



Committee on Oversight and Government Reform  
Subcommittee on Government Operations  
Subcommittee on Health Care, Benefits and Administrative Rules

**United States House of Representatives**

December 1, 2016

Testimony  
Hudson Hollister  
Executive Director, Data Coalition

**Using the DATA Act to Restore the Power of the Purse**

**[Slide 1 - Introductory Slide]**

Chairman Meadows, Ranking Member Connolly, Chairman Jordan, Ranking Member Norton: thank you for inviting me to testify.

In April of 1802, President Thomas Jefferson wrote to Albert Gallatin,<sup>1</sup> the fourth Secretary of the Treasury, supporting Gallatin's plan to "simplify our system of finance, and bring it within the comprehension of every member of Congress." Jefferson believed that federal spending information had become so complex and so fragmented that only the experts could understand it.

Jefferson's solution to this problem was a "simplification in the form of accounts in the treasury department, and in the organization of its [sic] officers, so as to bring every thing to a single center." By expressing federal spending as "one consolidated mass," he wrote, "we might hope to see the finances of the Union as clear and intelligible as a merchant's books, so that every member of Congress, and every man of any mind in the Union, should be able to comprehend them, and consequently, to control them."

Two hundred and fourteen years later, we face the same problem and we need the same solution. The federal government is the largest and the most complex organization in human history. But by expressing all federal spending as one consolidated data set, we can use

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<sup>1</sup> <http://founders.archives.gov/documents/Jefferson/01-37-02-0132#TSJN-01-37-02-0132-kw-0001>

commercially-available software to make it “clear and intelligible,” so that Congress and the people can comprehend it, and control it.

Federal spending information is complex and fragmented. Agencies must report their receipts and account balances to Treasury, their budget information to the White House Office of Management and Budget, and their contracting details to the General Services Administration. This information is handled by thousands of incompatible software systems.

But two years ago this Committee unanimously approved, and President Obama signed, the reform necessary to express federal spending information as a single data set. The Digital Accountability and Transparency Act, or DATA Act, directs Treasury and OMB to create a single, government-wide data structure for all federal spending information.

The most important deadline is five months away. In May of 2017 every federal agency must begin to report spending information using the same data format, creating a single electronic picture of all spending. In the next few minutes I am going to show you what that picture is going to look like.

I know the Committee is particularly interested in fees, fines, penalties, and settlements that agencies receive outside the appropriations process. So far, the data structure that Treasury and OMB are using under the DATA Act focuses on expenditures, not on receipts, so our single electronic picture of all spending won’t be able to provide full detail on how fees, fines, penalties, and settlements are spent.

But Congress can direct Treasury and OMB to expand the data structure. And Congress should.

When I served as counsel to this Committee, I worked on the first version of what became the DATA Act. I resigned from the staff in 2012 in order to start the Data Coalition and help then-Chairman Issa and Ranking Member Cummings get the DATA Act passed. The Data Coalition is a trade association of nearly 40 companies whose commercially-available software can inform decisions, illuminate fraud, and automate compliance - but only if we have a single data set to work with.

Earlier this year we established the Data Foundation, a nonprofit organization whose mission is to illuminate the benefits of open government data through research and education. For more on the DATA Act’s history, goals, and potential, you can read the Data Foundation’s first research paper, *The DATA Act: Vision & Value*,<sup>2</sup> co-published with MorganFranklin last July.

## [Slide 2 - Life Cycle of Federal Spending Information]

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<sup>2</sup> <http://www.datafoundation.org/data-act-vision-and-value-report/>

Federal spending information is not just fragmented across agencies, systems, and reporting requirements. It is also separated into stages. Here is the full life cycle of federal spending information.

Federal funds flow into receipt accounts. Some receipts are available for spending immediately. Other receipts are unavailable to be spent until Congress appropriates the funds.

In 2006, the Federal Funding Accountability and Transparency Act, or FFATA, required the executive branch to begin publishing a summary of each federal grant and contract on the USASpending.gov website. The light gray arrow shows the information that is published under FFATA.

The DATA Act - shown here with the dark gray arrow - requires the government to publish more of the life cycle and match appropriations to the grant and contract awards that are paid out of them. One of the most important expansions in transparency is not shown in this diagram: the DATA Act requires the publication of the direct spending that doesn't go out in the form of grants or contracts, like salaries and benefits.

By requiring Treasury and OMB to set up a single government-wide data structure for appropriations, grants, and contracts, the DATA Act gives us a single electronic picture of all that information - or, to use President Jefferson's phrase, "one consolidated mass" that allows Congress and the public to "comprehend ... and consequently, to control" spending.

The rest of my testimony has three parts. First, I will explain the information that is available to Congress and the public before the DATA Act comes into effect this May. Second, I will preview the single electronic picture of spending that will become available after agencies begin reporting appropriations, grants, and contracts using the standardized data structure. Third, I will show how even after the DATA Act, there will still be a need to expand the data structure to include more information for a more complete picture, and suggest how Congress might do that.

#### **[Slide 3 - Federal Spending Information Before the DATA Act]**

Before the DATA Act, federal spending is mostly available as static documents, not as searchable data.

#### **[Slide 4 - Monthly Treasury Statement Example]**

The Monthly Treasury Statement of Receipts and Outlays, a document published every month by the Bureau of the Fiscal Service, is the most complete breakdown of federal funds received and spent by the government.

The Monthly Treasury Statement summarizes all receipts, both those that are available to be spent immediately and those that cannot be spent until a Congressional appropriation. But

because it is a static document, there is no way to access more detail or follow a particular category of receipts to see what happened to it.

#### **[Slide 5 - USASpending.gov]**

Under the Federal Funding Accountability and Transparency Act of 2006, federal agencies must report a summary of every grant and a summary of every contract, and that information is published on the USASpending.gov portal. It is fully searchable and interactive.

However, because USASpending.gov is solely focused on grants and contracts, it does not give us the full picture of federal spending. It does not allow us to navigate back and forth between larger appropriations categories and specific grant and contract awards.

#### **[Slide 6 - Federal Spending Information After the DATA Act]**

Under the DATA Act, Treasury and OMB have created a government wide data structure that connects expenditure accounts to grants and contracts for the first time. Once all the information is expressed using this data structure, starting in May 2017, we will have a single, authoritative data set that shows all expenditures, broken down by account, by grant, and by contract.

Commercially available software will use this single data set to portray an electronic picture of federal spending. Several of our Data Coalition members are working on software that will provide agencies, and Congress, and the public with new ways to comprehend, and control spending.

#### **[Slides 7-12 - Spending Visualizations]**

Here we see a navigation from an overall appropriation category all the way to a particular contract. This level of interactivity will be possible across the whole executive branch.

This set of visualizations was created by Booz Allen Hamilton, but we expect other software companies will compete, once federal spending is publicly available as a single data set.

The reliability of this electronic picture of federal spending will depend on how well agencies comply with the DATA Act, starting in May 2017. They must report complete, timely, accurate, high-quality data that matches the data structure Treasury and OMB have created.

The DATA Act requires every inspector general to evaluate the data its agency reports. Last month, the inspectors general of most agencies published readiness reviews, and most came out positive, but some agencies are not ready. The Data Coalition has published a summary of

the readiness reviews.<sup>3</sup> I understand this committee intends to conduct further oversight on agencies' DATA Act work.

**[Back to Slide 6 - Federal Spending Information After the DATA Act]**

Even after the DATA Act, some limitations will remain. First, the data structure that Treasury and OMB have created focuses on expenditures, not receipts. That means we won't easily be able to differentiate between appropriated and non-appropriated funding sources.

Second, the data structure does not go all the way down to the checkbook level, with details for each payment. That means we won't yet be able to navigate all the way from the whole federal government to see the date and amount of every payment the government makes. Many states, led by Ohio, are providing this level of transparency already. In fact, Ohio allows the public to view every payment, see which accounts and budget categories the money came from, and see the name and contact information of the state official who was responsible for that payment.

**[Slide 13 - Federal Spending Information if the DATA Act is Amended]**

Congress should amend the DATA Act to direct Treasury and OMB to expand their data structure. Here is what the life cycle of federal spending information would look like if the DATA Act covered both receipts at the beginning and payments at the end, as shown by the green arrow.

I asked our Data Coalition members to come up with a prototype visualization that shows what this expanded electronic picture of federal spending might look like.

**[Slides 14-17 - Receipts Visualizations]**

Here we see a navigation that itemizes the federal government's receipts between those that are unavailable, and require Congressional appropriation to be spent, and those that are available for spending immediately.

If the data structure is expanded as we are recommending, we will also be able to navigate all the way down to the payment level, just as is possible today in Ohio and other states.

**[Slide 18 - Conclusion: Expand the Data Structure; Eliminate Duplicative Systems; End the DUNS Monopoly]**

We have prepared recommendations for the Committee on how to amend the DATA Act to expand the data structure and ensure that receipts and payments are brought into the picture. Our legislative recommendations for the DATA Act are based on the Center for Open Data

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<sup>3</sup> <http://www.datacoalition.org/blog/>.

Enterprise's Transition Report,<sup>4</sup> which explains how the next Presidential administration can work with Congress to use open data to deliver transparency, accountability, and efficiency across all government operations.

In addition to expanding the data structure to provide a more complete electronic picture of federal spending, we believe Congress should clarify how the DATA Act should streamline the federal government's reporting processes. Beginning in May 2017, agencies will be reporting their spending information twice - first the old-fashioned way, as static documents and through disconnected databases, using legacy systems like the Federal Procurement Data System (FPDS), and a second time as searchable, standardized data under the DATA Act.

Congress should eliminate this duplication as soon as possible. The DATA Act process, based on data instead of on documents, must become the only way that agencies report spending. Our legislative recommendations provide a foundation to accomplish this.

Finally, Congress must address the biggest obstacle to the public's access to spending information. The federal government uses an identification code called the DUNS Number to identify every grantee and contractor across all of its systems. The DUNS Number is proprietary. It is owned by Dun & Bradstreet, Inc., which is itself a contractor. Nobody can download federal grant or contract data without purchasing a license from Dun & Bradstreet. Taxpayers paid for this information to be compiled, and yet they cannot download or analyze it without paying again, every time.

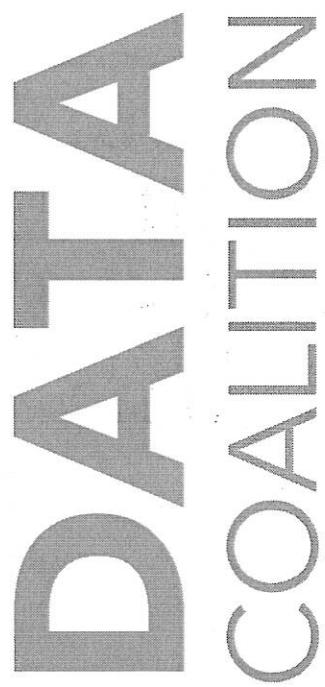
Congress should end Dun & Bradstreet's monopoly by directing the government to adopt a nonproprietary, freely reusable identification code for grantees and contractors. Our legislative recommendations would phase out the DUNS Number and replace it with an identification code that everyone can freely download, such as the globally-adopted Legal Entity Identifier (LEI).

President Jefferson's 1802 letter to Secretary Gallatin complained that the government's financial position had taken on "the most artificial and mysterious form," "until the whole system was involved in impenetrable fog" and beyond the comprehension of Congress and the public. To anyone but a Treasury expert, the distinction between appropriated and non-appropriated receipts is indeed artificial and mysterious, and it allows the government to operate beyond Congress' comprehension and beyond public accountability.

But by tracking all the complexity of federal spending using a single, government-wide data structure, and by publishing all that information as one data set, we can realize Jefferson's vision of "one consolidated mass," "clear and intelligible." This Committee began this work by passing the DATA Act. By holding the executive branch accountable to follow the law, and by expanding the law where necessary, this Committee can finish it. Thank you.

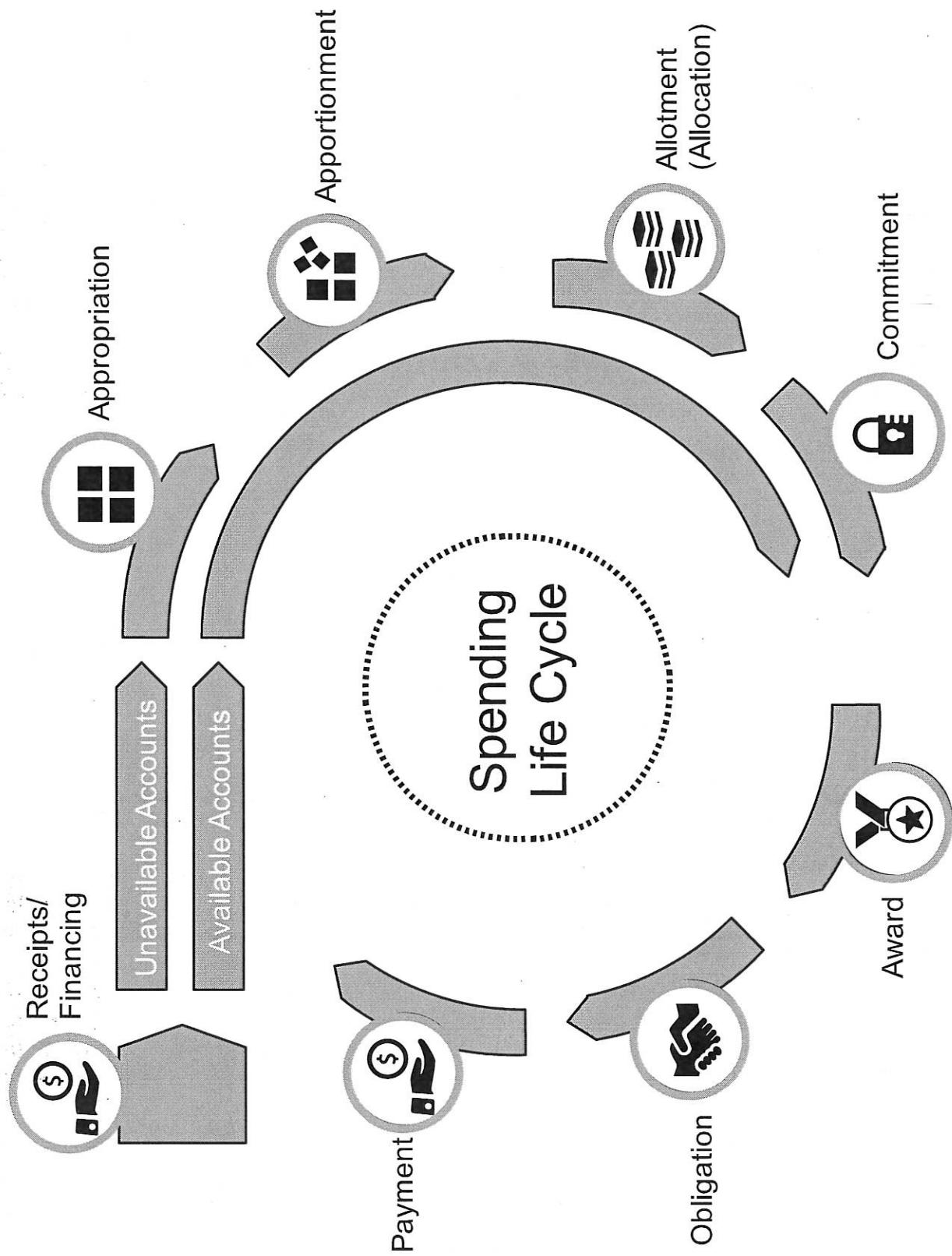
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<sup>4</sup> <http://opendataenterprise.org/transition-report.html>



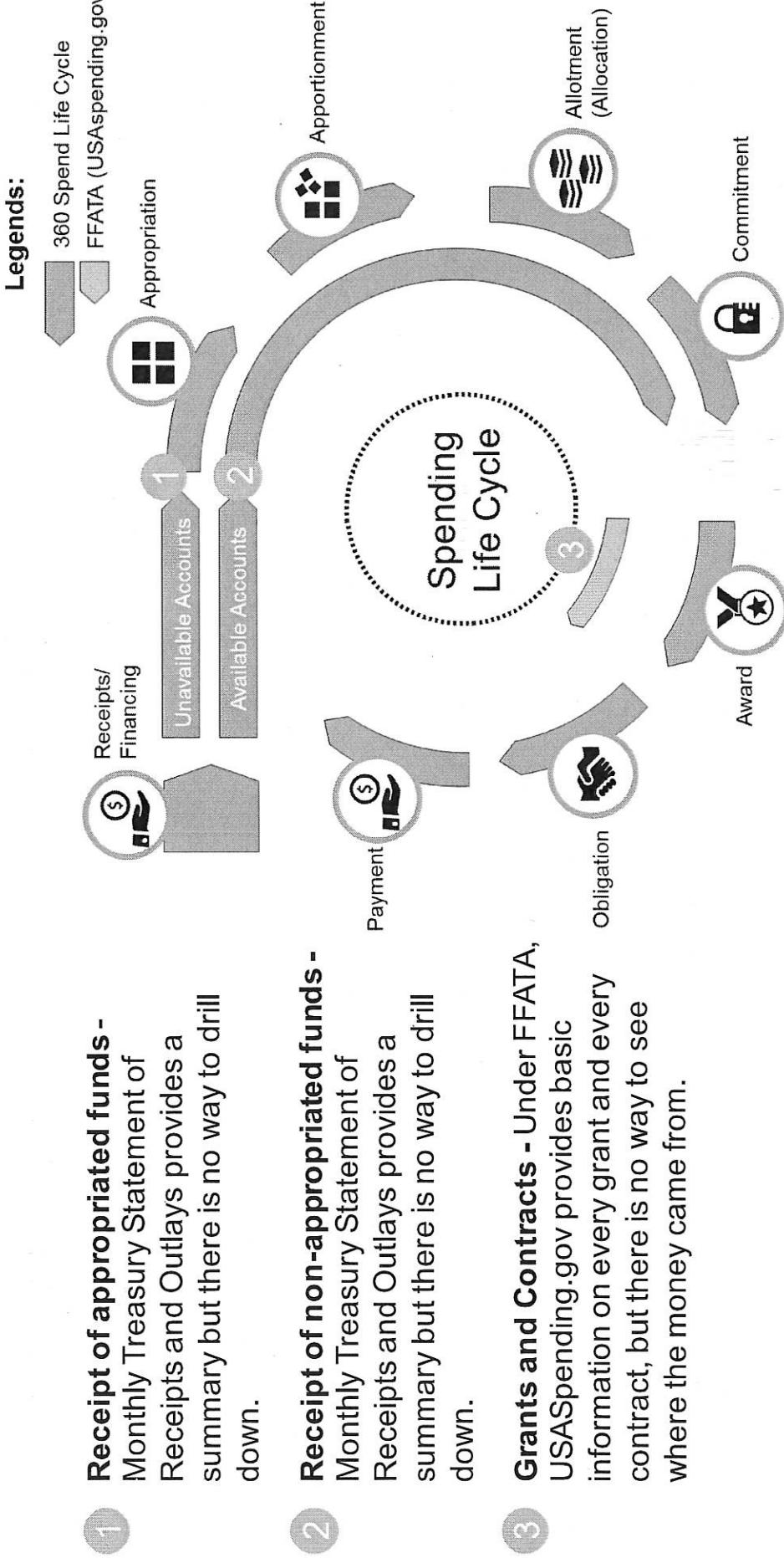
# **Using the DATA Act to Restore the Power of the Purse**

Hudson Hollister, Executive Director



# Federal Spending Information Before the DATA Act

*There is no platform that shows the whole picture of federal spending, from receipt all the way to outlay.*



# Monthly Treasury Statement

**Table 3. Summary of Receipts and Outlays of the U.S. Government, October 2015 and Other Periods**

Classification	[ \$ millions ]			Comparable Prior Period Year to Date	Budget Estimates Full Fiscal Year <sup>1</sup>
	This Month	Current Fiscal Year to Date	Budget Year		
<b>Budget Receipts</b>					
Individual Income Taxes	109,220	109,220	106,661	106,661	1,540,274
Corporation Income Taxes	4,256	4,256	10,228	10,228	346,895
<i>Social Insurance and Retirement Receipts:</i>					
Employment and General Retirement (Off-Budget)	55,112	55,112	52,255	52,255	771,323
Employment and General Retirement (On-Budget)	19,270	19,270	18,139	18,139	240,458
Unemployment Insurance	2,156	2,156	3,187	3,187	54,980
Other Retirement	311	311	293	293	3,660
Excise Taxes	5,577	5,577	5,915	5,915	96,146
Estate and Gift Taxes	2,132	2,132	1,418	1,418	19,660
Customs Duties	3,435	3,435	3,485	3,485	36,332
Miscellaneous Receipts	9,577	9,577	11,136	11,136	138,741
<b>Total Receipts</b>	<b>211,046</b>	<b>211,046</b>	<b>212,719</b>	<b>212,719</b>	<b>3,248,469</b>
<b>(On-Budget)</b>	<b>155,934</b>	<b>155,934</b>	<b>160,464</b>	<b>160,464</b>	<b>2,477,146</b>
<b>(Off-Budget)</b>	<b>55,112</b>	<b>55,112</b>	<b>52,255</b>	<b>52,255</b>	<b>771,323</b>

# USASpending.gov



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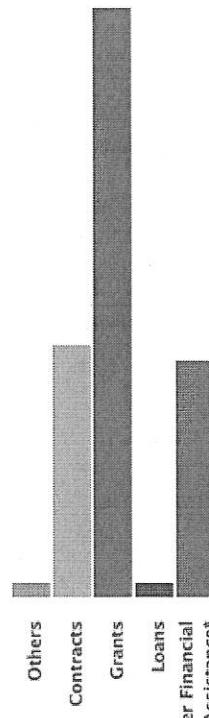
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## WHAT IS USASPENDING.GOV?

USASpending.gov is the publicly accessible, searchable website mandated by the Federal Funding Accountability and Transparency Act of 2006 to give the American public access to information on how their tax dollars are spent. [Learn More...](#)

## OVERVIEW OF AWARDS - FY 2017

The federal agencies distribute funding through federal contracts, grants, loans, and other financial assistance. See the [Overview of Awards by Fiscal Year](#) trend graph for spending by all Fiscal Years.



\*See explanation in [Glossary](#)

[Text View of Overview of Awards](#)

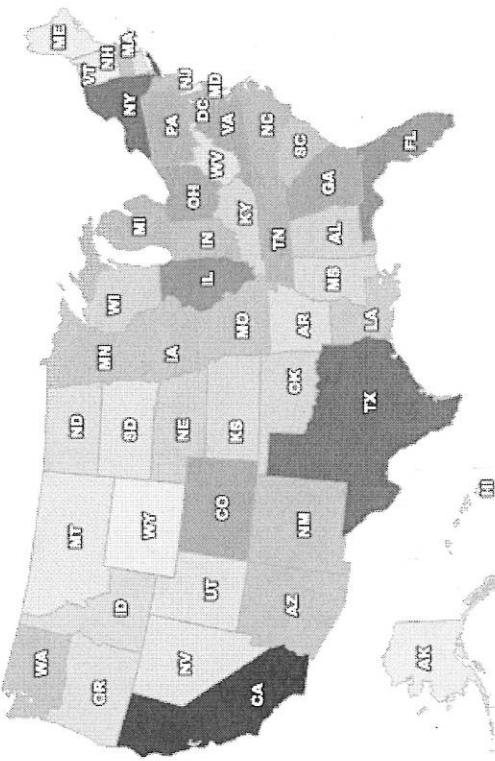
Search Data by Keyword  Search Site

Enter Keyword

[Advanced Data Search](#)

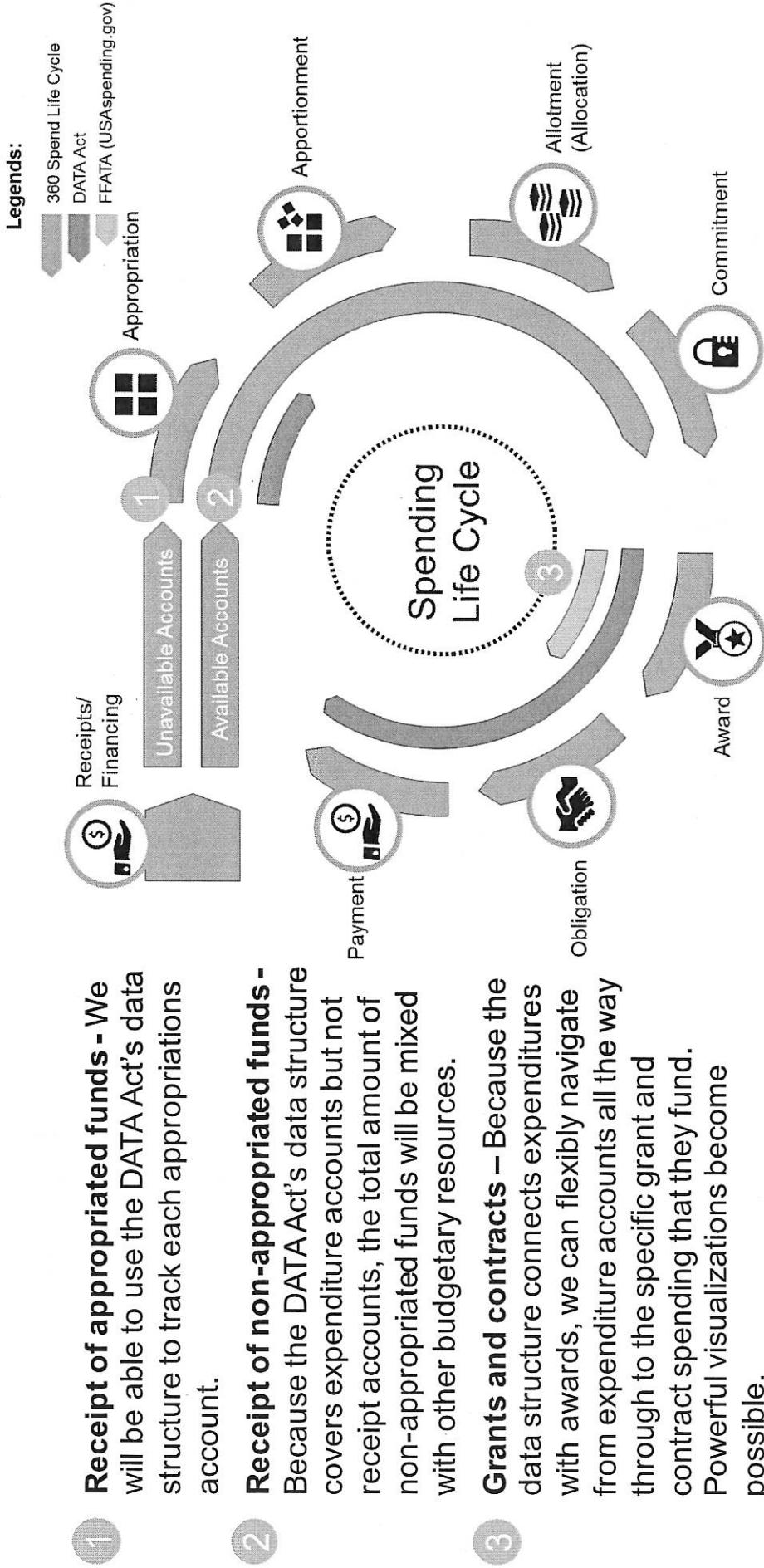
## AWARDS BY STATE - FY 2017

Roll over map to see data. Click on state for more details



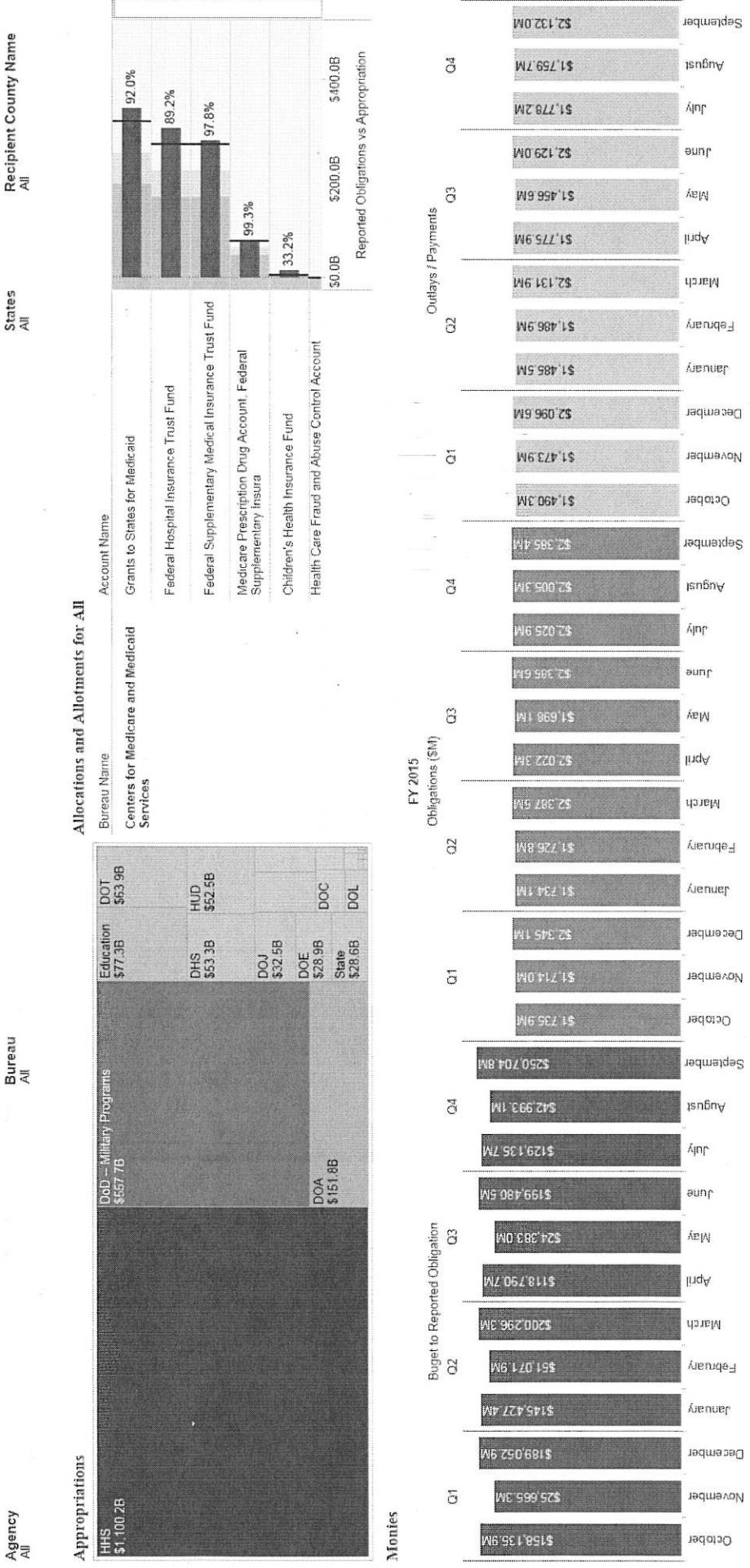
# Federal Spending Information After the DATA Act

**As agencies begin to report standardized data in May 2017, they will create a government-wide electronic picture of appropriations, awards, and payments.**



# All Federal Spending

## 360° Federal Spending



# USDA Spending

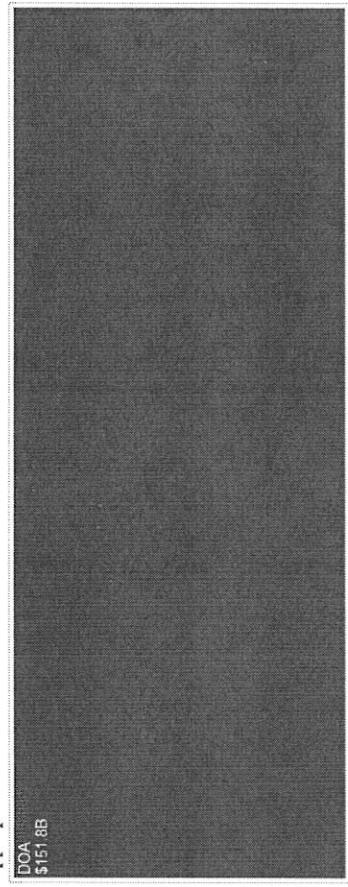
## USDA 360° Federal Spending

Agency  
Department of Agriculture

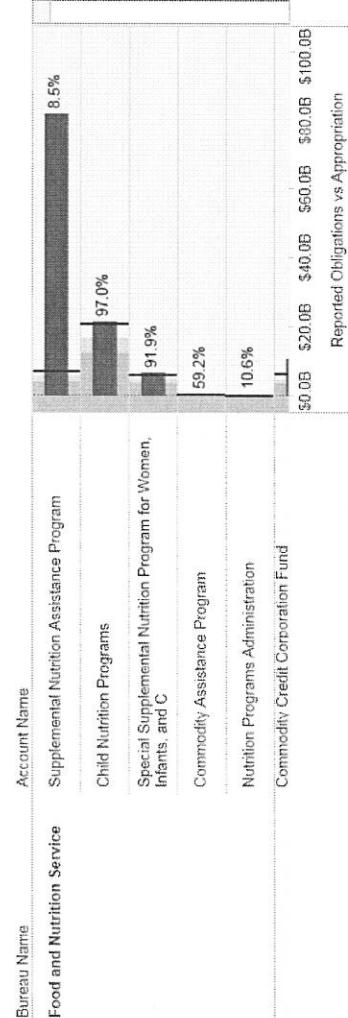
Bureau  
All

Recipient County Name  
All

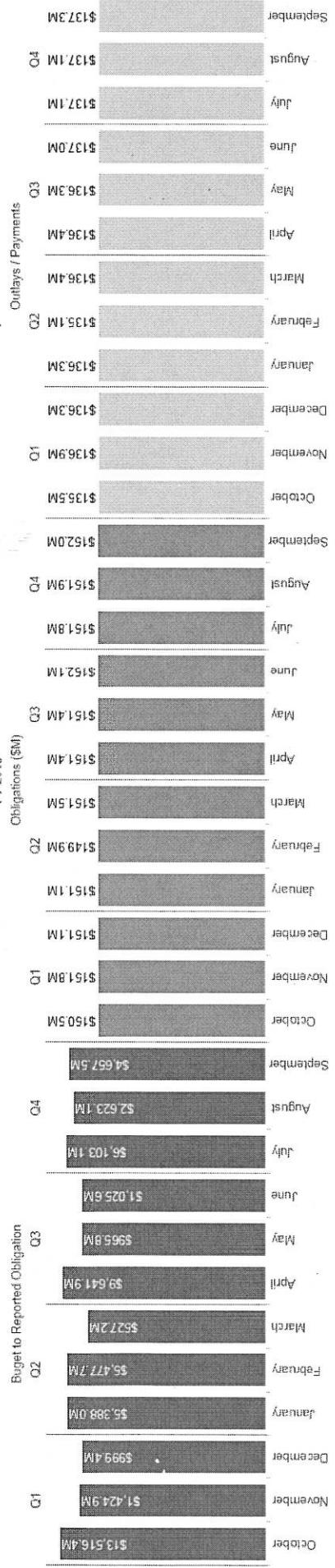
### Appropriations



### Allocations and Allotments for All



### Monies



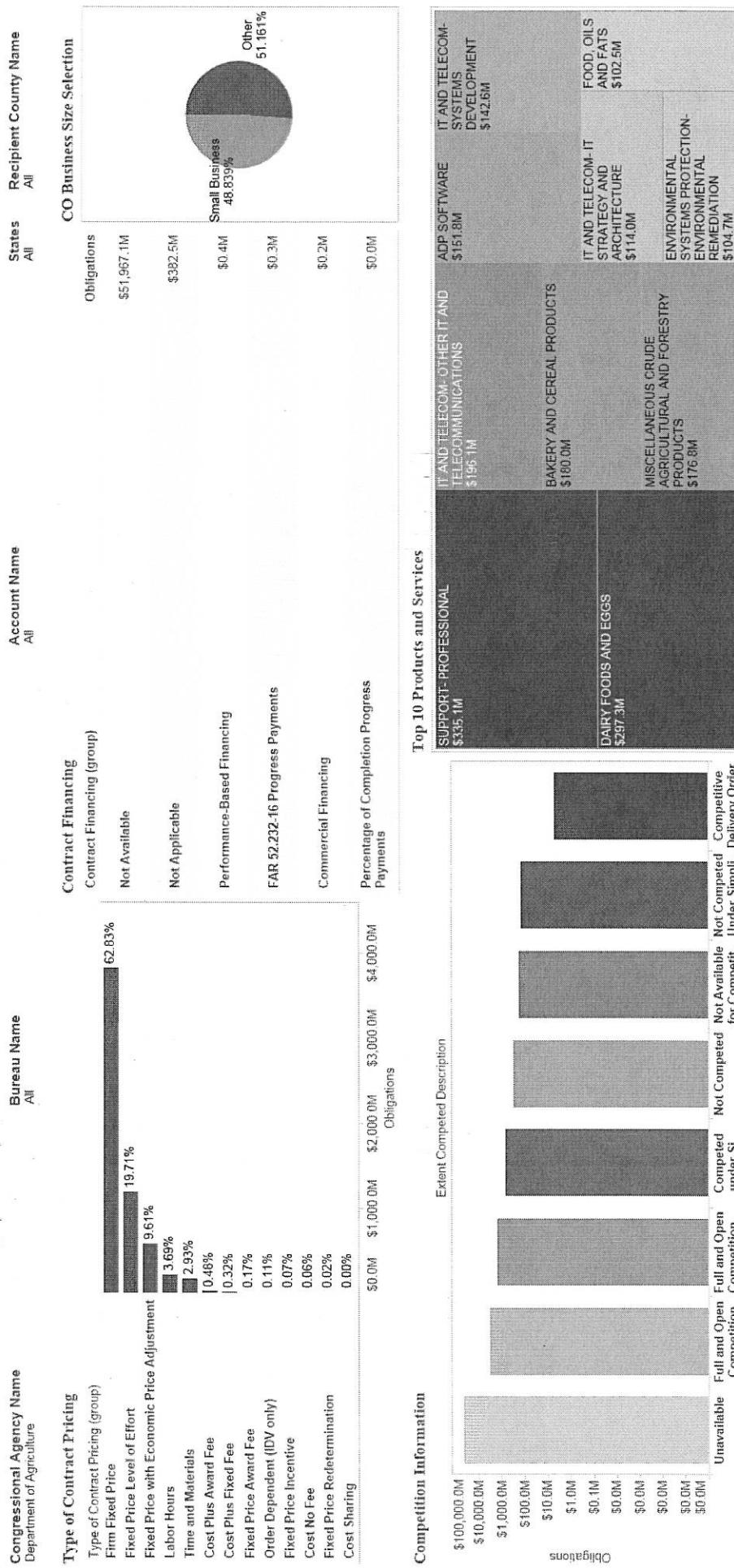
# USDA Spending: Breakdown

## USDA Appropriation Breakdown

Bureau		Account Name		Section		Section List		Total Amount (in Thousands)
Agency	Bureau	Account Name	Section	LNO				
All	Food and Nutrition Service	Child Nutrition Programs	Budget Authority, Net	4000	Disc: Budget authority, gross			\$42,004
				4011	Disc: Outlays from balances			\$4,094
				4020	Disc: Outlays, gross (total)			\$4,094
				4070	Disc: Budget authority, net			\$42,004
				4080	Disc: Outlays, net			\$4,094
				4090	Mand: Budget authority, gross			\$21,376,161
				4100	Mand: Outlays from new authority			\$8,711,164
				4101	Mand: Outlays from balances			\$3,014,477
				4110	Mand: Outlays, gross (total)			\$11,725,641
				4123	Mand: Offsets, BA and OI; Collections, nonFed srcs			(\$55)
				4130	Mand: Offsets against gross BA and outlays (total)			(\$55)
				4160	Mand: Budget authority, net			\$21,376,166
				4170	Mand: Outlays, net			\$11,725,587
				4180	Budget authority, net (disc. and mand.)			\$21,418,110
				4190	Outlays, net (disc. and mand.)			\$11,729,681
Budgetary Resources				1000	Unob: Bal: Brought forward, Oct 1			\$661,561
				1020	Unob: Bal: Adj to SCY bal brought forward, Oct 1			\$0
				1021	Unob: Bal: Recov of prior year unpaid obligations			\$128,031
				1050	Unob: Bal: Unobligated balance (total)			\$779,592
				1100	BA: Disc: Appropriation			\$42,004
				1160	BA: Disc: Appropriation (total)			\$42,004
				1200	BA: Mand: Appropriation			\$12,905,745
				1221	BA: Mand: Appropriations transferred from other accounts			\$8,474,671
				1230	BA: Mand: New/unbal of approvs perm reduced			(\$4,310)
				1260	BA: Mand: Appropriation (total)			\$21,376,106
				1800	BA: Mand: Spending auth: Collected			\$55
				1850	BA: Mand: Spending auth: Total			\$55
				1900	Budget authority, total (disc. and mand.)			\$21,418,165
				1910	Total budgetary resources (disc. and mand.)			\$22,197,757
Change in Obligated Balance				3000	Ob: Bal: SOY: Unpaid obs brought fwd, Oct 1			\$3,259,507
				3001	Ob: Bal: SOY: Adj to unpaid obs brought fwd Oct 1			\$0
				3010	Ob: Bal: Obligations incurred: Unexpired accounts			\$11,760,687
				3020	Ob: Bal: Outlays (gross)			(\$11,729,736)
				3040	Ob: Bal: Recov, prior year unpaid obs, unexp accts			(\$128,031)
				3050	Ob: Bal: EOY: Unpaid obligations			\$3,162,428

USDA Contracts

## Contract Details



# USDA Grants

## USDA Assistance Details

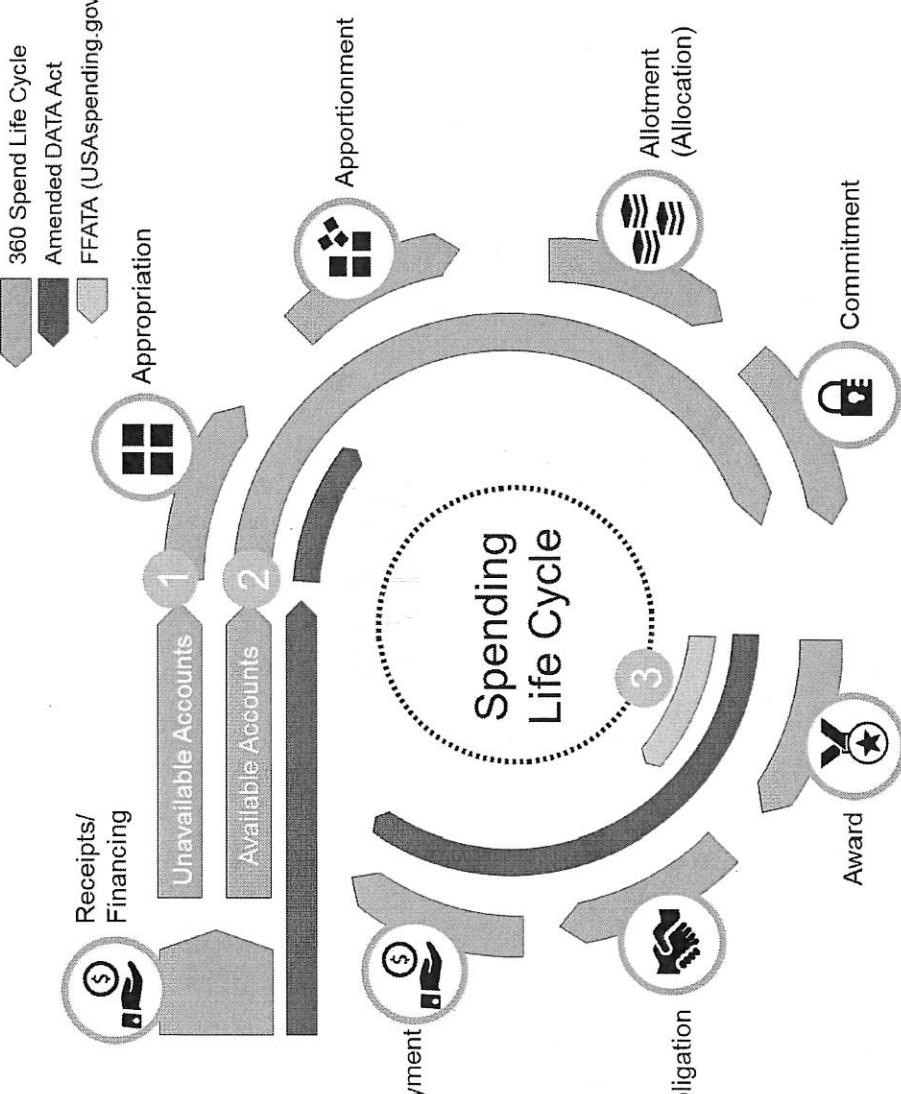
Congressional Agency Name		Bureau Name		States All		Recipient County Name	
Assistance Programs		Account Name		Account Name			
Miscellaneous Contributed Funds		Grants		Type of Action		CFDA Title	
Miscellaneous Contributed Funds		Grants		Cooperative agreement		Agricultural Research_Basic and Applied Research	\$0.0M
		Other Assistance		Other reimbursable, contingent, intangible, or indirect financial assistance		Agricultural Research_Basic and Applied Research	\$0.2M
		Grants		Cooperative agreement		Agricultural Research_Basic and Applied Research	\$3.4M
Salaries and Expenses		Other Assistance		Project grant		Agricultural Statistics Reports	\$44.1M
		Direct Payments		Other reimbursable, contingent, intangible, or indirect financial assistance		Agricultural Research_Basic and Applied Research	\$5.3M
		Grants		Direct payment with unrestricted use (retirement, pension, veterans' benefits, etc.)		Agricultural Research_Basic and Applied Research	\$5.9M
Salaries and Expenses		Other Assistance		Cooperative agreement		Intemperity Program	\$0.0M
		Direct Payments				Plant and Animal Disease, Pest Control, and Animal Care	\$10.9M
		Grants				Wildlife Services	\$0.4M
Agricultural Disaster Relief Fund		Project grant				Plant and Animal Disease, Pest Control, and Animal Care	\$0.0M
		Direct Payments				Wildlife Services	\$0.0M
		Grants				Livestock Forage Disaster Program	\$0.3M
Commodity Credit Corporation/Export -		Guaranteed or insured loan				Livestock Indemnity Program	\$0.1M
						Supplemental Revenue Assistance Program	\$0.6M
						Tree Assistance Program	\$0.1M
						Export Guarantee Program	\$0.0M
ARRA Money							
Recipient Category		Type of Action		Grants		ARRA Money	
For-Profit Organization	Recipient Type	Direct	Direct	Grants	Grants	Contract	Direct Payments
Government	Profit organization	payment to, payment wi...	Block grant	Cooperative formula grant	Project grant	\$34.922M	\$8.374.1M
	Small business	\$319.7M	\$1,054.8M	\$61.0M	\$45.9M	\$6.102.5M	\$2,700.3M
	City or township government	\$647.3M	\$22.1M	\$1.8M	\$2.0M	\$115.4M	\$251.4M
	County government	\$26.0M		\$1.1M	\$308.6M	\$1.2M	
	Independent school district			\$3.8M	\$34.0M	\$0.4M	
	Special district; government			\$0.4M	\$9.6M	\$2.2M	
	State government	\$2,069.4M	\$5.6M	\$0.8M	\$71.6M	\$0.0M	
Higher Education	Private higher education			\$34.6M	\$359.1M	\$367.9M	\$0.6M
	State controlled institution of higher ed...	\$2.9M	\$0.3M	\$0.0M	\$18.4M	\$24.0M	\$4.7M
Individual	Individual	\$1,560.1M	\$2,293.0M	\$0.0M	\$1,662.0M	\$514.4M	\$27.1M
Non-Profit Organization	Indian tribe	\$18.1M	\$4.5M	\$0.1M	\$15.0M	\$42.2M	\$99.2M
	Other nonprofit	\$86.6M	\$1.4M	\$85.12M	\$201.2M	\$68.7M	\$0.0M
	All other	\$169.0M	\$73.2M	\$44.3M	\$65.6M	\$7.7M	\$0.2M
						\$180.1M	\$2.7M
						NON	NON
						ARRA	NON
						NON	NON
						NON	ARRA



# Federal Spending Information with Amended DATA Act

*If the DATAAct's data structure is expanded to include receipt accounts, the electronic picture can show the full life cycle of federal spending.*

## Legends:



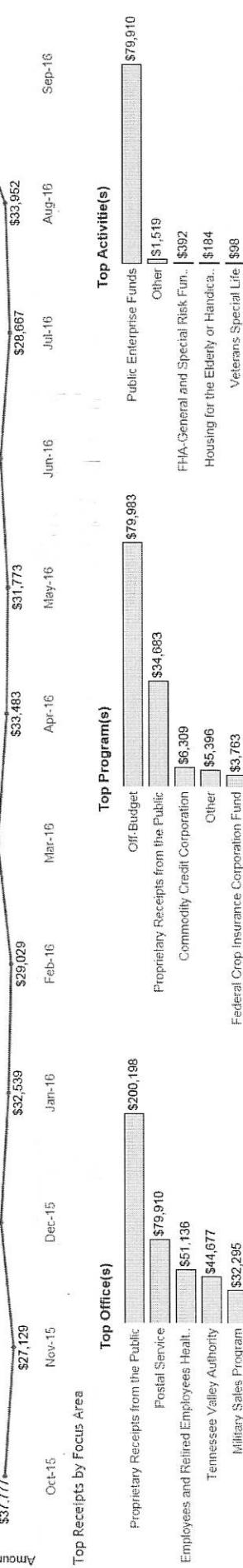
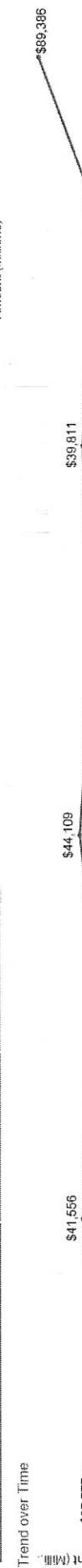
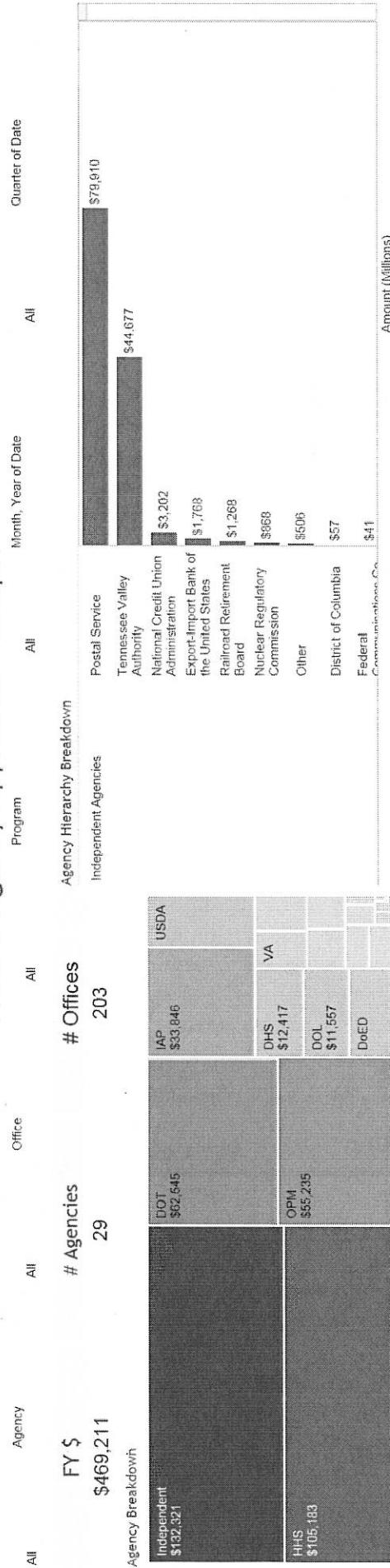
- 1 Receipt of appropriated funds - An expanded data structure could provide a dynamic view of appropriated funds.

2 Receipt of non-appropriated funds - If receipt accounts were part of the data structure, we could track the receipt of non-appropriated funds to the same degree of detail as appropriated.

3 Grants and contracts – Grants and contracts could be matched to the receipts from which they are funded.

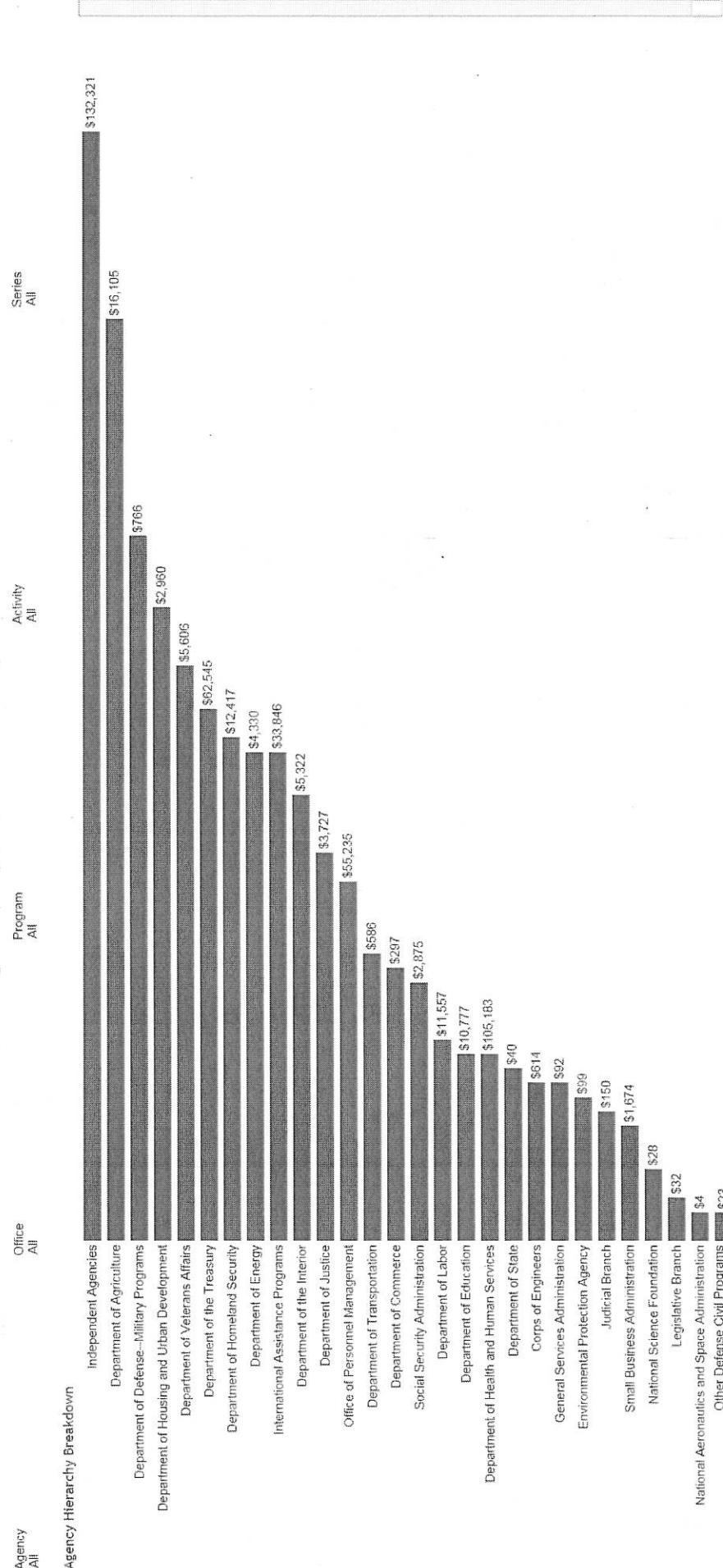
# All Federal Receipts

## Federal Agency Applicable Receipts



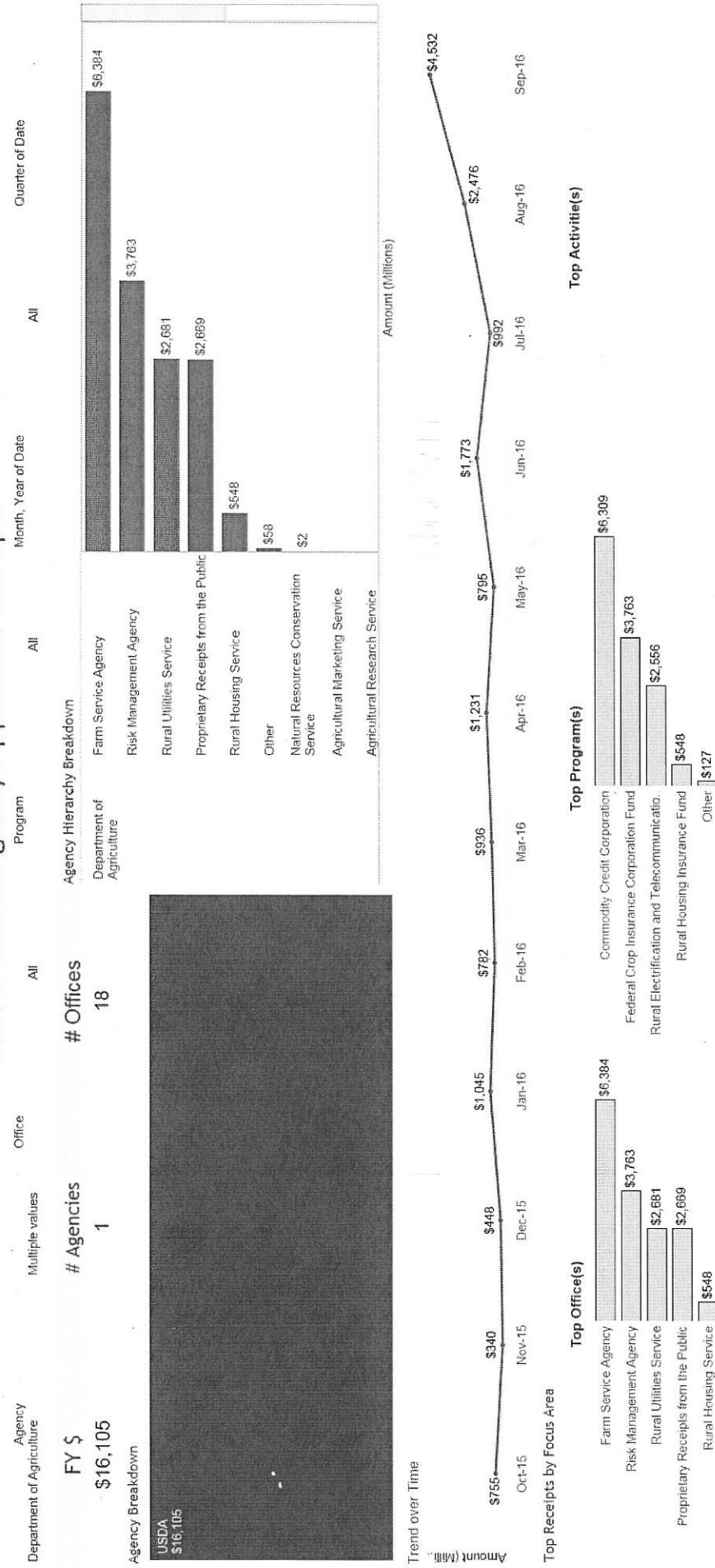
# Federal Receipts: Breakdown

Federal Agency Applicable Receipts Breakdown



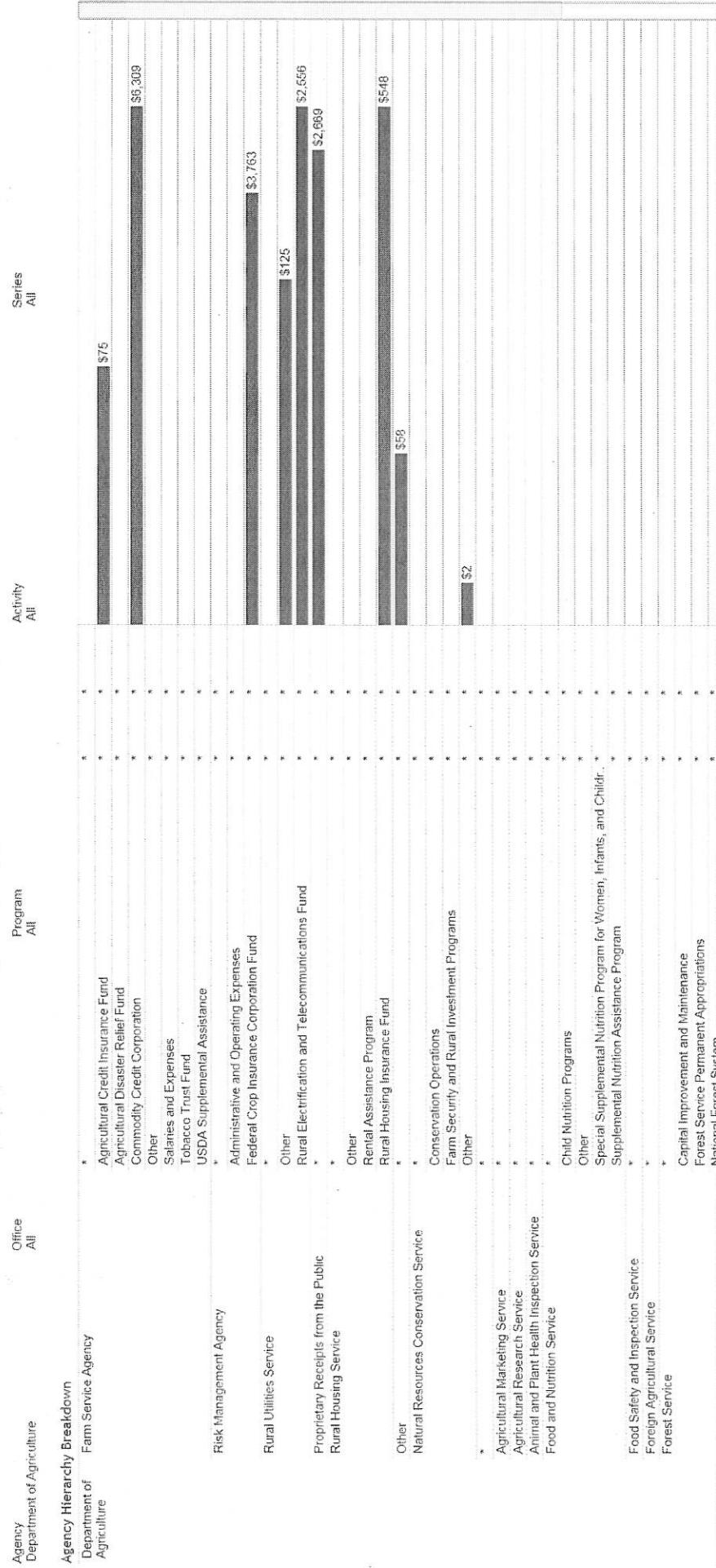
# USDA Receipts

## USDA Federal Agency Applicable Receipts



# USDA Receipts: Breakdown

## Federal Agency Applicable Receipts Breakdown



# **DATA COALITION**

**Legislative Recommendations:**

- Expand the Data Structure.
- Eliminate Duplicative Systems.
- End the DUNS Monopoly.



Committee on Oversight and Government Reform  
Subcommittee on Government Operations  
Subcommittee on Health Care, Benefits and Administrative Rules

**United States House of Representatives**  
December 1, 2016

Biographical Summary  
Hudson Hollister  
Executive Director, Data Coalition

Hudson Hollister founded the Data Coalition in 2012 to serve as the leading industry advocacy group for open data in government. He has helped to craft landmark U.S. government data reforms, including the Digital Accountability and Transparency Act of 2014 (DATA Act) and the Financial Transparency Act. He received the FCW Federal 100 award in 2015 and was recognized as a member of the Fastcase 50 and the LinkedIn Next Wave in 2016.

Prior to founding the Data Coalition, Hudson served as counsel to the Committee on Oversight and Government Reform of the U.S. House of Representatives and as an attorney fellow in the Office of Interactive Disclosure at the Securities and Exchange Commission. Before his government service, he was a securities litigator in the Chicago office of Latham & Watkins LLP.

Hudson received his Juris Doctor from Northwestern University School of Law in 2005 and a bachelor's degree in political science and mass communication from the University of St. Francis in 2002. He is a native of Joliet, Illinois.