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**Testimony of David Mader
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before the
House Committee on Oversight and Government Reform
Subcommittee on Information Technology and
Subcommittee on Government Operations
United States House of Representatives
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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

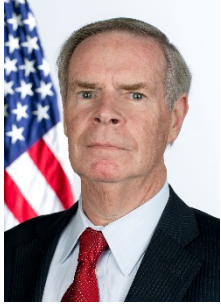
The table below summarizes DATA Act-related funding information for FY 2016 and FY 2017 (in millions).

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).



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David Mader is currently the Acting Deputy Director for Management of the Office of Management and Budget (OMB) and Controller of the Office of Federal Financial Management (OFFM) within OMB. He was confirmed as Controller by the United States Senate on July 17, 2014. Previously, he served as Senior Vice President for Strategy and Organization at Booz Allen Hamilton, a position held since 2007. From 2004 and 2007, he was a Principal at Booz Allen Hamilton focusing on strategy and organization. From 2003 to 2004, Mr. Mader was the Managing Director of the Public Sector practice of Sirota Survey Intelligence. Before joining Sirota Survey Intelligence, Mr. Mader held various senior executive positions at the Internal Revenue Service from 1971 to 2003, including Acting Deputy Commissioner, Acting Deputy Commissioner for Modernization and CIO, Assistant Deputy Commissioner, and Chief for Management and Finance. Mr. Mader received a B.S. from Mount St. Mary's University. He is the recipient of both the Distinguished and Meritorious Presidential Rank Awards, the Treasury Secretary's Honor Award and is a Fellow in the National Academy of Public Administration.