

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503
www.whitehouse.gov/omb

TESTIMONY OF DAVID MADER
ACTING DEPUTY DIRECTOR FOR MANAGEMENT & CONTROLLER
OFFICE OF MANAGEMENT AND BUDGET
BEFORE THE SUBCOMMITTEES ON
INFORMATION TECHNOLOGY AND ON GOVERNMENT OPERATIONS OF THE
COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM
UNITED STATES HOUSE OF REPRESENTATIVES

July 29, 2015

Chairman Hurd, Ranking Member Kelly, Chairman Meadows, Ranking Member Connolly, and Members of the Subcommittees, thank you for the invitation to highlight our progress in implementing the Digital Accountability and Transparency Act of 2014 (DATA Act).¹

The DATA Act presents a unique opportunity to improve the way Government works by providing all Americans with the ability to see how Federal dollars are spent. By delivering access to reliable financial information through USAspending.gov (or successor site), the DATA Act will both empower everyone to understand how we use our nation's tax dollars and provide opportunities to create innovative solutions for improving efficiency and oversight. Equally important, increasing transparency will enhance inter-Governmental and intra-Governmental communications, allowing for more informed, effective, and efficient decision making. Access to standardized data is critical to the management efforts of Federal, State, local, and Tribal Governments as well as other stakeholders.

We believe that the DATA Act's requirements are driven by three clear goals: *first*, continue to improve how the Federal Government accounts for and displays total spending; *second*, institutionalize a culture of data-driven decision-making; and *third*, re-examine how we can streamline Federal contract and grant recipients' reporting burdens. The DATA Act requires that standardized appropriations account and Federal award spending data be published on one easily accessible, publicly available website by May 2017. In addition, within that same period, the Act directs OMB to launch a two-year pilot to identify opportunities to reduce reporting burden for Federal financial assistance recipients and contractors. Over the past 14 months, OMB and the Department of Treasury have partnered to not only develop the framework for executing the provisions of the Act, but also begin the hard work of transforming the financial reporting processes of the Federal Government.

¹ Digital Accountability and Transparency Act of 2014. Pub. L. No. 113-101, 128 Stat. 1146 (codified as amended in scattered sections of 31 U.S.C.).

Progress Since December 2014

Last December, we had the opportunity to testify before this Committee on the progress of our efforts. At that time, our progress to implement the DATA Act focused on three key areas: governance, planning, and work to enhance the USAspending.gov site. Since that time, we have made very specific progress and have demonstrated outcomes to show for those efforts.

- (1) *Continued Work to Improve USAspending.gov's Interface.* Treasury has been working to improve the display, performance, and user interface of USAspending.gov. While not required under the DATA Act, this ongoing work will iteratively improve the usability and functionality of the website, which is critical to ensuring that the data is accessible and usable to the public.
- (2) *Established Government-wide USAspending.gov data definition and data exchange standards for Federal spending data.* The DATA Act required OMB and Treasury to issue financial data standards within one year of the Act's passage. Within one year, on May 8, 2015, OMB and Treasury issued data element standards, related to both data definitions and data exchanges. Learning from the best practices from Recovery Act implementation and our work to transform Federal grants management policy through the Uniform Guidance which was issued in December 2014, a core principle that drove our data standards work was to ensure robust and participatory engagement with our Federal and non-Federal stakeholders.

We first engaged the Federal communities to develop proposed data definitions. These standard definitions were then published on a public-facing website (<https://fedspendingtransparency.github.io/dataelements/>) for public input. The final data definition standards issued in May and those that have been finalized since then are the result of feedback from Federal agencies, Federal business function communities² (e.g., finance, budget, procurement, and grants), recipients of Federal funds (e.g., state and local governments, non-profit organizations), industry groups, and open government organizations.

In addition to this data definition standards work, Treasury has been leading efforts across the Federal agency community to prepare for and begin implementation of new DATA Act reporting requirements. Where data standards will help to ensure that information will be consistent and comparable, Treasury has developed a standard data exchange and a data schema that will make financial management data accessible and reusable. Mr. Lebryk will speak more to our outreach efforts, as well as address Treasury's work to develop and finalize the data exchange standards.

² The Inter-agency Advisory Committee includes representation of various cross-agency Councils including the Award Committee for E-government, Chief Financial Officers Council, Chief Acquisitions Officers Council, Council for Financial Assistance Reform, Budget Officers Advisory Council, and the Council of the Inspectors General on Integrity and Efficiency. There are also representatives from the White House Office of Science and Technology Policy and the General Service Administration.

- (3) *Developed an Agency Playbook to Assist Agencies' DATA Act Implementation.* Treasury and OMB also created a playbook of eight recommendations that will help agencies implement the requirements of the DATA Act by leveraging existing capabilities and streamlining implementation efforts. Mr. Lebryk will speak more to our work in developing the Playbook and agency implementation efforts.
- (4) *Issued guidance to agencies to systematically improve data quality.* On May 8, 2015, OMB issued a memorandum to all Executive Agencies ([M-15-12, Increasing Transparency of Federal Spending by Making Federal Spending Data Accessible, Searchable, and Reliable](#)) to implement the final data standards required by the DATA Act. In addition to reiterating the provisions of the Act, the Memorandum specified three new requirements for agencies to improve the quality of Federal spending data:
- Ensure issuance of one unique award identifier for each Federal award. By reiterating the continued use of a unique Federal Award Identification Number (FAIN) for all financial assistance awards and sub-awards, and the Procurement Instrument Identifier (PIID) for all procurement awards, we continue to ensure that these awards are uniquely identified consistently government-wide.
 - Link Award and Financial Systems. M-15-12 required agencies to forge a link, using the FAIN for financial assistance awards and the PIID for procurement, between agencies' financial management systems and award systems. This requirement will bring together these historically disparate data sets to provide a new level of traceability. This requirement will facilitate timelier reporting of data and enhance data quality by reducing reporting errors.
 - Report Federal awards at or greater than the micro-purchase threshold to USAspending.gov. By lowering the award reporting threshold from the statutorily required \$25,000³ to the micro purchase threshold, currently \$3,000, we are going beyond the statute to provide additional insight into Federal awards.
- (5) *Launched the Pilot to Simplify Federal Award Reporting.* Section 5 of FFATA, as amended by the DATA Act requires the creation of a pilot to simplify Federal award reporting within one year of the Act's passage. The pilot is characterized by two important underlying premises: *first*, there is no single driver of reporting burden; rather, there are many opportunities to streamline and simplify the Federal award reporting requirements at various stages in the lifecycle of the award, from application to close-out. *Second*, the most effective way to identify opportunities to reduce duplication and recipient burden is through soliciting specific areas of focus from the recipients themselves.

Building off of these two premises, on May 8, 2015, the first stages of the pilot were launched to include:

³ The \$25,000 reporting threshold for Federal award reporting is pursuant to the Federal Funding Accountability and Transparency Act of 2006 [Pub. L. 109-670, 120 Stat.1186 (2006)]

- The National Dialogue on Improving Federal Procurement and Grants Processes (<https://cxo.dialogue.cao.gov/>). This is a place where anyone from the public can share experiences and ideas on how to reduce burden. It builds on past dialogues and successes in the procurement community. These discussions will help shape subsequent components of the pilot;
- The Grants Information Gateway (GIG). This expands the *Learn Grants* portion of Grants.gov (<http://www.grants.gov/web/grants/learn-grants.html>) to provide a one-stop resource to guide grant applicants through the grant-making process; and
- The Common Data Elements Repository Library (C-DER Library) (<https://repository.usaspending.gov/>). This pilots a centralized location for data standards (currently grants-specific) and will be tested as part of ongoing data standardization efforts.

This pilot effort has been driven by OMB, the Department of Health and Human Services, the General Services Administration, and the Chief Acquisition Officers Council. Over the next two years, with extensive collaboration across the Federal Government and non-Federal recipient communities, we will continue to identify areas in need of simplification and develop and test solutions. By the end of this two-year pilot period, this multi-phased, multi-faceted approach will yield actions to reduce reporting burden, standardize processes and forms, and reduce costs and eliminate duplication for awardees.

This approach will allow us to make changes and modifications as we learn from different initiatives and align with the philosophy of “agile development” of systems: develop, build, test, and implement.

The Work Ahead: Upcoming Milestones

The critical work over the next year is to ensure that Federal agencies have established an effective path for DATA Act implementation. To do so, over upcoming months, we must:

- Complete the remaining work for additional data standards, including additional data definitions that we have identified for standardization and finalizing the data reporting architecture and schema.
- Work with Federal agencies to develop agency implementation plans. Pursuant to OMB’s and Treasury’s DATA Act Implementation Plan, outlined to this Committee last December, we will continue to work with agencies to develop their unique DATA Act implementation plans, consistent with requirements under OMB’s Memorandum M-15-12. These plans will provide the path for agencies to not only successfully report data for the purpose of USAspending.gov (or a successor site) display but also, more importantly, begin the exploration of how this data can be used to further drive agency decision-making.

- Collaborate with Federal and non-Federal stakeholders to develop the display of DATA Act information on USAspending.gov (or a successor site). With the additional data to be reported to USAspending.gov, we will need to partner with all stakeholders to identify the different ways they would like to use the website, which will inform development of the display of these data on USAspending.gov (or a successor site).

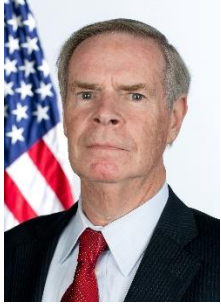
As we close Fiscal Year (FY) 2015 and continue into FY 2016, the success of our ongoing efforts will be contingent on the appropriation of sufficient resources for Federal agencies. Thus far, progress made on the implementation of the DATA Act has been accomplished using existing resources. As we move into the second year of implementation, Federal agencies will need additional funding to make the necessary systems and business process changes for operationalizing the Act. The FY 2016 President's Budget includes \$86 million for DATA Act implementation, which would put us on a strong path. Current House appropriations bills include only \$25 million total for four agencies, far below the amount in the President's Budget.

The Congressional Budget Office (CBO) estimated that the DATA Act would cost \$300 million to implement from FY 2014 to 2018. Without dedicated appropriations, agencies will have substantial difficulty reaching both the statutory requirements and the overall intent of the DATA Act. Concurrent with their FY 2017 Budget submissions, agencies will be submitting DATA Act implementation plans, which will give us a better indication of what resources are needed in FY 2016 and FY 2017 to accomplish these goals. We look forward to working with Congress to ensure that sufficient resources are made available in both FY 2016 and 2017 for our DATA Act efforts and our shared goal for improved transparency of Federal spending.

Conclusion

With Congress' continued support, appropriate funding, and continued robust collaboration with our Federal and non-Federal stakeholders, we will be on a path for successful DATA Act implementation. We look forward to the opportunity to work with this Committee to ensure that our efforts not only meet the expressed requirements of the DATA Act, but also reflect our collective desire to transform how our Federal Government does its work in service of the American people.

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



David Mader
Acting Deputy Director for Management and
Controller of the Office of Federal Financial Management
Office of Management and Budget

David Mader is currently the Acting Deputy Director for Management at 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 to 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.