OMB did not offer a view on this recommendation.

³⁷The Federal Procurement Data System-Next Generation provides information on government-contracting actions, procurement trends, and achievement of socioeconomic goals, such as small business participation. Since 1978, the system has been the primary government-wide contracting database and currently serves as the backbone for other contracting data systems such as USAspending.gov—a searchable database of information on federal contracts and other government assistance such as grants and cooperative agreements. For more information, see GAO, Federal Contracting: Observations on the Government's Contracting Data Systems, GAO-09-1032T (Washington, D.C.: Sept. 29, 2009).

In conclusion, almost 2 years into the DATA Act's implementation, we are faced with a mixed picture. Given its government-wide scope and complexity, effective implementation of the act requires OMB, Treasury, and federal agencies to address a range of complex policy and technical issues. Although progress has been made in several areas, we have identified challenges related to the standardization of data element definitions and the development of a technical schema that, if not addressed, could lead to inconsistent reporting. In their implementation plans, federal agencies have recognized these and other areas of concern including a lack of funding, inadequate guidance, tight time frames, competing priorities, and system integration issues. Finally, although OMB appears to be on track with the design of the grants portion of the Section 5 Pilot, we are concerned that the design of the procurement portion of the pilot could hinder further effective implementation.

Chairmen Meadows and Hurd, Ranking Members Connolly and Kelly, and Members of the Subcommittees, this concludes my prepared statement. I would be pleased to respond to any questions you may have.

GAO Contacts and Staff Acknowledgments

Questions about this testimony can be directed to Michelle A. Sager, (202) 512-6806 or sagerm@gao.gov. Questions about agencies' DATA Act implementation plans can be directed to Paula Rascona, (202) 512-9816 or rasconap@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this statement.

In addition to the contacts named above, Gary Engel (Managing Director); J. Christopher Mihm (Managing Director); Peter Del Toro (Assistant Director); Michael LaForge (Assistant Director); Kathleen Drennan; Shirley Hwang; Carroll Warfield, Jr.; Aaron Colsher; Charles Jones; Thomas Hackney; and Laura Pacheco made major contributions to this statement. Other key contributors include Mark Canter; Jenny Chanley; Robert Gebhart; Donna Miller; Diane Morris; Carl Ramirez; Andrew J. Stephens; and James Sweetman, Jr. Other members of GAO's DATA Act Working Group also contributed to the development of this statement.

Appendix I: Status of GAO's Open Recommendations Related to the DATA Act

Report	Recommendations	Implementation status
GAO-13-758 Federal Data Transparency: Opportunities Remain to Incorporate Lessons Learned as Availability of Spending Data Increases (September 2013)	The Director of OMB, in collaboration with the members of the Government Accountability and Transparency Board, should develop a plan to implement comprehensive transparency reform, including a long-term timeline and requirements for data standards, such as establishing a uniform award identification system across the federal government.	Open. Although the Office of Management and Budget (OMB) has worked with the Department of the Treasury (Treasury) and others to develop a long-term strategy to implement key transparency reforms including government-wide data standards required under the Digital Accountability and Transparency Act of 2014 (DATA Act), OMB staff told us that they do not plan at this time to pursue efforts to establish a government-wide uniform award identification system for financial assistance awards. While OMB staff agreed with the importance of having a uniform award identifier for grants for reporting under the American Recovery and Reinvestment Act (Recovery Act), the Council on Financial Assistance Reform could not make a strong business case for requiring it for reporting data to USAspending.gov. However, OMB staff noted that agencies are making progress towards implementing the unique Procurement Instrument Identifier uniform award identification system for contracts required under the Federal Acquisition Regulation Subpart 4.16 and OMB Memorandum M-15-12, and are on track to complete this transition by fall 2017. ¹
GAO-14-476 Data Transparency: Oversight Needed to Address Underreporting and Inconsistencies on Federal Award Website (June 2014)	1. To improve the completeness and accuracy of data submissions to the USAspending.gov website, the Director of OMB, in collaboration with Treasury's Fiscal Service, should clarify guidance on (1) agency responsibilities for reporting awards funded by non-annual appropriations; (2) the applicability of USAspending.gov reporting requirements to non-classified awards associated with intelligence operations; (3) the requirement that award titles describe the award's purpose (consistent with our prior recommendation), and (4) agency maintenance of authoritative records adequate to verify the accuracy of required data reported for use by USAspending.gov.	Open. OMB and Treasury are working to implement the DATA Act, which includes several provisions that may address these recommendations once fully implemented. OMB staff said they are still deliberating on agency responsibilities for reporting awards funded by non-annual appropriations. OMB staff noted that they have developed a Frequently Asked Question (FAQ) document addressing the applicability of USAspending.gov reporting requirements to non-classified awards associated with intelligence operations. We reviewed the FAQ and determined that it does not provide sufficient information for us to close this recommendation. OMB staff agreed that it will be important to clarify guidance on how agencies can report on award titles that appropriately describe the award's purposes and they intend to address this issue as they continue the data standardization process required under the DATA Act. A Treasury official told us that they agree with this

¹Office of Management and Budget, *Increasing Transparency of Federal Spending by Making Federal Spending Data Accessible, Searchable, and Reliable*, Memorandum M-15-12 (Washington, D.C.: May 8, 2015).

Report	Recommendations	Implementation status
GAO-14-476 <i>continued</i> Data Transparency: Oversight Needed to Address Underreporting and Inconsistencies on Federal Award Website (June 2014)		recommendation and expect information on authoritative data sources to be included in final DATA Act technical guidance to be made available in late spring 2016.
	2. To improve the completeness and accuracy of data submissions to the USASpending.gov website, the Director of OMB, in collaboration with Treasury's Fiscal Service, should develop and implement a government-wide oversight process to regularly assess the consistency of information reported by federal agencies to the website other than the award amount.	Open. As part of their DATA Act implementation efforts, OMB and Treasury staff told us that they have identified authoritative sources for data and are developing validation rules for spending information to be reported under the DATA Act. In addition, the inspector general community is working on standard audit methodologies to verify the accuracy and completeness of agency reporting. OMB and Treasury staff reiterated that the ultimate responsibility for the quality of data lies with the agencies. However, Treasury's broker service will provide an additional set of validation rules to further improve the quality of data submitted to USASpending.gov.
GAO-15-752T DATA Act: Progress Made in Initial Implementation but Challenges Must be Addressed as Efforts Proceed (July 2015)	1. To ensure that federal program spending data are provided to the public in a transparent, useful, and timely manner, the Director of OMB should accelerate efforts to determine how best to merge DATA Act purposes and requirements with the GPRAMA requirement to produce a federal program inventory.	Open. OMB staff told us that identifying "programs" for the purposes of DATA Act reporting would not be completed until after May 2017. However, they said they have convened a working group to develop and vet a set of options to establish a government-wide definition for program that is meaningful across multiple communities and contexts (such as budget, contracting, and grants).
	2. To ensure that the integrity of data standards is maintained over time, the Director of OMB, in collaboration with the Secretary of the Treasury, should establish a set of clear policies and processes for developing and maintaining data standards that are consistent with leading practices for data governance.	Open. A Treasury official told us that they are in the process of drafting recommendations for a data governance process that they expect to present to the DATA Act Executive Steering Committee with the goal of completing a process in June 2016 or as soon as practical.
	3. To ensure that interested parties	Open. OMB and Treasury staff told us that they are

Report	Recommendations	Implementation status
	concerns are addressed as implementation efforts continue, the Director of OMB, in collaboration with the Secretary of the Treasury, should build on existing efforts and put in place policies and procedures to foster ongoing and effective two-way dialogue with stakeholders including timely and substantive responses to feedback received on the Federal Spending Transparency GitHub website.	continuing engagement with federal and nonfederal stakeholders through presentations at conferences, roundtable discussions, monthly stakeholder calls, and other venues. They also noted that they have updated the website they use to solicit public comments to improve user access. We have requested documentation of the steps OMB and Treasury have taken to foster ongoing and effective two-way dialogue with stakeholders including timely and substantive responses to feedback.
GAO-15-814 Federal Spending Accountability: Preserving Capabilities of Recovery Operations Center Could Help Sustain Oversight of Federal Expenditures (September 2015)	1. To capitalize on the opportunity created by the DATA Act, the Secretary of the Treasury should reconsider whether certain assets—especially information and documentation such as memoranda of understanding (MOUs) that would help transfer the knowledge gained through the operation of the Recovery Operations Center—could be worth transferring to the Do Not Pay Center Business Center to assist in its mission to reduce improper payments. Additionally, the Secretary should document the decision on whether Treasury transfers additional information and documentation and what factors were considered in this decision.	Open. Treasury officials said that all appropriate assets, such as information and documentation from the Recovery Operations Center, have been transferred to the Do Not Pay Center Business Center. We requested a list of these assets as well as information on the process Treasury used to determine which assets to transfer. In commenting on a draft of this statement, Treasury provided some documentation regarding the transfer of assets. We will review this information.
GAO-16-261 Data Standards Established, but More Complete and Timely Guidance Is Needed to Ensure Effective Implementation (January 2016)	1. To help ensure that agencies report consistent and comparable data on federal spending, we recommend that the Director of OMB, in collaboration with the Secretary of the Treasury, provide agencies with additional guidance to address potential clarity, consistency, or quality issues with the definitions for specific data elements including Award Description and Primary Place of Performance and that they clearly document and communicate these actions to agencies providing this data as well as to end-users.	Open. OMB staff told us that they have a draft version of the clarifying guidance out for agency comment and plan to issue this policy guidance in spring 2016. In addition, OMB is planning to provide additional clarity to specific data element definitions by updating current reporting documents to be consistent with the new technical requirements.
	2. To ensure that federal agencies are able to meet their reporting requirements and timelines, we recommend that the Director of OMB, in collaboration with the Secretary of the Treasury, take steps to align the release of finalized technical guidance, including the DATA Act schema and broker, to the implementation time frames specified in the DATA Act Implementation Playbook.	Open. Treasury officials told us that a stable draft version 1.0 of the reporting submission specification, which is part of the DATA Act Information Model Schema, has been shared with agencies for comment. It will be finalized as soon as possible. Treasury officials said they will finalize the broker once a stable version of 1.0 of the schema is complete.

Source: GAO summary of statements from OMB and Treasury staff. | GAO-16-556T

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Mr. MEADOWS. Thank you, Ms. Sager.
Mr. Mader, you're recognized for 5 minutes.

STATEMENT OF THE HONORABLE DAVID MADER

Mr. MADER. Thank you, Chairman Meadows, Ranking Member Connolly, Chairman Hurd, and Ranking Member Kelly, and members of the subcommittees. I appreciate the opportunity to be back here. As you recall, Mr. Lebryk and I were here in July of 2015 to talk about the progress we had made on sort of almost the first anniversary of the DATA Act. What we'd like to do this afternoon is talk a little bit about the progress that we've made since we were last here.

What I'd like to do is talk a little bit about the accomplishments over the last 9 months. First, we established the data definition standards for 57 data elements required under the DATA Act. And I do acknowledge the comment from GAO that this is an ongoing effort. We are really going to be looking on a forward-going basis at all the data elements, because we agree with the concern about how agencies understand the definition and then actually apply it so that the descriptors that are in USAspending accurately represent the spending.

Second, we've provided additional guidance to the agencies on the initial guidance that was issued in May of 2015. In December of this past year, 2015, I issued an OMB controller alert that actually emphasized and provided some additional direction to that previous guidance.

Third, as part of the President's fiscal year 2017 budget proposal, we did actually receive implementation plans, which GAO has reviewed and commented on. It's also to note that in the President's 2016 budget, we asked for a total of \$92 million to implement the DATA Act. If you recall, when the legislation was passed, CBO actually scored it at about \$300 million for the full implementation. Unfortunately in the 2016 President's budget, of the \$92 million that we asked for, only \$31 million of it was appropriated, \$25 million of that going to the Treasury Department, and rightfully so, because of the expansive role that they play in implementing this act, so that basically left about \$6 million for three other agencies. In my written testimony in exhibit B, you'll see a table of both 2016 as well as 2017.

Fourth, OMB has continued to support Treasury in their iterative approach in developing the data schema, which I think we all recognize is key to successful implementation. I want to note, and I know my colleague is going to talk more extensively on this, that the approach that Treasury took and that OMB endorsed was basically an agile, or iterative, approach, so over the course of the last year, agencies actually saw at least four versions of the data schema, and this allowed them to begin to actually develop implementation plans. If we had taken sort of the traditional waterfall approach, what we would have been waiting for is actually the final guidance. So the fact is that we've actually, over the past year, been sharing with agencies the progress that we've made on the design.

Lastly, I want to comment on the continued outreach that we have had both with Federal agencies as with stakeholders as well, external stakeholders. We have had extensive conversation both with stakeholders in and outside of the government, and our commitment is, as we move into this last year of implementation, we'll continue to have that exchange and dialogue.

I'd like to talk now about the critical nature of the next year. First, it's important, and my colleague from GAO has testified to that, that OMB and Treasury move forward on the release of their documents; respective for OMB is the final implementation guidelines, and for Treasury, it's the data schema. I'm pleased to say that by the end of April or very early May, both of those documents will be issued in final, but, again, I want to emphasize that both for the schema as well as for the guidance, agencies have been working with us all along.

Second, tracking the agency progress to implement, Dave Lebryk and I last week, kicked off an initiative to do readiness reviews of each of the agencies, each of the 24 agencies that are covered by the DATA Act. We are personally leading these efforts, and last week we completed two, Department of Interior, Department of Energy, and actually tomorrow we're doing Transportation. We're going to continue to work with the agencies in updating their plans and milestones. Once all of the guidance is finalized, in the last week or two, agencies will begin working on implementing the revised plans.

I think we are making progress and I am interested in continuing to work with the Congress in securing the resources that we need to fully implement the Act. I look forward to your questions. Thank you.

[Prepared statement of Mr. Mader follows:]

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**Testimony of David Mader
Controller,
Office of Management and Budget
before the
House Committee on Oversight and Government Reform
Subcommittee on Information Technology and
Subcommittee on Government Operations
United States House of Representatives
April 19, 2016**

Chairman Hurd, Ranking Member Kelly, Chairman Meadows, Ranking Member Connolly, and Members of the Subcommittees, thank you for inviting me to today's hearing to discuss our progress toward implementing the Digital Accountability and Transparency Act of 2014 (DATA Act). As you may recall, we were last here on July 29, 2015 to discuss this very important initiative.

Successful implementation of the DATA Act is crucial to creating a 21st century government that is held accountable for effectively serving the American people. With implementation of the DATA Act, the public will have on-demand access to consolidated standardized Federal spending information on a single website. In addition to providing greater transparency to stakeholders, this data will serve as a vital tool in assisting the Federal government's management decisions and also spurring innovation at the state and local level, as those entities will better understand the full extent of Federal spending in their respective jurisdictions. Furthermore, transparent, open data will empower entrepreneurs, community leaders and others to create solutions that address the shared and unique challenges of communities across the country. Equally important, increased transparency will foster a richer dialogue between the executive and legislative branches and the citizens they serve by providing all Americans the ability to see how agencies are spending Federal tax dollars.

The DATA Act requires that standardized appropriations account and Federal award spending data be published on USASpending.gov or a successor website by May 2017. Additionally, the Act directs OMB to pilot new approaches to reducing the reporting burdens faced by Federal contract and grant recipients and capture results over the course of two years. With our partners at the U.S. Department of the Treasury (Treasury) to standardize spending data, and with the assistance of the U.S. Department of Health and Human Services (HHS) and the U.S. General Services Administration (GSA) for our work to address reporting burden, we

have made significant progress in meeting these statutory requirements over the course of the past two years.

Progress Since July 2015

When Dave Lebryk and I last testified in front of this Committee, we discussed the release of OMB's May 2015 policy guidance (M-15-12 "Increasing Transparency of Federal Spending by Making Federal Spending Data Accessible, Searchable, and Reliable") and the issuance of a series of data definitions pursuant to DATA Act requirements, both of which require agencies to take several steps to improve data quality. We also discussed the release of Treasury's Agency Playbook to assist agencies with implementing the DATA Act and the launch of the DATA Act Section 5 pilot to simplify Federal award reporting.

Today, I will provide updates on these efforts as well as detail the significant progress we have made in the past nine months towards helping Federal agencies effectively comply with the DATA Act. Key efforts and milestones include:

1. *Established data definition standards for 57 data elements required under the Federal Funding Accountability & Transparency Act (FFATA) and the DATA Act.* On August 31, 2015, OMB issued final data definition standards required under FFATA and DATA Act. Establishing clear data standards is essential to enabling apples to apples comparisons of agencies' spending data. These standards, which were developed through extensive engagement with public and private stakeholders, will improve the quality and comparability of data across agencies by ensuring consistent government-wide reporting of financial data elements. Since the completion of the definitions, we have updated the public whitepapers, which are published on the Federal Spending Transparency DATA Act Collaboration Space site, to assist the Federal community and the public's understanding of the details and methodology of this standardization process. The site uses an open source tool for online collaboration to help make it easier for industry experts and the public to participate in the process.
2. *Provided additional guidance to agencies to clarify implementation of data definition standards.* On December 4, 2015, I issued additional guidance to bring attention to and provide more clarity on M-15-12. This document (1) reiterated the requirement for agencies to adopt the data standards by May 2017 and (2) clarified the requirement for agencies to implement the Award ID linkage in their financial and management systems. Additionally, the guidance provided information on how agencies shall implement increased transparency requirements – beyond the requirements of the DATA Act – to identify the specific agency office responsible for each and every Federal award.
3. *Formulated FY 2017 President's Budget to support DATA Act implementation.* Of the \$92 million requested for 17 agencies in the FY 2016 President's Budget, Congress appropriated one third of this requested amount, or \$31 million. This total includes \$25 million for Treasury to support government-wide implementation and less than \$6 million for implementation across three other Federal agencies.

Notwithstanding the lack of full funding in FY 2016, OMB and Treasury spearheaded the crosscutting effort to identify funds needed to support DATA Act implementation in the upcoming FY 2017. OMB Memorandum M-15-12 required agencies to submit DATA Act implementation plans to OMB concurrent with agencies' FY 2017 Budget Requests, to identify agency resource needs. In the summer of 2015, OMB provided additional guidance to agencies on developing their implementation plans to support budget requests.

Based on these plans, the President's FY 2017 Budget supports \$55 million to implement the DATA Act specific activities, including funding for Federal Shared Service Providers to make the necessary changes on behalf of their client agencies. In addition to the \$55 million for DATA Act specific implementation needs, agencies included funding for DATA Act activities within their base budgets as part of IT modernization efforts or other ongoing efforts. In total, the President's FY 2017 Budget reflects an estimated \$105 million on activities in support of the DATA Act implementation in FY 2017 for 19 agencies.

To realize the shared goal of DATA Act implementation, we must have Congress' recognition that these resources must be appropriated to support this initiative.

4. *Supported Treasury Efforts to Issue Interim Technical Reporting Guidance.* Consistent with the agile and iterative approach of operationalizing the DATA Act requirements, Treasury has released four drafts of technical guidance for agency review and comment. OMB has worked with Treasury, with the goal of ensuring that the final technical guidance aligns with existing policy.
5. *Finalized methodology for Section 5 Pilot and additional areas for testing.* Section 5 of the DATA Act requires OMB to design and execute a pilot to reduce recipient reporting burden for Federal contractors and grantees. To gather recommendations for easing reporting for recipients of Federal contracts and grants, OMB is conducting the pilot with two primary focus areas, grants and contracts, to address the unique burdens faced by each group.

Following the launch of the Section 5 pilot in May 2015 we have continued to make significant progress on both the contracts and the grants pilot tracks. To identify and test opportunities to reduce contractor burden related to reporting under the Federal Acquisition Regulation (FAR), we have worked to prototype and develop a central reporting portal. The pilot is intended to test if centralized reporting of certain FAR requirements, which are currently collected through various mechanisms could greatly decrease burden while still meeting statutory, regulatory, and management requirements. This pilot will not only provide insight into the efficacy of such centralized reporting but will also serve as a test case for scaling this capability in the GSA Integrated Award Environment.

OMB has engaged HHS to be the executing agent of the grants portion of the pilot. In collaboration with HHS and with the input of external stakeholders and advocacy groups, we have identified 6 test models for the grants pilot track. Each of these models will test tools or streamlined processes for reducing grantee burden. Together with HHS, we have already begun holding focus groups to collect feedback on the proposed burden-reducing solutions and continue to be on track to satisfy the DATA Act's pilot requirements.

6. *Continued outreach to Federal and external stakeholders.* In collaboration with Treasury, OMB has facilitated workshops for agencies and Federal Shared Service Providers, provided monthly updates to external stakeholders, and engaged Federal partners by soliciting feedback on drafts of the guidance from the CXO community. This ongoing engagement is crucial to the successful implementation of the DATA Act and consistent with our approach over the last two years.

In addition, we have also worked with the Federal grants community to review the existing grants management policies under the Uniform Guidance in order to have any necessary changes or technical corrections to the Uniform Guidance required for DATA Act compliance completed in a timely manner.

The Work Ahead: Upcoming Milestones

For successful DATA Act implementation, vital steps are required to support agency implementation by the statutory deadline. Over the coming weeks and months, we are committed to:

- Releasing an OMB policy memorandum providing additional implementation guidance and collaborating with Treasury to finalize its technical guidance. These guidance documents will be instrumental to help ensure that agencies report consistent and comparable data on Federal spending by early May. It should be noted that OMB and Treasury have worked with agencies in the development of this guidance and that agencies have begun to work to implement DATA Act requirements in line with these upcoming policy determinations.
- Tracking agency progress against implementation plans through May 2017. Dave Lebryk and I are personally leading readiness review teams to assess the state of readiness for each cabinet level agency. We have completed the initial two visits— at the Departments of Interior and Energy— with additional agency meetings to be held over the next month.
- Collaborating with the Treasury team, Federal agencies, and non-Federal stakeholders to build on the lessons learned from the USAspending.gov beta site to improve the display of the data.

Beyond the DATA Act: Ongoing Work in Support of Aligning Federal Spending to Programs

The successful implementation of the DATA Act has been and continues to be one of OMB's and my personal highest priorities, requiring the allocation of staff and financial resources to support this effort during a time of significant budgetary constraints. We are working now to implement the statutory requirement to report spending data at the program activity level. With the foundation of successful DATA Act implementation and using this program activity data, OMB will continue our work to enhance the completeness and utility of the Federal program inventory required under GPRAMA and aligning these programs to Federal spending. This is important work; defining and aligning the spending information we will display under the DATA Act to different Federal programs will make both of these sources more useful to Congress and the public. As GAO has noted, a comprehensive program inventory could allow for OMB and other stakeholders to identify and resolve crosscutting issues as well as make it easier to review programs to ensure they are not fragmented, overlapping, or duplicative. We plan to request a meeting in the near future with GAO to discuss our thinking around an approach and seek their feedback.

As I testified last summer, OMB is committed to this work. Over the past nine months, we have taken steps to chart the course for further work to define and catalog Federal programs in a comprehensive program inventory. These actions include the establishment of cross-council advisory group, with participation from existing Management Councils. This group has begun developing options to align Federal spending to programmatic areas, leveraging the work done to prepare for DATA Act implementation. In addition, we have been working with experts, such as the U.S. Digital Services team and GSA's digital consultancy within government, 18F, to identify the most technologically efficient and effective mechanisms to pull together these massive amounts of data that exist across the Federal government and apply data analytics for data-driven decisionmaking.

As we complete this preliminary planning, we will continue to work with our partners in the wider Federal community, as well as with Congress, GAO, recipients of Federal funds, industry, the open government community, and other external stakeholders, to land on the best approach to align spending to Federal programs, and ultimately, make better decisions in service of the American people.

Conclusion

Over the last nine months, we have made significant process to implement the DATA Act and realize the shared goal to improve the timeliness, reliability, and accessibility of Federal spending data. Moving forward, we will continue to build on this progress and maintain the strong collaboration with our Federal and non-Federal partners. Successful implementation will also require Congress' full support of the Administration's budget request for this effort. The Congressional Budget Office (CBO) estimated that the DATA Act would cost \$300 million from FY 2014 to 2018. Without necessary funding, agencies will face challenges to realize the vision of Federal spending transparency under the DATA Act. We will work closely with Congress to ensure that sufficient resources are made available for this important effort.

We look forward to working with this Committee to not only meet the statutory requirements of the DATA Act, but also achieve further efforts to transform and improve transparency of Federal spending and program information for Congress and the American people. Thank you for the opportunity to testify today and I look forward to answering your questions.

Appendix A
Artifacts for DATA Act Implementation

Artifact	Link to Artifact
USAspending.gov	https://www.usaspending.gov/
Federal Spending Transparency DATA Act Collaboration Space	https://fedspendingtransparency.github.io/
M-15-12 "Increasing Transparency of Federal Spending by Making Federal Spending Data Accessible, Searchable, and Reliable" May 8, 2015	https://www.whitehouse.gov/sites/default/files/omb/memoranda/2015/m-15-12.pdf
Treasury Data Act Playbook Summary	https://www.usaspending.gov/Documents/Summary%20of%20DATA%20Act%20Playbook.pdf
Final 57 data definition standards August 31, 2015	http://fedspendingtransparency.github.io/data-elements/
Controller Alert to provide more clarity on M-15-12 December 4, 2015	https://cfo.gov/controller-alerts/
FY 2017 President's Budget February 9, 2016	https://www.whitehouse.gov/omb/budget/Overview
Treasury Draft Technical Reporting Guidance Data Model (Draft v0.7) December 31, 2015	http://fedspendingtransparency.github.io/data-model/
Section 5 Pilot Resources	http://www.hhs.gov/about/agencies/asfr/data-act-program-management-office/section-5-grants-pilot/index.html https://www.usaspending.gov/Pages/Data-Act.aspx https://cxo.dialogue2.cao.gov/a/pages/data-act-resources https://www.federalregister.gov/articles/2015/11/24/2015-29896/information-collection-simplifying-federal-award-reporting

Appendix B
DATA Act Requested and Enacted Funding

The table below summarizes DATA Act-related funding information for FY 2016 and FY 2017 (in millions).

Federal Department or Agency	FY 2016 President's Budget	FY 2016 Appropriations	FY 2017 President's Budget
Department of Agriculture	\$3	\$0	\$3
Department of Defense	\$2.8	\$2.8	\$0
Department of Energy	\$3	\$0	\$3
Department of Education*	\$3.3	\$0	\$0
Department of Health and Human Services	\$10.32	\$0	\$10.32
Department of Homeland Security	\$1.2	\$1.2	\$0
Department of Housing and Urban Development*	\$0	\$0	\$0
Department of the Interior	\$10.5	\$0	\$10.2
Department of Transportation	\$3	\$0	\$4
Department of the Treasury (Agency-specific and ARC)	\$0	\$0	\$6.2
Department of Veterans Affairs	\$0	\$0	\$1.36
Environmental Protection Agency	\$5.5	\$0	\$2.28
General Services Administration*	\$3	\$0	\$0
National Aeronautics Space Administration	\$12.7	\$0	\$0
National Science Foundation*	\$2.9	\$0	\$0
Nuclear Regulatory Commission	\$0.7	\$0	\$0
Small Business Administration*	\$2.5	\$0	\$0
Social Security Administration	\$1.4	\$1.4	\$0
Executive Office of the President*	\$1	\$0	\$0
Department of the Treasury DATA Act PMO (Operates Government-wide System)	\$25.3	\$25.3	\$14.5
Total	\$92.12	\$30.70	\$54.86

* Denotes that FY 2017 President's Budget and/or FY 2017 Congressional Justifications do not explicitly state funding for DATA Act in FY 2017, but language in both/either implies that allocated monies will go towards implementation of DATA Act.

- Due to the timing of passage of the Act in relation to the budget cycle, the first funding requested for this Act was included in the FY 2016 President's Budget.
- Of the \$92.12 million requested for 17 agencies FY 2016 President's Budget, \$30.70 million was appropriated to four agencies in FY 2016 of which \$25.3 million is for Treasury to support government-wide implementation. As mentioned in previous OMB testimony, the lack of resources dedicated to agencies' DATA Act implementation efforts is a risk to agencies' implementation timeline.
- The total funding request in the FY 2017 President's Budget is approximately \$55 million.

- OMB included DATA Act as a management priority for agencies in the guidance for development of the FY 2017 President's Budget. This provided many agencies the opportunity to include funding for DATA Act activities within their budget submissions as part of IT modernization efforts or other ongoing efforts without specifically mentioning DATA Act in their funding justifications. Based on investments that both support agency IT modernization or other ongoing efforts, that may also support DATA Act implementation, total dollars to support DATA Act implementation is estimated to be \$105 million in FY 2017 (of which approximately \$55 million is funding dedicated specifically to DATA Act implementation).

Mr. MEADOWS. I thank the gentleman for his testimony.
Mr. Lebryk, you're recognized for 5 minutes.

STATEMENT OF DAVID A. LEBRYK

Mr. LEBRYK. Chairman Meadows and Ranking Member Connolly, Chairman Hurd, and Ranking Member Kelly, thank you.

I would just echo what Dave has said is, both he and I have been very personally committed to making sure that the DATA Act is implemented in the spirit that Congress intended it to.

This really is an important piece of legislation. I think it's not an understatement to say it has the ability to really transform the way government functions. We have a responsibility to taxpayers to be good stewards of their money, and the DATA Act, I really do believe, truly will make, you know, better data, better decisions, better government, and that will save taxpayers money.

As we get better insights into what we're trying to do as a government and the programs that we have, the DATA Act, I think, is a really foundational piece to that better future for government.

Treasury was established over 225 years ago, and we were established to sort of make sure we were accounting for government money, and Alexander Hamilton issued the first monthly Treasury statements to Congress in 1789, and we've been doing that every month since. We also issue something called the Daily Treasury Statement and the Financial Report of the United States Government, and while those are good and interesting documents, the DATA Act actually allows people to see data more specifically as it relates to decisions on a day-to-day basis. And so this evolution is a very important one, I think one that will really, again, very much improve the way government functions.

I will focus a little bit on Treasury's responsibilities with respect to three elements of the act: one is the schema, and I'll talk about that in a second about what that means; the broker; and then ultimately the newly designed USAspending Web site.

Critical in the discussion of those three elements picks up on some points that Dave made. When we approached the design of these efforts, we did it with an agile user-centric approach. Traditionally, in my experience 25 years of government, when government takes on a technology project, quite often what we do is we sit down and we think about what the functional requirements are and then we go off into a corner and we build that system and then we kind of release it in a very linear fashion. This idea here was that we want to make sure that we were doing quick releases and agile releases so that we knew if we were going to fail fast, that we knew that if something wasn't working, we could get input and feedback from users and from a variety of communities to make sure we could make those adjustments, and this has proven critical with respect to the schema.

The schema, kind of in plain language, is we've—we—Dave mentioned the 57 data elements that we identified. Well, we're actually collecting more than 57, because to get that full picture of Federal spending, you need more than 57, and as a result of that, you need to ask agencies, where are you going to get that information? And the approach that we took was a mapping and extraction process.

Rather than building a new big system of sort of a big database, we sort of identified this and philosophically said we need to find out where the good data exists in the Federal Government, tag that data, extract it, and then be able to present it.

The schema is about taking those 57 data elements as well as the other elements to round out that life cycle picture of Federal spending and then to organize it. And we've identified that seven files need to be submitted to the broker. The broker accepts those files, and then kind of validates them, and ultimately then prepares them, presented to the public under the USAspending Web site as it goes forward.

We issued the first schema in March of last year, version .2, and we've issued four iterations of it since then. So while in December of this—we were hoping at December we would have a finalized version. We submitted—we issued version .7 in December. And that version really pretty much kind of rounded out the picture. In late March we issued version .1, and we closed the comment period in the beginning of April. As Dave mentioned, we're expecting to finalize the final version at the end—in the next several weeks. Agencies have had the opportunity to see that schema, they know exactly what's in it.

We've also done something called a prototype broker, which is allowing the agencies to come into our sandbox to take that data and test it against the broker to make sure that they can validate whether the data is good or not. As a result, agencies are further along than they would be in a linear sort of waterfall kind of approach by using the agile process.

So, you know, this gives us better confidence. And the discussions that Dave and I have had with agencies, the agencies are—have done the kinds of things that they need to do to get ready. And there are certainly challenges going forward, I don't want to underestimate those challenges, but Dave and I are both very much committed to ensuring that we're keeping on top of where the agencies are and making sure that we understand what impediments there are and facilitating the implementation the best we can.

Treasury has established something called a Program Management Office, which is designed to actually follow through on a regular basis with the agencies to help them. We did an eight-step playbook, telling the agencies you need to do these certain things in order to get ready. Agencies have been following that playbook, and so I think that that gives me confidence that we're very much on the right path.

[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 Information Technology and
Subcommittee on Government Operations
United States House of Representatives
April 19, 2016**

Chairman Hurd and Ranking Member Kelly of the Subcommittee on Information Technology, and 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).

More than 225 years ago, the Department of the Treasury was established to collect, safeguard and disburse public money and account for its collections and payments. We published the first Monthly Treasury Statement in 1789 and over time we have expanded our work to include the Daily Treasury Statement and the Financial Report of the U.S. Government. And now, Treasury is working to improve transparency for all federal spending through the implementation of the DATA Act.

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. 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. We believe that better data leads to better decisions and ultimately a better government.

By May 9, 2017, Treasury, in consultation with OMB, is required to expand the award-specific information currently posted on USASpending.gov to also include summary-level agency spending data. To accomplish this, agencies will be required to link their agency-level spending data with their contract, grant, loan, and other award data. Treasury will be required to provide the public with a comprehensive view of federal spending by collecting these data from agencies and displaying the information online. Today, I will give you an update on our efforts to meet these requirements.

Implementation Approach

I have been in the federal government for more than 25 years – and generally, when we approach an information technology project implementation we begin with a few traditional steps. First,

requirements are issued, then a multi-year process would begin to work on the new system or website that needs to be developed – and you then define the entire scope of the project in the beginning and execute to the deadline. Our approach for implementing the DATA Act has taken a different path. We established a transparent and interactive process to ensure that Federal agencies and external stakeholders can participate in the implementation. Two key principles that we’ve embraced in the DATA Act implementation are the Agile Development Methodology and User-Centered Design. These principles will help contain implementation costs and provide the greatest chance of success in meeting the transparency objectives and the statutory deadline. Our approach is also based on many of the best practice principles included in the U.S. Digital Services Playbook.¹

1. Agile Development Methodology

Treasury is using an Agile Development Methodology to create the DATA Act Information Model Schema (DAIMS), the DATA Act Broker, and the future USASpending.gov website. Agile is a software development methodology that is characterized by short build-cycles, an emphasis on working software, and responsiveness to evolving requirements and solutions. Our Treasury team works in two-week sprints with each sprint focused on completing discrete, time-boxed tasks with clear acceptance criteria. At the end of the sprint, the team participates in an evaluation and review of the work accomplished and then plans for the tasks (“user stories” or “issues”) for the next sprint. This two-week cadence will continue throughout the development lifecycle.

In addition, the team participates in a stand-up call every morning to review the previous day’s work and to report any challenges, questions, or blockers so they can be addressed and resolved quickly. Treasury’s Agile process is open and transparent and stakeholders can follow the progress of the tasks in the development and publication of work streams on our Federal Spending Transparency Github site.²

2. User-Centered Design

Treasury is applying a User-Centered Design process to gain a better understanding of who will be using the new USASpending.gov site and its related data upload vehicles. Through meetings, workshops, analytics, and user interviews, Treasury has worked to learn more about users’ needs, including what they want from the data, their technical environments (e.g., browsers, other software used), and their “pain points” with the current system. Our aim is to better understand the users’ context when using these products: their motivations, requirements, and goals.

To help make the USASpending.gov user research digestible and actionable, Treasury has developed a preliminary set of “Personas” or snapshots of user types that capture and organize information that can inform design decisions. Examples of our latest personas can

¹ U.S. Digital Services Playbook: <https://playbook.cio.gov/#introduction>

² “DATA Act JIRA,” *Federal Spending Transparency Collaboration Github*: <https://federal-spending-transparency.atlassian.net/secure/BrowseProjects.jspx?selectedCategory=all&selectedProjectType=software>

be found on the User-Centered Design page on the Federal Spending Transparency Github site.³ We have also developed a comprehensive plan for conducting recurring usability testing to help us identify potential design concerns. Initial, usability testing focuses on agency users. Later, the focus will expand to “data consumers,” including grant recipients, researchers/reporters, and interested citizens. Usability testing will continue in a regular cadence in sync with the development cycles of our Agile development environment.

Implementation Updates

The DATA Act implementation includes several key work streams that Treasury is leading. The DAIMS will include reporting submission specifications for the agencies and will identify the authoritative sources for the data. The DAIMS is based on the 57 data definition standards that we established last year. The DATA Act Broker is another significant work stream; it serves as a platform for agencies to submit their data to Treasury. Other work streams include the development of the future USASpending.gov site, providing technical support to Federal agencies, engaging public and private stakeholders, and developing a governance model for the data standards. I will give you an update on all these work streams today.

1. DATA Act Information Model Schema (DAIMS)

Since July 2015, Treasury has issued four draft versions of the DATA Act Schema. Our latest version, released in December 2015, formalized the DAIMS. The DAIMS captures the data elements needed, their relationships, and the overall context of how they fit together. It also provides clarity, guidance, and instruction on the need, submission, and use of the DATA Act elements. One of the most effective ways to minimize any adverse agency impact is to design a data model that reflects the various business process subtleties, functional nuances, and complex relationships. The current draft version 0.7 of DAIMS⁴ can be found on the Spending Transparency Collaboration Github Site for review or public comment. The DAIMS version 1.0 will be issued in the coming weeks and will include a stable version of the Reporting Submission Specification which federal agencies will use to submit data to Treasury.

2. DATA Act Broker

The DATA Act Broker is a tool that Treasury is developing to allow agencies to submit the required data in a standardized format. The Broker will accept data submitted directly from agencies and it will also pull data from existing data sources when needed. The Broker will validate agency data, allow agencies to certify the data, and complete the data submission and uploads to the DATA Act operating infrastructure. Treasury created a prototype Broker last year and used it to test agency data. Eighteen Federal agencies have participated in “sandbox” testing and used the prototype Broker to view their data and provide feedback on

³ “User Centered Design,” *Federal Spending Transparency Collaboration Github*: <http://fedspendingtransparency.github.io/user-centered-design/>

⁴ “Data Model,” *Federal Spending Transparency Collaboration Github*: <http://fedspendingtransparency.github.io/data-model/>

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improving the Broker. The DATA Act Broker is being developed using open source code, which can be accessed on the Federal Spending Transparency Collaboration Github site.

3. Future USASpending.gov Website Development

For eight years, USASpending.gov has been a key resource for the public to find information on federal spending. As we prepare for the expansion of the site for DATA Act implementation, we want to make this website more useful to users. In November, Treasury launched OpenBeta.USASpending.gov, our new 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 2017. The new OpenBeta.USASpending.gov provides a unique opportunity for the public to review, test, and provide feedback on data display and search functionality components that will inform Treasury's efforts to support the needs of data users. Over the next year, Treasury will add new features and functionalities for the public to review on a rolling basis in preparation for the launch of the new USASpending.gov site in May 2017.

4. Technical Support to Federal Agencies

Treasury established a DATA Act Program Management Office (PMO) to support government-wide implementation and organize the sharing of best practices and resources across Federal agencies. Treasury supports Federal agencies through communications and events, including hosting workshops, publishing artifacts to support and aid agencies' implementation efforts, producing the DATA Act Biweekly Digest, and meeting regularly with staff, Senior Accountable Officers (SAOs), and leaders from relevant Federal councils/committees. Treasury consistently reaches all CFO Act agencies and Federal Shared Services Providers each month through communications and events. The strong participation by agencies across the government in DATA Act PMO outreach is reflective of the growing community surrounding this initiative and the open, transparent way in which implementation efforts have been conducted. Treasury also shares information with financial management software providers to brief them on the technical requirements of the DATA Act and the open source code available from Treasury that could reduce implementation costs.

5. Stakeholder Engagement

Since Treasury and OMB's DATA Act implementation involves the entire Federal enterprise, and impacts state and local government and the private sector, we have made outreach a priority. From the beginning, we have worked to ensure that our many public and private stakeholders are kept informed on key milestones for the implementation and that we receive their input on our work.

In November 2015, Treasury hosted an Open Data Roundtable with the Center for Open Data Enterprise at our offices in Washington, DC. The Roundtable focused on how to improve the quality of Federal spending data and the ways that this data can be made more discoverable,

accessible, and usable. The day-long Roundtable included participants from federal, state and local governments, academics, transparency advocates and other users of federal spending data to offer their suggestions for improvement. In addition to the Roundtable, Treasury hosts monthly calls with public and private stakeholders to keep them updated on the DATA Act implementation and offer an opportunity to ask questions of the Treasury and OMB staff.

6. Data Governance Model

Treasury is working to establish a long-term, sustainable governance structure for maintaining the DATA Act data standards, including a decision-making framework, defined roles and responsibilities, and supporting processes. Treasury has received input from more than fifty DATA Act stakeholders from the government, non-profit, and the private sector on their needs, preferences, and objectives to help us gain a clear understanding of what type of governance model is feasible, desirable, and sustainable for the users and their organizations. We also performed benchmarking research with similar organizations that maintain data and reporting standards within the government and in non-profit or private-sector contexts. We are currently working on recommendations for a future state governance model for the data standards that include identifying the types of decisions that the body would need to make and the related authorities needed.

Next Steps

While we have made significant progress in the past year to implement the DATA Act, we still have a long way to go. In the coming weeks, Treasury will finalize version 1.0 of the DAIMS, which will include the stable version of the Reporting Submission Specification for agencies. After the DAIMS is final, Treasury will update the DATA Act Broker and continue to test it with the agencies before finalizing it later this year. Treasury will also ramp up our work on the development of the new USASpending.gov and share more visualizations with the public on OpenBeta.USASpending.gov. The display of the summary-level financial data with the current cadence of the award data on the present site is one of the challenges we will need to resolve, and we will pursue public input and engagement to ensure the data is presented clearly and accurately.

Conclusion

The DATA Act provides a unique opportunity to unlock spending data across the Federal government and access it in new ways that will create public value. Our long-term goal is to capture and make available financial data to enable data consumers to follow the full life cycle of Federal spending – from appropriations to the disbursements of grants, contracts and administrative spending.

Over the past 225 years, Treasury has consistently delivered on our core mission to collect, safeguard and disburse public money and account for its collections and payments. Technology has advanced to allow us to provide more transparency than our founding fathers could have imagined – and our challenge is to connect this data and allow it to be exchanged to inform

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agency management decisions, stimulate innovation and provide greater transparency for the public. Better data leads to better decisions and ultimately a better government.

Thank you for the opportunity to testify today and I look forward to answering your questions.

Mr. MEADOWS. I thank you so much for your testimony.
Mr. Peckham, you are recognized for 5 minutes.

STATEMENT OF MICHAEL PECKHAM

Mr. PECKHAM. Thank you. Good afternoon, Chairman Meadows and Hurd, Ranking Members Connolly and Kelly, and distinguished members of the committee. I'm the director of the Department of Health and Human Services DATA Act Program Management Office within the Office of the Assistant Secretary for Financial Resources, or ASFR. I'm pleased to be here along with my colleagues to discuss HHS's activities as the executing agent of the DATA Act's Section 5 grants pilot.

Under the HHS mission to enhance and protect the health and well-being of all Americans, various goals of the Department are carried out through HHS-funded grants, where services are provided at the local level by State and county agencies or through private sector grantees. In support of our mission, HHS awards more Federal grant dollars than any other agency.

The DATA Act PMO is strategically located within ASFR. This was a natural place for our PMO to reside, given the focus of the DATA Act on financial data and ASFR's unique role in understanding the entire ward life cycle, from budget formulation to program policy oversight and, finally, audit resolution. We are working closely with all HHS operating divisions and staff divisions to carry out and implement the reporting goals set forth within the statute.

In May of 2014, OMB asked HHS to be the executing agency for the grants portion of the Section 5 pilot. We are happy to partner with OMB taking on this role, given our past experience as a leader in the Federal grants community and our recognition that there is a valid need to reduce duplication and burden in recipient reporting. HHS sees this as an opportunity for increased recipient engagement to understand where we can find efficiencies in the reporting process throughout the grant's life cycle.

Section 5 of the DATA Act calls for the creation of a pilot to develop recommendation for standardized reporting elements across the Federal Government, the elimination of unnecessary duplication in financial reporting, and the reduction of compliance costs for recipients of Federal awards. Based on this structure, HHS, worked in close coordination with OMB to create the Section 5 grants pilot framework, containing six test models. A test model is a grant tool, form, or process that we will analyze for improvement where the outcome will be documented within the final report.

When developing the test models for the pilot, HHS considered three other factors in addition to the legislation: user feedback received during our recipient outreach efforts, leveraging existing system development efforts and technology, and minimizing the impact to pilot test participants. The first two tests will be performed using the Common Data Elements Repository Library. Through this tool, we will test the functionality of standard grants terminology that has been developed as a result of the DATA Act and the Uniform Grants Guidance.

The second test is focused on better management and reduction of forms currently used during the grantee reporting process.

The third test is consolidated Federal financial reporting. Here we will test the benefits of having grantees submit all information required for Federal for the Federal financial report into one system and potentially to allow the further sharing of that data electronically.

The next test is based on single audit. Single audit is an organization-wide financial statement and Federal awards audit. We are testing a consolidated work flow of forms to minimize grantee entry of required information.

Notice of award proof of concept is our fifth test model. The notice of award is a form letter or other instrument that provides a breadth of information the grant recipient needs to perform routine accounting and financial reporting. We will test the benefits to grantees of a standardized notice of award.

And, finally, we have learned grants. The learned grants model is intended to be a single source of guidance regarding the grants life cycle.

Our tests will provide insight into advantages for grantees of having this information available through one consolidated Web link.

In March of 2016, HHS began testing its first model, single audit, and is in the process of commencing the remaining test models. We will have final results for all models by the May 2017 deadline for inclusion in our report to OMB.

On behalf of HHS, I appreciate the opportunity to testify today and share with you the work we've done on the Section 5 grants pilot. We look forward to our continued partnership with the committee, and welcome any questions that you may have.

[Prepared statement of Mr. Peckham follows:]

Testimony Before the
U.S. House Committee on Oversight and Government Reform
DATA Act: Monitoring Implementation Progress
April 19, 2016

Statement of Michael S. Peckham

Director, DATA Act Program Management Office

Office of the Assistant Secretary for Financial Resources

U.S. Department of Health and Human Services

Good afternoon Chairmen Meadows and Hurd, Ranking Members Connolly and Kelly, and distinguished Members of the Committee. My name is Michael Peckham, and I am the Director of the Department of Health and Human Services' (HHS) Digital Transparency and Accountability Act (DATA Act) Program Management Office (PMO) within the Office of the Assistant Secretary for Financial Resources (ASFR). I am pleased to be here - along with my colleagues from the Office of Management and Budget (OMB), Department of Treasury (Treasury), and the Government Accountability Office (GAO) - to discuss the implementation of the DATA Act at HHS and, in particular, HHS's activities as the executing agent of the DATA Act Section 5 Grants Pilot.

The DATA Act provides the federal government an opportunity to establish federal-wide data standards for financial data to provide consistent, reliable, and searchable spending data for the American people. It also affords the opportunity to reduce burden for federal agencies and, more importantly, recipients of federal funding. HHS sees its role as the executing agent of Section 5 Grants Pilot as an opportunity to interact with grant recipients to identify efficiencies that improve the reporting process to benefit recipients as well as federal agencies. HHS is fully supportive of the goals of the DATA Act and is a proud partner to OMB in executing the Section 5 Grants Pilot.

Department of Health and Human Services

HHS's mission is to enhance and protect the health and well-being of all Americans. We accomplish this mission by providing effective health and human services and fostering advances in medicine, public health, and social services. HHS programs are administered by the eleven Operating Divisions, along with Office of the Secretary Staff Divisions, and Regional Offices. Many HHS-funded services are provided at the local level by state and county agencies, or through private sector grantees. HHS awards more Federal dollars than any other agency, having made over 76,000 awards for a total of \$410.5 billion in FY 2015.

DATA Act Program Management Office

The DATA Act Program Management Office (DAP) is located within ASFR under the Office of the Secretary. ASFR provides advice and guidance to the Secretary on the budget, financial management, grants and acquisition management, and small business policy, and provides direction for the implementation of these activities across HHS. Given the focus of the DATA Act on financial data and ASFR's unique role in understanding the entire award lifecycle from budget formulation to program policy oversight, and finally audit resolution, we made the decision to house the DATA Act coordination activities at HHS within ASFR in the DAP.

Governance for the DAP is provided by the HHS Financial Governance Board, which is composed of senior representatives from the Operating Divisions. The DAP is made up of career employees from all parts of the agency – some there on long-term assignments and some there for short term details. The DAP works with the Operating Divisions through Integrated Project Teams around specific issues. This allows us to tap into the knowledge of various subject matter experts across the Department. Besides overseeing DATA Act implementation at HHS, the DAP is also responsible as OMB's executing agent of the Section 5 Grants Pilot.

Section 5 Grants Pilot

The DATA Act calls for the creation of a pilot to facilitate development of recommendations for

- “(A) Standardized reporting elements across the Federal Government;
- (B) The elimination of unnecessary duplication in financial reporting; and
- (C) The reduction of compliance costs for recipients of Federal awards.”

In May 2014, OMB asked HHS to be the executing agent for the grants portion of the Section 5 Pilot. We agreed to take on this role given our past experience as a leader in the federal grants community and our recognition that there is a valid need to reduce duplication and burden in recipient reporting. In order to fulfil its responsibilities as OMB’s executing agent of the Pilot, HHS, through the DAP, works in collaboration with OMB. In May 8 2015, OMB launched the Section 5 pilot which included the release of the National Dialogue as well as two pilot areas developed by HHS: the Common Data Elements Repository (CDER) Library and the Learn Grants tab on Grants.gov. HHS is collecting recipient feedback with these tools along with robust recipient outreach.

In addition, with guidance from OMB, HHS created a Section 5 Grants Pilot Framework, which outlines six Test Models. A Test Model is a grants tool, form, or process that we will analyze for its ability to reduce burden where the outcome will be documented within the final report. When developing the pilot test models, HHS considered three other factors in addition to the legislation. First, we considered the user feedback we received in our recipient outreach efforts. Since May 2015, HHS conducted over 70 outreach engagements with advocacy groups such as the Association of Government Accountants, Data Coalition, Federal Demonstration Partnership, and National Grants Management Association. We estimate these groups represent approximately 14,000 stakeholders that are involved in Federal financial assistance process or Federal transparency. The test models represent areas of concern that have been voiced through those engagements. Second, we leveraged existing system development efforts and technology. Third, we wanted to minimize the effort required of pilot test participants. We appreciate that being a test participant can be an additional burden to grant recipients so while testers may be asked to use a different form, a different process, and take surveys, the pilot is not intended to increase burden so participants will generally not be asked to perform any function outside their normal course of business.

The six pilot test models are:

Common Data Elements Repository (CDER) Library

Section 5 of the law requires efforts to facilitate the development of recommendations for standardized reporting elements across the Federal Government and a report to Congress that includes an outline of activities performed as well as recommendations to improve associated financial transparency. The CDER Library is designed to be a repository for common resources to facilitate consistency of Federal terminology focused on financial assistance terms and definitions for purposes of the pilot. Through the pilot, we will test the CDER Library for its utility to reduce recipient burden by providing an easy to use

reference point for standard terminology and to identify duplicative use of information across financial assistance forms with the goal of better managing or reducing forms necessary for information collections.

We are performing two tests using the CDER Library. The first will test whether, if recipients are provided with standard definitions of financial assistance data elements through the CDER Library, they will be able to accurately complete forms in a timelier manner, therefore reducing recipient burden. The second test will seek to identify duplications of information requests in different forms, in order to identify opportunities to reduce the number and size of forms and thereby make information collection more efficient.

Consolidated Federal Financial Reporting

Federal grant recipients are required to fill out the Federal Financial Report (FFR) and submit the form to their grant-awarding agency. Many agencies require recipients to submit information collected on the FFR through multiple entry points. The DATA Act requires efforts to standardize reporting elements across the Federal Government, eliminate unnecessary duplication in financial reporting, and reduce compliance costs for recipients of federal awards. The Consolidated FFR Test Model related to the fourth recommendation in the Grant Reporting Information Project Report (GRIP). While the recommendations were inconclusive, the GRIP suggests “a full centralized reporting pilot should be conducted using standard data elements that could be used government-wide (e.g. FFR/SF-425).” We will test whether, if grant recipients enter complete FFR information systematically through one entry point and that information can subsequently be shared electronically from that point forward in the same awarding agency, it will reduce recipient burden and improve data accuracy.

Single Audit (OMB A-133 Audit)

The Single Audit is a financial statement audit and a federal grants audit of an organization who annually expends \$750,000 or more in Federal funds. The Single Audit is intended to provide assurance to the Federal Government that a grant recipient has adequate internal controls that ensure compliance for the expenditure of Federal funding received. The DATA Act requires efforts to standardize reporting elements across the Federal Government, eliminate unnecessary duplication in financial reporting, and reduce compliance costs for recipients of Federal awards. We will test whether recipient burden can be reduced by enabling grant recipients to report their information by using a modified SF-SAC combining the data required of recipients from both the SF-SAC and the Schedule Expenditures Federal Awards (SEFA) grant recipients would see a reduction in burden through the elimination of reporting duplicative information.

Notice of Award Proof of Concept

The Notice of Award (NOA) is a document that contains information that the grant recipient needs to perform routine accounting and finance operations. NOAs often differ in format and content across Departments and Agencies. For grant recipients with many funding avenues, this becomes a burden when searching for information across awards. A standardized NOA could allow grant recipients to easily capture standardized data needed to populate information collections. Additionally, a standardized NOA might eventually allow for more systematic mechanisms, the use of automation, to be used in reporting award information. We will test the concept of using a standardized NOA Cover sheet for Federal awards to reduce recipient burden on information collections.

Learn Grants

Based on feedback from the grants community, it is clear that recipients prefer a single source of information regarding federal requirements during the grants lifecycle. The Learn Grants test model aims to address this need by compiling relevant information in an easy to navigate website. We will test whether, if grant recipients are supplied with grants lifecycle information in a single website, they will have easier and increased access to accurate information in order to better understand the grants lifecycle process. By using Learn Grants, it is possible that recipients will spend less time researching the federal grants requirements and processes, resulting in lower compliance costs and potentially a larger pool of grant applicants.

In March 2016, HHS began testing its first model (Single Audit) and is in the process of commencing the remaining test models. We will have final results for all models by the May 2017 deadline for inclusion in our report to OMB.

Conclusion

On behalf of HHS, I appreciate the opportunity to testify today and share with you information on our DATA Act activities, in particular the work we've done as OMB's executing agent for the Section 5 Grants Pilot. We look forward to continuing our partnership with the Committee.

I welcome any questions that you may have.

Mr. MEADOWS. Thank you so much.

The chair recognizes the gentleman from Texas, the chairman of the Subcommittee on Information Technology, Mr. Hurd, for a series of questions.

Mr. HURD. Thank you, Mr. Chairman.

I always like to start these things off with a positive thing. When we had this hearing last time, the first question I asked is what is the deadline for the agencies to justify identifying those 57 pieces of information, and we got it done. So kudos. That's an important step.

Now, the question is making sure that all the agencies are mapping their data to those 57 standards. And my question was—my question was going to be, when is the finalized technical schema going to be made available, you all said probably in May, so that agencies can solidify their data plans—submission plans, but what I heard, Mr. Lebryk, was that some agencies are already doing that. Correct? How many?

Mr. LEBRYK. So when we put the eight-step implementation plan together, all the agencies are through the first four. We've had 17 or 18 of the CFO Act agencies come to the sandbox already to test their data.

Mr. HURD. Say that again. How many?

Mr. LEBRYK. Seventeen or eighteen of the 24—

Mr. HURD. Gotcha.

Mr. LEBRYK. —have actually come to the sandbox already and actually taken files and put them into the prototype broker. Those who have not, many of them have come back and said they feel pretty comfortable about where they are. Now, we want them to come in sooner, but that has not been a major concern to us yet that those other seven—

Mr. HURD. So the folks that have come into the sandbox, tested this on your test broker, what—were there problems? Did it work? Were you satisfied?

Mr. LEBRYK. I think when you—the first time you go through something like this, and I know you're very much familiar with this, is that when you bring data in for the first time, you realize that there are relationships and there are quality of data issues that you need to address. So those who come in early are quicker at getting at kind of quality issues and also some of the relationship issues that they need to understand across files.

So that's a significant challenge for the agencies, because you're asking for seven different file formats, and in those file formats, there sometimes can be information that doesn't line up the right way, and so you have to go back and then start really working on the data, which is why, again, we've been very pleased that people have been coming in early rather than later.

Mr. HURD. So agencies are mapping their information to the 57 pieces, the standards, you have a broker site that is functional, but the final guidance that is to be issued in May, what is the difference between version 7 and what is going to be issued in May?

Mr. LEBRYK. Some of what you—I mean, when you do kind of the agile process, you're taking comments back from the agencies and you're getting some of the feedback from the broker, for example, about what needs better clarity and how the broker can be im-

proved, and how the schema can be improved. So in that process, we've been taking a lot—some of those comments back.

And in the version that we released at the end of March, we received a good number of comments back, but we've gone through that list. There are none of them, in our view, which are show stoppers, they're more about better explanation and some tweaking of kind of the schema to make it work better.

Mr. HURD. So agencies are supposed to begin reporting data in a little over a year, May 2017? Are we going to hit that?

Mr. LEBRYK. The short answer is yes. A little bit more complicated answer, I believe, is that we will see between now and then about how quickly they come along in terms of how—the quality of their data and how quickly in some cases some of the issues that GAO has identified of linkages. One of the critical linchpins of the act is the award ID, and that is the ability to link data across different kinds of government activity.

Mr. HURD. So this is a pilot in addition to the sandbox that you've been running with the other 17 or 18 agencies. Is that correct?

Mr. LEBRYK. Correct.

Mr. HURD. And how did Treasury use their feedback from that pilot program to improve the broker?

Mr. LEBRYK. Well, I think that, you know, when you have the SBA, it very much encouraged us that we are on the right path. And so when we look at what SBA was able to do and what their CFO came back and said, is they talked about sometimes agencies right now are going to USAspending today to get information about their own agency, because the information is siloed, they can't get to it by themselves.

The SBA pilot, I think, proved the concept that when you bring this data together and you do presentation, you can get much more granular information, much better information across the enterprise.

Mr. HURD. And was that SBA pilot just for—limited to grants, or have we tested—have we done a test for contracts as well?

Mr. LEBRYK. It was initially limited, and we expanded it further into the portfolio. So they do have more than just grants and that we—we piloted.

Mr. HURD. So when is the centralized broker service going to be finalized?

Mr. LEBRYK. So we are expecting to have—I mentioned it was a prototype broker. We're expecting to have a beta broker this summer and we are expecting to have the production broker in the fall, early fall.

Mr. HURD. So we should be able to start seeing more bulk data on USAspending in the fall?

Mr. LEBRYK. I would say that we are more likely to see it in May of 2017, because I think what you're trying to do between now and then is make sure that you're comfortable with the quality of data, you're making sure things are functioning the way that they should.

Mr. HURD. Gotcha.

I yield back the time I do not have.

Mr. MEADOWS. I thank the gentleman.

The chair recognizes the gentleman from Virginia, Mr. Connolly, for 5 minutes.

Mr. CONNOLLY. Thank you, Mr. Chairman.

Ms. Sager, what's your understanding of what the objective was when Congress passed the DATA Act? What were we trying to achieve?

Ms. SAGER. The DATA Act has several purposes, as you know, and it's to increase transparency over spending, improve data quality, and to provide information on the full Federal spending life cycle for grants, contracts, and loans.

Mr. CONNOLLY. In a way that we didn't have before.

Ms. SAGER. Exactly.

Mr. CONNOLLY. And you would concur, Mr. Mader, with that?

Mr. MADER. Absolutely.

Mr. CONNOLLY. Okay. So given that, one of the things GAO found was deadlines may nonetheless be missed 2 years after passage. How concerned are you, Mr. Mader, with deadlines being missed?

Mr. MADER. So I think that the readiness reviews that we started last week and then the finalization of the guidance and the schema will allow agencies to lock down their implementation plan.

I would suspect come the end of July, August, I could probably say with a certain amount of certainty this number of agencies are surely going to make it, and these are—you know, these may be not going to hit that exact date, but I couldn't tell you today that all 24 of those major agencies are going to make it.

Mr. CONNOLLY. Well, I'll tell you what, I think all four of us would love to have that report by August, so even though we're not in session in August, some of us will be around, and I think all four of us would welcome your getting that to us so we can just monitor how's it going.

Mr. MADER. Yeah.

Mr. CONNOLLY. Speaking of implementation plans, what's your guess, because that was a milestone, you know, self-set, right? So what is our expectation of how many agencies are going to meet that goal of having an implementation plan by a date certain in the summer?

Mr. MADER. So everybody has an implementation plan. Those implementation plans were submitted late in the summer, those were the plans that GAO reviewed and commented on in their report, but going back to last summer, we didn't have the final data schema then to actually look at and say, okay, now I understand we have the data elements, as Chairman Hurd said, we now have the data schema, we have the enhanced guidance, and now what they need to do is look at their environment, their specific environment, and understand what interfaces they need to make within systems and what data they need to clean up. One of the—

Mr. CONNOLLY. I'm sorry. If I'm a citizen watching what you just said, I haven't got a clue what you just said.

Does—everyone submitted an implementation plan that was a draft.

Mr. MADER. It was a draft last summer, correct.

Mr. CONNOLLY. So when do we finalize those plans so that we now get to implementation?

Mr. MADER. So those plans will—I would guess that those plans will be finalized in the late June, early July timeframe, because one of the systems that all the agencies need to update is the financial management system, because that's the authoritative source.

We have three predominant software providers. They're in the process now of designing the patches that they need to make. So once we have the design of the patch, the agencies can finish their plan, because there are going to be interfaces between some of these systems, and then, you know, we can go into full implementation.

Mr. CONNOLLY. Okay. So next step is finalizing implementation plans that were drafted last year——

Mr. MADER. Yes.

Mr. CONNOLLY. —because of all the things I can't repeat you said, and then we get on to actual implementation?

Mr. MADER. Yes. Absolutely.

Mr. CONNOLLY. And then we monitor how well we're implementing after that?

Mr. MADER. Right.

Mr. CONNOLLY. Okay. And we hope to be able to say we're doing that, by and large, starting around August, September?

Mr. MADER. Correct.

Mr. CONNOLLY. Okay. Good.

One of the other concerns GAO had was we may end up, with the best of efforts notwithstanding, with nonuniform reporting standards. Is that a concern to you, and what are we doing to make sure that's not the outcome?

Mr. MADER. So the additional guidance that we put out in December and the additional guidance, which everybody has, it's just going through the OMB clearance process. The additional guidance that goes out formally in another week or two will reemphasize the importance of adhering to not only the 57, but the additional data standards.

Because I think in GAO's testimony, they point out, and rightfully so, even though we've defined a data element in a certain way, agencies are not necessarily all the time interpreting it correctly. So it's going to be, you know, a continuous process of just monitoring what agencies are doing.

Mr. CONNOLLY. Well, does it also involve some guidance from your office?

Mr. MADER. Which is the guidance that I mentioned has already been out there in draft, and it will be final——

Mr. CONNOLLY. So if you're noticing real very—I mean, you know, somebody might say po-tah-to and somebody might say potay-to, that's one kind of reporting variance, but if somebody's talking about potatoes and someone else is talking about, you know, asparagus, we've got a problem, because we're not speaking the same language, we're looking at different things. So presumably part of your role is to catch that early, OMB's role, so that we're avoiding that as much as we can?

Mr. MADER. That's correct. And I want to emphasize what Dave said. 18 of those agencies brought real data in, it wasn't test data, it was real data that they brought in to the broker, and they actu-

ally, some of these agencies, walked away and say, wow, we have a lot of work to do over the next couple of months to clean up our data.

So not only did it help us validate as a proof of concept, it actually helped them then to start identifying things that they need to do with their data systems.

Mr. CONNOLLY. My time is up. And, Mr. Chairman, I want to thank you and my colleagues for doing this.

I just want to say to the panel, you know, this is not the sexiest of topics, apparently. Witness the press table. Lonely man. There he is. God bless him. And he—he will find redemption. What? And one over there. Sorry. Sorry. Two.

But this is the kind of initiative that actually can be transformative for government, can save lots of money, can make us more efficient, make us more effective, free up resources for the mission, and make people feel better about actually their core mission and what they're doing, so thank you. And we want to work as a team to try to make sure it happens and happens well. And the four of us will stay on it. So we look forward to your report to us, Mr. Mader, in August.

And, Mr. Chairman, we may want to consider another hearing in September. I thank my colleague.

Mr. MEADOWS. I thank the gentleman.

The chair recognizes himself for a series of questions.

So, Ms. Sager, as you look at this particular program, what would you say is the most critical missing element that is out there? I know you've got a wide breadth within your report on what you've acknowledged, but what's the most critical aspect that we're missing?

Ms. SAGER. There are actually a couple of things that we've highlighted in our report, and I'll just emphasize them briefly. First is the data standards themselves. As we have heard, the data standards do exist, but agencies may still interpret them differently.

We used a couple examples in our January report, award description and primary place of performance, which can mean very different things, and our prior work on USAspending showed that it does, in fact, mean different things to different agencies. So the standards and the forthcoming guidance, we can't emphasize enough that it needs to be paired with a technical guidance with the technical schema so that agencies know what they have to report, how they have to report, and when they have to report. So those are a couple of the critical areas.

And then for the pilot, as we noted in our report, the grants pilot appears to more or less be on track. We do have concerns about the procurement pilot, and that begins with kind of all the basics about the leading practices for effective design of a pilot, what's your hypothesis, what are you measuring, how are you measuring it, how are you going to know if you've achieved success. I think if you put all of that together, it's kind of a couple of critical links that are key to effective implementation.

Mr. MEADOWS. All right. So, Mr. Mader, let me follow up on that, because we're having this hearing today because I left the last hearing, hearing from you and Mr. Lebryk on the progress we were making, and ended up giving a speech to people who really knew

about the implementation of the DATA Act. And so I went away feeling real good based on your last testimony only to find out that the devil in the detail perhaps is not as glowing as it was portrayed to be.

And I'm going to say this in the kindest way that I can. You and I go way back, and I remember you—I know your first hearing was on GSA properties, and I told you you were given a pass, I like you, you're an engaging kind of guy, but let me—I need you to respond to this.

There is the comment out there that OMB is going through the motions with some of these agencies, allowing them to take data and just move it from one reporting system to another without really changing the quality of the data. The 57 components are treated by OMB as 57 suggestions, not 57 requirements.

How do you respond to that, because that's—that was the question I had to respond to, and I didn't have the answer, so I'm hopeful that you have the answer so I can go back and share it with the stakeholders.

Mr. MADER. So let me start with the 57 data elements. Those are sort of in our policy guidance now, so—

Mr. MEADOWS. Is it a requirement or not? Yes or no?

Mr. MADER. Oh, it is a definite requirement.

Mr. MEADOWS. All right. So you believe that the statute requires those 57—

Mr. MADER. Right. And we spend—

Mr. MEADOWS. Because there are some people out there that say that you think that it's only 11. So your sworn testimony is the 57 are required?

Mr. MADER. Oh, absolutely.

Mr. MEADOWS. Okay.

Mr. MADER. Absolutely.

Mr. MEADOWS. Go ahead.

Mr. MADER. And then that's what—I think if you go back to my testimony from last July, that's what we said—

Mr. MEADOWS. I just want to clarify. I'm just saying there's something between your testimony and the implementation thereof that we're missing, and I'm not sure what level that's at, but some people are getting conflicting reports. So go ahead.

Mr. MADER. So—well, the other point I'd like to make, Mr. Chairman, is, as Chairman Hurd mentioned when we were here last summer, we said we would be done by the end of August, and we were done. So—

Mr. MEADOWS. Done with which part?

Mr. MADER. With the 57 data—

Mr. MEADOWS. Right.

Mr. MADER. —elements.

Mr. MEADOWS. It was—

Mr. MADER. —you know, and people are starting to use them in their system. I think that should give you confidence that when we make a commitment, we're going to fulfill that commitment.

Mr. MEADOWS. All right. So how do you respond to the second part that we're not just—so let me ask you this. Are you taking information from legacy systems and bringing it over and saying, okay, this is corrupt data, you know, it meets this sort of guideline,

and allowing yourself to put it in a different format? How do you reconcile the two?

Mr. MADER. So you think about several different—and Dave mentioned seven different files, but what I want to focus on is basically three data sources. One is the financial data system, right? These are the systems that actually are audited every year. We have a high degree of confidence in the quality of the data that's in the financial system. So the financial system is the system of record that's going to be used heretofore for current U.S.—it's being used now for USAspending. It will be used to enhance, as you said, when we start displaying the full government spend. So I have 99.9 percent confidence in that financial data.

The other system of record that we're going to be using is the procurement and contract system. And my colleagues both in GSA, as well as the Office of Federal Procurement Policy, have been working for the last couple of years and have had an extensive program of cleaning up the data in that system. So you're going to bring these two data—

Mr. MEADOWS. So how do you do that without guidance, you know, because here's the interesting thing is you've continued to offer guidance, and went and looked at some of the budgets for the different agencies on how they're going to—and it's all over the place, I mean, you know, in terms of some agencies asking for a whole lot of money to implement, some—and I can't find any rhyme or reason in terms of where the numbers would come—from a business standpoint.

Mr. MADER. Right, right.

Mr. MEADOWS. I mean, you know, big agencies asking for big dollars, big agencies asking for very little dollars, small agencies asking for a huge number. I mean, there is no rhyme or reason. So how do they do that without real complete guidance from you and Treasury on what is going to be required?

Mr. MADER. So I'd go back to we have had complete guidance out there, it might not have been the final version, but it was close to the final version, for months now. So people have been commenting, but—

Mr. MEADOWS. So there hasn't been a wink and a nod that just says, get this information so we can comply to the DATA Act without really changing anything by anybody on your staff to your knowledge?

Mr. MADER. It's not coming from me, it's not coming from OMB.

Mr. MEADOWS. Are you aware of—

Mr. MADER. I am not aware of any, no.

Mr. MEADOWS. Is that the first time you've ever heard that accusation made about OMB?

Mr. MADER. That surprises me, sir.

Mr. MEADOWS. Okay. So it's the first time you've heard it?

Mr. MADER. Yes, sir.

Mr. MEADOWS. All right.

Mr. MADER. So let me go back, though, why there's a variance in request for funding both in 2016, 2017, because—and let me use the financial system as an example and touch on SBA, because we used SBA sort of as the early proof of consent.

SBA over the last couple years actually had built a totally integrated system, so their financial system is totally linked with their contract system as well as with their loan system. Now, compare and contrast that to a place like DHS that has 20 some odd financial systems.

So what's driving a lot of the cost of implementation is the state of their legacy systems. We have systems that are totally, you know, integrated and upgraded, like Small Business, like National Science Foundation, like the Department of Energy, but then we have legacy systems stretched across some of the bigger departments. That's why you see that variance in requests for funding.

Mr. MEADOWS. Really? Because I'm going to go back and look at that. I don't know that that's totally accurate, but that's the new realm of thinking.

I'm out of time, and I want to be sensitive to the ranking member, Ms. Kelly, so I'll go ahead and recognize her. We will have a second round after Mr. Grothman.

Ms. KELLY. Thank you, Mr. Chair. Mr. Lebryk, I understand that Treasury has released multiple versions of the DATA Act schema for testing for a final release.

Can you explain the significance of the schema and when it is expected to be completed and released?

Mr. LEBRYK. So when you look across the Federal Government, you have enormous different kinds of systems, and you have information that resides in lots of different places. So one of the things that we did in the Program Management Office was to help give a blueprint to the agencies about how they can map those 57 data standards and sort of show and identify where the authoritative source of that information is and then extract that information. And that's what the schema is about.

It's about taking those 57, in addition to some other data elements and describing to the agencies how they have to arrange that information, how they have to orient it to make these three files or seven files, depending on how you want to look at it, that they can then report into the broker. So the schema really is about which elements you're going to report, how you're going to organize those elements, and in what format you're going to submit them to Treasury.

Ms. KELLY. Thank you. Mr. Mader, your testimony explains that Congress appropriated one-third of the amount requested in the President's fiscal year 2016 budget request for DATA Act implementation. Can you explain the impacts on implementation of these short falls?

Mr. MADER. I think if you go to the GAO report and testimony, I think they do a good job of raising, through the review of the implementation plan, the concerns that agencies have in resource constraints that they have been subject to in 2016, and we don't know obviously where in 2017 the President's budget is going to go. What it has basically caused agencies to do is to reprioritize other initiatives. For example, I also work on moving agencies to administrative shared services. There's a lot of work that needs to be done by an agency to prepare to move to another service provider. Those are the kinds of initiatives that we have actually had to slow down to redirect resources to implementing the DATA Act.

I think it's important to note you haven't heard OMB. You haven't heard the administration say at all since the beginning that we're not going to implement the DATA Act, that we are moving as fast as we can in making tradeoffs in order to move forward.

Ms. KELLY. Well, I hope we can do our part to make sure we successfully support you or support you so you will be successful.

The DATA Act requires the Secretary of the Treasury and the Director of OMB to consult with public and private stakeholders to establish the new data standards required under the Act. Ms. Sager, do you agree that stakeholder engagement is important to the full and effective implementation of DATA Act and why?

Ms. SAGER. Absolutely, and we are aware that there has been extensive stakeholder communication to date. Part of what we are talking about in some of our GAO recommendations is the importance of that stakeholder communication being two-way communication; in addition, the importance of documenting and widely distributing that communication. So, for example, although it may be very valuable for those at a particular conference to hear from OMB and Treasury officials, certainly there's a much broader community that would benefit from knowing about some of the challenges that are faced by agencies, what the plans are going forward for implementation, and then making sure that that information is shared, particularly as we head toward a change in presidential administration.

Ms. KELLY. Mr. Mader, during the last hearing you identified ways OMB and Treasury have engaged in outreach with stakeholders, a critical piece to your efforts to reform Federal spending data. What are your future plans to engage with stakeholders outside of government?

Mr. MADER. Congresswoman, I think we're committed to continue the kind of outreach that—I mean, I don't think a week goes by that Dave or I are not out speaking at some conference with stakeholders, external stakeholders, about the DATA Act. As GAO has testified in the past, all the work that we have been doing actually is posted on our external facing Web site. So people have the opportunity to see what we're doing and to also comment on it.

Ms. KELLY. Some of the stakeholders have called on Treasury and OMB to go beyond the statutory provisions to consult and to fully collaborate with Federal and non-Federal stakeholders. Is there a forum for Federal stakeholders to collaborate with each other and share best practices?

Mr. MADER. So for the Federal stakeholders, there are a couple of forums. Dave and I chair an Executive Advisory Committee. We also chair an Interagency Advisory Committee where we have representatives from various departments and various communities.

We have folks from the contracting profession, from the grants profession, from the financial profession. We also interact with the various councils. I'll give you an example. This afternoon while we're here, there is a CFO Council meeting, so if we get done early enough, Dave and I will probably go back and talk about the hearing. So we use those kind of standing forums to communicate with folks. I mean, I would be shocked if a Federal agency said they really haven't heard from the OMB and Treasury. That would mean they were probably sleeping.

Ms. KELLY. You know, the Sunlight Foundation has said in order to truly engage DATA Act stakeholders and the public, that Treasury and OMB must conduct their policymaking process in an open and transparent manner. So I yield back the time I don't have.

Mr. MEADOWS. I thank the gentlewoman. Before I recognize Mr. Grothman, which I intend to do, Mr. Peckham, it's real easy for us to start focus, and you haven't had any questions, but I want to say that's most of the time a good thing in this committee. And so by saying that, I want to recognize the great job that you and your team have done with regards to the pilot and really taking this thing seriously on the grant side of things. It's very easy to condemn and point out the things that are not going right. And so I want to just say thank you. You may get some questions, but keep your head low.

So Mr. Grothman, I'll go to you for 5 minutes.

Mr. GROTHMAN. Sure. I hope we don't cover old ground here, but I'll start off with Mr. Mader. First of all, I want to make sure that in your mind the DATA Act applies to all Federal agencies, and cover everybody?

Mr. MADER. Yes, sir. It covers all Federal agencies who have appropriations, yes.

Mr. GROTHMAN. Okay. Could you, just to clarify things, eventually provide the committee with a list of agencies that is you feel broken out that it covers?

Mr. MADER. Absolutely.

Mr. GROTHMAN. Have all these agencies submitted implementation plans to you guys already?

Mr. MADER. I don't believe some of the smaller commissions have submitted plans. We're in the process, and it's timely that you ask for the list of finalizing who we believe under the statute is covered. And I think it's important to, not only to sort of capture the total, but also to put it in the context.

The 24 CFO Act agencies, the ones that we have been interacting since day one, represent 90 percent of the spend that we're talking about. So we're going to have in the DATA Act when we go live, at least 90 percent of the total government spend. You know, whether we get every last commission to that place in May, again, let's see what goes on over the course of the summer.

Mr. GROTHMAN. Maybe it would be a good idea, not just for us but for your own benefit, if you provide a list of the agencies that you feel the status is of each of the agencies, and then you can kind of know and they can judge themselves where they are compared to the other agencies whether they're up to speed at the appropriate time.

Mr. MADER. We will.

Mr. GROTHMAN. Okay. Thanks. Ms. Sager, can you just in general give us your opinion of the role that the OMB and Treasury have in addressing these challenges, or how they're helping agencies?

Ms. SAGER. OMB and Treasury are charged with leading the DATA Act implementation effort, and so they are responsible for providing the guidance, for providing what we refer to as kind of the governance structure, for how this is going to happen, for me-

morializing changes as they occur, and for developing the technical schema that brings all of the data together.

Mr. GROTHMAN. Okay. Thank you. Just in general, Mr. Mader and Mr. Lebryk, how have your agencies made use of the information that's been forwarded to you so far? What do you do with it? I guess Mr. Mader is always on the spot, so we'll go with Mr. Lebryk.

Mr. LEBRYK. One of the things that Dave and I hold a monthly senior accountable officials call with the agencies. So we have identified in each of the agencies a senior accountable official who is responsible for making sure the DATA Act information is flowing right in the organization and getting implemented correctly.

In addition, I have mentioned this PMO, the Project Management Office, we hold—or the program management office—we hold office hours on a regular basis. We hold webinars where we hold—a question had come up earlier about our outreach to States. We hold a monthly call with State and local officials to give them feedback on where we are and updates on where we are. If you ever meet the people in the PMO, they're just enormously energetic and committed to what we're doing. And I think it's because if you are kind of in this area of data, this is really kind of a great place to be right now because you can see the difference you're going to be making across government.

So they're very active and aggressive in going out and talking to the agencies on a regular basis to make sure that we're keeping them up to date and giving them the opportunity to ask questions. They're the ones who have been holding the sandbox sessions with the agencies, and we're hopeful, when we get to the broker, the beta broker, that agencies will actually be able to do that from their agency, rather than having to come to Treasury to do that information, so that there will be more realtime feedback and better to work with our data sooner.

Mr. GROTHMAN. Okay. In general, a couple agencies have mentioned, you know, lack of resources. Of course, everybody always talks about lack of resources. But do you feel that's a valid complaint, or do you feel you're able to leverage additional resources and that won't be a problem?

Mr. MADER. As I mentioned to Congresswoman Kelly, I think we're committed to implementing this, and we're trying the best we can to reallocate and redirect resources.

Mr. GROTHMAN. Okay. Thank you. One final question. How frequently are you going to ask the agencies to update their implementation plans? I guess another way of saying that is how often do you check in with them and make sure they're on schedule?

Mr. MADER. So because of the, sort of the place where we are with the implementation schedule, as I mentioned, we're going to receive the updated implementation plans, so let's say in the June, July, timeframe, which we will provide to the committee a summary. What we're also going to do is actually implement a monthly dashboard where we're going to require agencies to report in to us against the timelines that they have in their revised implementation plans.

So we'll be able to monitor between now and the first of the calendar year, and then through May of 2017 the status of each of

these. I mean, it's not like Dave and I are absentee landlords. We're talking to these folks all the time.

Mr. GROTHMAN. Thanks. Very informative.

Mr. MEADOWS. I thank the gentleman. The chair recognizes the gentleman from Texas, Mr. Hurd, for a second round.

Mr. HURD. Thank you, Mr. Chairman. Mr. Mader, correct me if I'm wrong, or if you don't want to throw people under the bus, you can just blink twice. What I bet you is probably happening is, the fact that Treasury is doing these agile developments, right, so you have the versions, different versions of the schema, and you have interim guidance. I bet you there are some agencies that are using the fact that it's interim guidance to not implement or not begin implementation—and so was that two blinks? Did you just blink twice? I'm joking.

So what I would like to see is if we do another hearing on this, let's start bringing some of these agencies that are responsible for doing this, because guess what? You have guidance on what those 57 data elements are. They can start mapping their information to those 57 data elements. The agencies can start linking their financial systems to their award systems. All right. You don't have to have the final guidance. So I would be interested in if you could provide to this committee the agencies that have been to the sandbox and used their system, and then also let us know which agencies haven't been to the sandbox. Because you all shouldn't have all the fun in sitting here and answering these questions. We should be bringing some of these agencies and let them know that, you know, we're going to hold them accountable for implementing this.

You all are providing the guidance. You all are providing interim guidance to help them move along so they don't have to do everything at the last minute, and if they're not taking advantage of it, the problem is on them.

All right. So this is something that I would think we do, Mr. Chairman, in September. And also I'd like to know if you haven't already provided this to the committee, the list of all the officials that's responsible for the DATA Act implementation, whether it's the CIO or the CFO, so we know who's responsible, and so if we're not seeing movement at that agency, we know who we can call and have sitting right here.

Mr. Mader, you look like you want to say something.

Mr. MADER. Yeah, I want to reassure both subcommittee members, there isn't an agency that has come to us and said they're not going to be able to implement. They haven't come to us yet. So I don't think anybody is deliberately slow rolling us in the implementation. I think there are challenges, and I think that agencies, depending on their size and complexity, are starting to realize the list that they have between now and next January, to really get ready with the second-quarter data, which is the quarter of data that's going to be voted in May of 2017.

One of the reasons that Dave and I decided to go out and do these readiness reviews is it's easy to just send emails back and forth with people. I think it's more effective when you sit across the table of other senior executives and you look them in the eye and you sort of go over their plan and ask them, are you going to make

it? And what I've been saying to agencies for the last several months is, if you're not going to make it, then what you need to do is have your cabinet Secretary write to Sean Donovan and tell him, and then we'll have a meeting.

Mr. HURD. Mr. Mader, I apologize for cutting you off. But, listen, you have, Treasury has done the program, Management Office, you're holding these conversations, but at this point, and, Ms. Sager, I'd be interested to know who's mistaking what those data standards actually mean, because this is as simple as picking up the phone and calling one of you all and saying, hey, does this mean X or does it mean Y?

And so getting to a point, I don't think any agency should—it should be unambiguous at this point now that all 57 data standards have been outlined, and you all are open, and you have people that are willing to help these agencies with implementation.

So, Ms. Sager, if it hasn't been identified, I would like to see a list of those agencies that are still a little confused on what those 57 data elements are supposed to be.

Ms. SAGER. And I would just say that based on our prior work on USASpending, one of the things we discovered there is although agencies may think they fully understand the definition, it's once they implement submitting data and they're doing it differently, they're trying to make those cross-agency comparisons, that's where it becomes clear that what you thought was a shared understanding of a definition, upon implementation it then becomes clear that that shared understanding may have been different given the breadth of the Federal Government.

Mr. HURD. And my last question—I don't know if this is best for you, Mr. Lebryk, or you, Mr. Mader—have agencies made adequate progress on linking their financial and award systems in order to meet the DATA Act requirement?

Mr. MADER. Let me start, and I'll ask Dave if he wants to add. I think that, as I mentioned, one of the advantages that we have is we only have three predominant software providers for financial management. They're in the process now of working, as I mentioned, on those patches. Putting the award data into the financial system, you know, that's been a guiding principle since day one. So agencies are working on that. They didn't need additional guidance to actually move out on that.

And again, we want to see the revised implementation plans because we have actually given them—basically Treasury developed an implementation roadmaps that takes us from where we are to May of 2017, and with critical milestones. And what we're asking the agencies to do is take that template and actually put your critical milestones over the top of that. So we'll be able to see come December where there is a disconnect from a timing standpoint.

Mr. HURD. Mr. Chairman, I'm sorry. My last quick question. This is easy for a yes or no to the gentlemen at the end of the table. Mr. Lebryk, has Treasury mapped its data to the 57 elements?

Mr. LEBRYK. Treasury is right on progress.

Mr. HURD. Excellent. Mr. Peckham, has HHS?

Mr. PECKHAM. We are very close.

Mr. HURD. Excellent. Thank you. I yield back.

Mr. MEADOWS. I thank the gentleman. Chair recognizes Ms. Kelly for a second round.

Ms. KELLY. I know we asked about resources, and sometimes people just think about money, but do you feel across the board there are enough skilled people or people to get the work done?

Mr. MADER. I think that when we talk about resources, we're talking not only about dollars, but we're talking about human resources. And, you know, with this particular initiative, this is very technical, I think, as Chairman Hurd will appreciate when he sees some of the detail. We don't have all of the Federal resources. That's why we rely on our partners, contractors to bring in those additional resources. When budgets are constrained, it constrains how much we can bring in from the outside. So, again, it's a challenge, but we haven't let anybody off the hook.

Ms. KELLY. Thank you.

Mr. Peckham, I really appreciate the work that HHS has put into piloting the implementation of the DATA Act. Your leadership and the hard work of your staff has set implementation off to the right foot, as you said. I would like to discuss your successes in implementing the grant portion of the pilot. How have you been able to do so much progress in designing and preparing for testing the grant portion of the pilot?

Mr. PECKHAM. Thank you, first of all.

We at HHS take this very, very seriously. We understand that there are a lot of benefits to be gained, not only for the grantees, but for the Federal Government, and we believe that if we can lead by example and establish some efficiencies within our processes and pass those on to the grant recipients, there is a win-win situation for both areas. And that is generally the approach. I'd also like to recognize the staff that I work with. They are very committed. We have folks from different areas throughout the Department, from different business lines, and we are working in a collaborative fashion to make sure that we understand where we need to go and finally engaging the public as much as we can.

Ms. KELLY. The GAO report concluded that the grants portion of the pilot will meet the requirements of the DATA Act if implemented according to HHS' proposed plan. What expectations does HHS have for the outcome of the grant portion of the pilot?

Mr. PECKHAM. We are hopeful that all six models are successful and that we can find efficiencies from them that we can recommend and then report to OMB and Congress and see what action can be taken.

Ms. KELLY. Okay. Thank you.

Ms. Sager, thank you for being with us today. According to the recent GAO report, the design of the procurement portion of the pilot will not meet the DATA Act requirements. What are the potential consequences of the procurement portion of the pilot not meeting the specified DATA Act requirements?

Ms. SAGER. I would mention a couple of things here and also point out that as OMB has defined it, the Section 5 pilot consists of the two portions, so it is the grants portion and the procurement portion, both together to meet the requirements in the Act itself. Given that, the procurement pilot particularly, I think one of the things that is unclear is the extent to which the dollar amount will

be specified and met by the procurement portion of the pilot as you saw it in the written statement. It is a fairly narrow portion of the pilot given its focus on certified payroll. That may provide informative information. At this point, there was not enough information available in the plan itself for us to fully understand how the procurement portion of the pilot contributes to meeting the specifications in the Act itself.

The other thing is the diversity of pilot participants. Again, it was not entirely clear how that particular requirement in the Act would be met by the plan, or by the pilot, as it is currently specified. We understand this is a work in progress, but we look forward to learning more about that so that we can understand how this portion of the pilot also contributes to scalability. Given its narrow focus, it's important to know that the evaluation and the lessons learned from this portion of the pilot do have broader applicability to the procurement community.

Ms. KELLY. Mr. Mader, how do you respond to the concerns raised?

Mr. MADER. We accept the criticism that GAO has documented around the procurement pilot. We're in the process of replanning that effort to ensure that the necessary methodology documentation is in place, and we will work with GAO on that. I think it's important though to also recognize that long before there was a DATA Act, the Office of Federal Procurement Policy actually has been working on reducing contractor burden. I know Congressman Connolly knows this market very, very well from being in Northern Virginia. I don't think a day goes by that my colleague Anne Rung doesn't hear from the Professional Services Council, around things the government can do to reduce the burden that we put on doing business with the government. Our commitment is to come back with a replan in the next 45 days so that we can assure ourselves and you that we'll meet all of the objectives of the DATA Act.

Ms. KELLY. Thank you. And I yield back.

Mr. MEADOWS. I thank the gentlewoman. So in 45 days, you're going to come back to this committee with a revamp of what you plan to do on the procurement side of it. Is that what I heard?

Mr. MADER. Yes, sir.

Mr. MEADOWS. Okay. So how did we end up with such a narrow scope? You've got Mr. Peckham, whose expertise is not this particular area, yours, Mr. Mader, where it is your area, and he is working on six. You're working on one. But it's not even just one. It's one narrowly tailored to include Davis-Bacon. How in the world did you come up with that as a criteria?

Mr. MADER. So we, as I mentioned, we have been working on burden reduction for contractors for several years, and there were several—

Mr. MEADOWS. How is that working? If I were to ask the general population that Mr. Connolly has the privilege and honor of serving, would they say that you're getting an A or on the other end of the spectrum?

Mr. MADER. I think they would comment, as my colleagues in GAO would, like in a blue book cover is some progress but more work to be done. I think the community would recognize—

Mr. MEADOWS. I think you're generous with your analysis, but go ahead. We'll leave it at that.

Mr. MADER. I think they would recognize that we have made progress. They would probably say you could make more progress.

Mr. MEADOWS. So answer the question. How did we come up with such a narrow—my understanding is the whole national dialogue, you got three responses originally from a contractor, three contractor responses. None of them referenced this, but yet you picked this.

Mr. MADER. Because of the work that we had done previously with the community.

Mr. MEADOWS. So what you're saying is you did a pilot based on work you had already done, because I don't think that's what we wanted?

Mr. MADER. So we felt, we feel that the pilot as it's currently scoped, using wage reporting for Davis-Bacon, and for folks in the audience that don't understand the size of that, so any Federal funds over \$2,000 that are used in construction or renovation are subject to Davis-Bacon.

Mr. MEADOWS. I understand. But we're talking about certified payroll. Again, we're talking about a narrow scope within a narrow scope. So it may be big in the universe of those that qualify, but we have narrowed the scope. And I think you've just admitted under testimony that it may not be a meaningful pilot. Would you agree with that?

Mr. MADER. No, I would not agree with that.

Mr. MEADOWS. So you disagree with GAO that it's meaningful in all respects to what the DATA Act was seeking to find out, that it will provide enough meaningful data that you will be able to implement the DATA Act properly?

Mr. MADER. We believe we can.

Mr. MEADOWS. So you do disagree with Ms. Sager?

Mr. MADER. Right, yes.

Mr. MEADOWS. But your testimony a few minutes ago was that you agreed with her and that you were going to revise this in 45 days.

Mr. MADER. What I agreed, Mr. Chairman, was that we did not do a good job of documenting our methodology and our approach.

Mr. MEADOWS. All right. So you're suggesting that this narrow, tailored, pilot is indicative to make informed decisions across, all Federal agencies on procurement. That's your testimony here today?

Mr. MADER. With regard to this particular area of focus. And as GAO has testified, there's two components of this that need to be better actually put together.

Mr. MEADOWS. Ms. Sager, would you like to have seen more inclusive on the procurement side in terms of a pilot? Would it have helped you to identify the strengths and weaknesses by having a broader scope?

Ms. SAGER. If the pilot had broader, certainly that would have given us a better indication of how this would apply to the procurement community more broadly.

Mr. MEADOWS. So do you have doubts that with the narrow scope of the procurement pilot, that we may not be able to make the best

informed decisions in terms of the general procurement side of the implementation of the DATA Act?

Ms. SAGER. Based on what we have seen to date, we are unable to take the limited documentation that we have to understand how certified payroll narrowly has lessons to be learned for the entire contracting community.

Mr. MEADOWS. All right. So here's what I would ask you, Mr. Mader, since you're going to revisit this in 45 days or get a plan back to this committee, is how we can potentially expand the scope. I think you've already said on the pilot program you're going to miss the deadlines. Is that correct? I think that was in your earlier testimony, maybe not?

Mr. MADER. No, it wasn't.

Mr. MEADOWS. Okay. Are we going to have a full year's worth of data from the pilot program?

Mr. MADER. That's why we're going to go back and take a look at our plan, so I don't know.

Mr. MEADOWS. Okay. All right. Well, here's my request of you. We want a full year's worth of data, even if it's going to take you beyond the original target date, because less than a full year's worth of data is meaningless in terms of really making informed decisions. Does that make sense?

Mr. MADER. That makes sense.

Mr. MEADOWS. So you can commit to the committee that you'll give us a full year's worth of data?

Mr. MADER. We can, yes.

Mr. MEADOWS. Thank you. All right. So let me close with one last area. You've been talking about the implementation plans for the agencies, that they've submitted these implementation plans. Is that correct?

Mr. MADER. That's correct.

Mr. MEADOWS. All right. Can we get a copy of those implementation plans from the agencies? Will you supply those to us? Because I'm sure those would be very informative in terms of the understanding of agency to agency based on those implementation plans.

Mr. MADER. When we receive the revised plans, we would be more than happy to come—

Mr. MEADOWS. You can go ahead send us the ones you have now. Your testimony was that you had implementation plans, and so obviously in the DATA Act, we're going down that you're making informed decisions on guidance based on those implementation plans, on what's in them, what's not in them, I would assume. Is that correct?

Mr. MADER. No. I don't think we're making decisions based on the—

Mr. MEADOWS. You've looked at an implementation plan for all the agencies, and you've made no changes in your guidance?

Mr. MADER. No, no. I didn't say that, Mr. Chairman.

Mr. MEADOWS. Okay.

Mr. MADER. What I said is implementation plans were done early on last year, right, a year ago this past summer. And I think, as Dave Lebryk has testified, this iterative process allows us to have a—

Mr. MEADOWS. That's fine. I guess what I'm saying is just send us the implementation plans as you have them, as they are revised and change from agencies, will you go ahead and send those to us as well?

Mr. MADER. We will. We will.

Mr. MEADOWS. So with that, I appreciate the specificity, Mr. Mader, of you answering some of the difficult questions. Let me share about the communication, because it's one thing to give a speech. It's another to have communication. Sometimes the only way that you get two-way communication when you give a speech is on the receiving end of either insult or things thrown from the audience. Let's hope that that didn't happen.

But in doing that, one of my concerns is that I'm hearing from stakeholders that there is still ambiguity, and there is a lack of commitment in terms of the quality of the data. And the big concern that is being expressed, and so I'd like you to address it, not in a question and answer here, but it sounds like that you're serious about reaching out, that you and Dave, as you've said, are reaching out on a regular basis. Here's my ask of you, is to get with those that have, not just the agencies, but subcontractors, others that have to implement this, and ask them what are the problems. And give them cart blanche to be able to say, because sometimes they may not say it to you. They're saying it to me. Because they've got to do business with you, and I don't.

And so as we look at that, if you would redouble your effort on a two-way communication and not allow it to go out, but then say, okay, based on this input that we have gotten from stakeholders and agencies and across the board, we are modifying it based on this input in this way, where they understand that their input is actually having a direct impact on you and Treasury. Now, from your testimony here today, you're indicating that that is happening, and I just would ask that you redouble your efforts there and as we look at that, go forward.

If there are no closing statements, I would just like to thank all of you for your testimony. Thank you for your diligence in protecting the hardworking American taxpayers' dollars and transparency. If there is no further business, the committee stands adjourned.

[Whereupon, at 4:02 p.m., the committees were adjourned.]

APPENDIX

MATERIAL SUBMITTED FOR THE HEARING RECORD

Congress of the United States
 Washington, DC 20515

January 29, 2016

The Honorable Jacob J. Lew
 Secretary
 U.S. Department of the Treasury
 1500 Pennsylvania Avenue, NW
 Washington, D.C. 20220

Dear Mr. Secretary:

If implemented properly, the Digital Accountability and Transparency Act (DATA Act) will produce consistent and reliable federal spending data which will enhance the ability of taxpayers, Congress, and federal agency officials to track and analyze how the federal government uses taxpayer dollars.¹ Federal agencies are required to start reporting data in accordance with guidance issued by the Office of Management and Budget (OMB) and the Department of Treasury (Treasury) by May 2017.

OMB and Treasury have made progress in implementation of the law, including finalizing 57 data elements which will provide a basis to improve the quality and consistency of federal spending data.² Today, the Government Accountability Office (GAO) released a report finding that while the majority of the 57 DATA Act data elements defined by OMB largely followed leading practices, GAO found some imprecise and ambiguous definitions and that “without more interpretative clarification, agencies run the risk of reporting data that cannot be aggregated government-wide.”³

GAO also found that despite progress in establishing data standards and draft guidance, OMB and Treasury have not yet finalized DATA Act guidance documents for agency use.⁴ According to GAO, the lack of final technical guidance from OMB and Treasury could impede agencies’ ability to meet reporting timelines.⁵ Treasury issued a draft version of the guidance on December 31, 2015, but Treasury noted this draft version “does not include agency submission specifications regarding the file format, content scope, file organization, etc.”⁶ GAO also

¹ Pub. L. No. 113-101, 128 Stat. 1146 (May 9, 2014), codified at 31 U.S.C. § 6101 note.

² The White House, *Standardizing and Simplifying the Government’s Data on Federal Spending* (August 2015) available at: <https://www.whitehouse.gov/blog/2015/08/31/standardizing-and-simplifying-government%E2%80%99s-data-federal-spending>.

³ U.S. Gov’t Accountability Office, *DATA Act: Data Standards Established, but More Complete and Timely Guidance is Needed to Ensure Effective Implementation* (Jan. 2016) (GAO-16-261).

⁴ *Id.*

⁵ *Id.*

⁶ DATA Act and FFATA Collaboration Space, *Current Draft Version (v0.7)*, available at: <https://fedspendingtransparency.github.io/data-exchange-standard/>

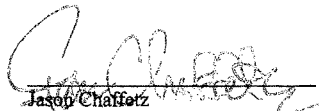
The Honorable Jacob J. Lew
January 29, 2016
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reported that “agencies could incur additional costs as they revise implementation plans to align with later versions of the guidance or could be forced to delay implementation.”⁷


Without the timely issuance of final guidance, federal agencies may not have the information needed to effectively implement the DATA Act standards by the statutory deadline, or may incur higher costs because of the delay in receiving final guidance. We request OMB and Treasury promptly report to Congress their status in implementing the GAO recommendations regarding the DATA Act. Specifically, please include information relating to clarifying data element definitions and finalizing the technical guidance, and work diligently to ensure effective implementation.


If you have any questions about this request, please contact Maggie Childs of the House Committee on Oversight and Government Reform Majority staff at (202) 225-5074, Krista Boyd of the House Committee on Oversight and Government Reform Minority staff at (202) 225-5051, and Caitlin Runyan of Senator Warner’s staff at (202) 224-2023. Thank you for your attention to this matter.


Sincerely,


Jason Chaffetz
Chairman
House Committee on Oversight
and Government Reform


Elijah E. Cummings
Ranking Member
House Committee on Oversight
and Governmental Reform


Mark Meadows
Chairman
Subcommittee on Government Operations


Gerald E. Connolly
Ranking Member
Subcommittee on Government Operations


Mark R. Warner
United States Senator

⁷ GAO-16-261.

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Washington, DC 20515

January 29, 2016

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Director
Office of Management and Budget
725 17th Street, NW
Washington, DC 20503

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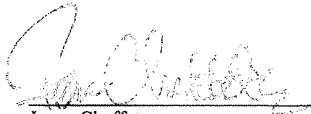
The Honorable Shaun Donovan
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