

**Calendar No. 337**

113TH CONGRESS }  
2d Session }

SENATE

{ REPORT  
113-139 }

DIGITAL ACCOUNTABILITY AND  
TRANSPARENCY ACT OF 2013

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R E P O R T

OF THE

COMMITTEE ON HOMELAND SECURITY AND  
GOVERNMENTAL AFFAIRS  
UNITED STATES SENATE

TO ACCOMPANY

S. 994

TO EXPAND THE FEDERAL FUNDING ACCOUNTABILITY AND  
TRANSPARENCY ACT OF 2006 TO INCREASE ACCOUNTABILITY  
AND TRANSPARENCY IN FEDERAL SPENDING, AND FOR OTHER  
PURPOSES



MARCH 27, 2014.—Ordered to be printed

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U.S. GOVERNMENT PRINTING OFFICE

39-010

WASHINGTON : 2014

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Mr. CARPER, from the Committee on Homeland Security and  
Governmental Affairs, submitted the following

**R E P O R T**

[To accompany S. 994]

The Committee on Homeland Security and Governmental Affairs, to which was referred the bill (S. 994) to expand the Federal Funding Accountability and Transparency Act of 2006 to increase accountability and transparency in Federal spending, and for other purposes, having considered the same, reports favorably thereon with an amendment in the nature of a substitute and recommends that the bill, as amended, do pass.

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I. PURPOSE AND SUMMARY

The Digital Accountability and Transparency Act (“DATA Act”) would require the Federal government to increase the availability, accuracy, and usefulness of on-line information regarding Federal spending. Specifically, it would expand current requirements to publish Federal spending information online to cover virtually all forms of government spending, mandate that the information appear in a form that is both easily searchable and downloadable, make uniform the manner in which agencies provide such data for

online posting, and require agency Inspectors General and the Comptroller General government watchdogs to audit and report on agency compliance with the law’s mandates.

By making government spending information easily accessible to both governmental and non-governmental users, this legislation would facilitate increased oversight to detect and prevent waste, fraud, and abuse, thereby improving the effectiveness and efficiency of Federal spending programs. The legislation also would spur greater community engagement, because it would enable individuals and community groups to more easily access and understand information about how Federal tax dollars are being spent.

## II. BACKGROUND AND NEED FOR THE LEGISLATION

### A. PAST MEASURES ON FEDERAL FINANCIAL TRANSPARENCY

Over the past several years, Congress and the Administration have taken a number of steps to increase and improve the public availability of information about Federal spending. Greater transparency allows taxpayers to track how their tax dollars are used and to understand better Federal investments in their communities. Moreover, by making spending information more easily available, these transparency initiatives help to both deter and root out fraud and waste, facilitate better decision making, and improve operational efficiency.

Congress first tackled the need to make Federal spending more transparent in 2006, with the passage of the Federal Funding Accountability and Transparency Act (“Transparency Act”).<sup>1</sup> Before this legislation, there was no comprehensive, publicly accessible source of detailed, accurate, and timely information on Federal spending.<sup>2</sup> The databases and reports that did exist were limited in capability and usefulness and generally not compatible with one another.<sup>3</sup> The Transparency Act addressed these deficiencies by requiring the Office of Management and Budget (“OMB”) to establish a single searchable website, accessible to the public at no cost, that would contain data about the over-\$1 trillion in grants, loans, contracts and other kinds of awards that Federal agencies dispense each year.<sup>4</sup> Pursuant to the Transparency Act, OMB launched the website—called USAspending.gov—in December 2007.

Congress revisited the issue in February 2009, when it sought to ensure both Federal and public oversight of the nearly \$300 billion in economic stimulus funds authorized under the American Recovery and Reinvestment Act of 2009 (“Recovery Act”).<sup>5</sup> The Act created the Recovery Accountability and Transparency Board (“Recovery Board”), an independent oversight board composed of a Chairman and the Inspectors General of major agencies.<sup>6</sup> The statute also required the Recovery Board to establish a website to give the

<sup>1</sup>Pub. L. No. 109–282, (31 U.S.C. § 6101 Note).

<sup>2</sup>S. Rep. No. 109–329, at 2 (2006) (Comm. Rep).

<sup>3</sup>*Id.* at 3.

<sup>4</sup>Section 2(a)(2) of the Transparency Act (31 U.S.C. § 6101 Note) defines Federal awards to include grants, subgrants, loans, awards, cooperative agreements, contracts, subcontracts, purchase orders, task orders and delivery orders above \$25,000. For these Federal awards, agencies were required to post, among other things, the name and location of the entity receiving the award, the amount of the award, and basic information about the award itself. Section 2(b) then requires the creation of the website.

<sup>5</sup>American Recovery and Reinvestment Act of 2009, Pub. L. No. 111–5.

<sup>6</sup>Pub. L. No. 111–5, Div. A, § 1521, 123 Stat. 289.

public access to information about the projects funded under the Act.<sup>7</sup> This website went live in the spring of 2009 under the name of Recovery.gov.

The Recovery Board developed a set of standard data elements for Recovery Act funds so that funding could be analyzed across agencies and programs. The Board also created a central data analytics center to support fraud detection, audits, investigations, and prosecutions. However, although the Recovery Board laid the groundwork for future transparency efforts, its own scope was necessarily limited, as the Board's mandate and authority extended only to projects funded under the Recovery Act and, as subsequently added, funds provided to victims of Hurricane Sandy.<sup>8</sup>

The Administration has also taken significant steps on its own to improve the transparency of Federal spending data. In 2009, OMB issued guidance to agencies on how to improve the quality of the data that agencies provide for USAspending.gov.<sup>9</sup> In June 2011, President Obama established the Government Accountability and Transparency Board to provide strategic direction for enhancing the transparency of Federal spending and to advance efforts to detect waste, fraud, and abuse.<sup>10</sup> More recently, in June 2013, OMB issued a memorandum to agency Chief Financial Officers, requiring agencies to implement procedures to improve the quality of financial data reported to USAspending.gov and establishing new requirements for financial assistance awards.<sup>11</sup>

In February 2014, OMB transferred responsibility for the USAspending.gov website from the General Services Administration, which had administered the website since its inception, to the Treasury Department.<sup>12</sup> Operating USAspending.gov allows Treasury to integrate this financial transparency resource into the Federal government's overall financial management framework. This transition should enable Treasury to leverage the extensive financial data that it collects to significantly increase the transparency and accountability of the government's financial transactions and improve the accuracy of data on USAspending.gov.

#### B. THE DIGITAL ACCOUNTABILITY AND TRANSPARENCY ACT, S. 994

The Federal government has made Federal spending more transparent in recent years and this transparency has fostered civil engagement by enabling citizens and communities to know more about how their tax dollars are being spent. However, much more remains to be done, both in expanding the scope of the spending information provided, and in making the information more accurate and usable.

<sup>7</sup> Pub. L. No. 111–5, Div. A, § 1526, 123 Stat. 293.

<sup>8</sup> Although the Recovery Board was due to sunset on September 15, 2013, the Disaster Relief Appropriations Act of 2013 extended the Recovery Board through September 2015 and tasked the Board with detecting and remediating waste, fraud, and abuse of funds related to the impact of Hurricane Sandy. Disaster Relief Appropriations Act of 2013, Pub. L. No. 113–2, Section 904(d).

<sup>9</sup> Office of Management and Budget (OMB) Memorandum, *Open Government Directive*, M–10–06 (December 8, 2009); OMB Memorandum, *Improving Acquisition Data Quality for Fiscal years 2009 and 2010* (October 7, 2009). [http://www.whitehouse.gov/sites/default/files/omb/assets/procurement\\_memo/data\\_quality\\_guidance\\_100709.pdf](http://www.whitehouse.gov/sites/default/files/omb/assets/procurement_memo/data_quality_guidance_100709.pdf).

<sup>10</sup> Exec. Order No. 13576, 76 FR 35297 (June 16, 2011).

<sup>11</sup> OMB Memorandum, *Improving Data Quality for USAspending.gov* (June 12, 2013). <http://www.whitehouse.gov/sites/default/files/omb/financial/memos/improving-data-quality-for-usaspending-gov.pdf>.

<sup>12</sup> Section 2(b)(3) of the Transparency Act (31 U.S.C. § 6101 Note) authorizes the Director of OMB to designate other Federal agencies to operate the USAspending.gov website.

The Digital Accountability and Transparency Act (“DATA Act”), S. 994, takes several important steps towards ensuring that the Federal government provides consistent, reliable, and useful online data about how it spends taxpayer dollars. Using the lessons learned through the Committee’s own oversight in this area, the work of the Government Accountability Office, and the experience of the Recovery Act, the DATA Act builds upon the foundation already laid by the Transparency Act. Specifically, it would expand and improve upon the spending information displayed on the USAspending.gov website, standardize financial data, and reduce the reporting burdens of those who do business with the Federal government.

*Posting of spending for agency operations as well as disbursements for awards.* The DATA Act adds to the universe of spending data whose disclosure is mandated under the Transparency Act. The Transparency Act requires the posting of spending information on Federal awards, which are, generally speaking, grants, contracts, and loans made to third parties or individuals. The DATA Act provides a more in-depth and comprehensive view into Federal spending by also requiring the posting of information about an agency’s budget, amounts that an agency has committed to spend and has actually spent, amounts that have been reprogrammed or transferred from one appropriations account to another, and the amounts of funds balances that can or cannot still be used—taking into account the expiration of any applicable appropriations authorities. The disclosure of this information on the USAspending.gov website, along with information about awards, will provide a more complete and accurate display of Federal spending.

*Providing data in a more accessible and usable form.* The DATA Act requires information disclosed on USAspending.gov to be posted in a manner that allows the website’s users to aggregate and download it in bulk. The Committee expects that the Treasury Department also will be able to improve the quality of the data displayed on the website and strive to provide users of USAspending.gov with the ability to download data sets that can assist in reviewing program level spending data, aid in the evaluation and review of how well Federal programs are performing, and support the reduction of program duplication.

One of the lessons learned from the work of the Recovery Board was the importance and value of linking location data to spending data. Data about the location where money is being spent helps to foster improved engagement by communities and individual citizens who can better track and understand how Federal tax dollars are spent in their communities. Where practicable, Treasury should also work to provide information about the location where Federal funds are used or the service provided in each state, city, district, or other geographical location, and not just where the Federal funds were first awarded.

*Government-wide financial data standards.* Executive branch agencies currently publish information about a vast array of programs, but in the absence of uniform definitions for various terms and uniform formats for presenting certain information, it is impossible to accurately compare one agency’s activities with those of another. The creation and use of government-wide data definitions

and standards for financial information will enhance the usability, transparency, and accountability of financial and performance information and significantly improve the ability of the government and the public to analyze Federal spending information.<sup>13</sup>

The Recovery Board showed the value of developing and using uniform data standards through its work regarding Recovery Act funds. The application of such standards to Recovery Act funds significantly assisted in analyzing information across different agencies and programs.<sup>14</sup> In a July 2012 hearing on implementation of the Transparency Act, former Controller Danny Werfel clearly summed up the need for data standards when he stated: “standardization provides the key to unlocking transparency and accountability.”<sup>15</sup> The DATA Act addresses this issue by requiring the development and use of common terms, formats, and definitions for key financial data elements.

*Improvements in data quality.* While the Transparency Act has provided policymakers and the public with unprecedented access to data on Federal spending, USAspending.gov has unfortunately been plagued by data quality issues, thereby limiting the usefulness of the website to improve transparency and increase accountability. For example, in 2010, the Government Accountability Office (“GAO”) compared a sample of data on USAspending.gov to records provided by the awarding agencies. The results were troubling. GAO found “widespread inconsistencies” between the two sets of data with each of the 100 awards that it sampled, demonstrating at least one blank data field or otherwise inconsistent piece of information.<sup>16</sup>

In addition, the Sunlight Foundation (“Sunlight”), which conducts an annual assessment of the direct-assistance<sup>17</sup> spending data posted to the USAspending.gov website for consistency, completeness, and timeliness,<sup>18</sup> has found widespread problems in all

<sup>13</sup>*Show Me the Money: Improving the Transparency of Federal Spending. Hearing before the Senate Committee on Homeland Security and Governmental Affairs, 112th Cong. 14 (July 18, 2012)* (statement of Dick Gregg, Fiscal Assistant Secretary, U.S. Department of the Treasury). Mr. Gregg also testified that the use of data standards can reduce the operational cost of government by facilitating the “movement towards greater use of shared technologies and services throughout government[.]” *Id.* at 69. (written statement of Dick Gregg, Fiscal Assistant Secretary, U.S. Department of the Treasury).

<sup>14</sup>Government Accountability Office, *Federal Data Transparency: Opportunities Remain to Incorporate Lessons Learned as Availability of Spending Data Increases*, GAO-13-758 at 19. See also, Government Accountability and Transparency Board, *Report and Recommendations to the President* (December 2011). [http://www.whitehouse.gov/sites/default/files/gat\\_board\\_december\\_2011\\_report\\_and\\_recommendations.pdf](http://www.whitehouse.gov/sites/default/files/gat_board_december_2011_report_and_recommendations.pdf).

<sup>15</sup>*Show Me the Money: Improving the Transparency of Federal Spending. Hearing before the Senate Committee on Homeland Security and Governmental Affairs, 112th Cong. 12 (July 18, 2012)* (statement of Danny Werfel, Controller, Office of Federal Financial Management, Office of Management and Budget).

<sup>16</sup>Government Accountability Office, *Electronic Government: Implementation of the Federal Funding Accountability and Transparency Act of 2006*, GAO-10-365 at 2. In June 2012, several members of this Committee requested that GAO conduct another review of the completeness and consistency of the data on USAspending.gov. Although that audit had not yet been completed at the time this report was released, preliminary data that GAO provided to Committee staff indicates that USAspending.gov is still plagued by inconsistent and incomplete data.

<sup>17</sup>See <http://sunlightfoundation.com/clearspending/>. The USAspending.gov website contains information about two types of spending: contracts and direct assistance (which consists of grants, direct payments, loans, and loan guarantees). These two types of spending are tracked using two very different reporting systems, the Federal Awards and Assistance Data System PLUS (which tracks direct assistance) and the Federal Procurement Data System—Next Generation (which tracks contracts). The Clearspending analysis and report focuses on direct assistance payments.

<sup>18</sup>Basically, Sunlight asks the following questions of the information contained on USAspending.gov: How close are the reported dollar amounts on USAspending.gov to the yearly estimates contained in other spending reports? How many of the required fields are filled out

three areas. For example, Sunlight reported that a comparison between the data on USAspending.gov and the data on a Federal database of domestic assistance awards<sup>19</sup> shows substantial inconsistency, which did not improve from 2008 to 2010.<sup>20</sup>

The executive branch has taken some steps to improve the site and the accuracy and quality of the underlying data. However, to ensure sustained progress, the DATA Act includes provisions to hold Federal agencies more accountable for the information disclosed on USAspending.gov, by requiring the Government Accountability Office and the agency Inspectors General to conduct a series of reviews and audits of agency information posted on USAspending.gov.

*Streamlining the reporting requirements for recipients of Federal awards.* Under existing statutes and regulations, recipients of Federal awards are required to report back to the agencies that provided the awards to help the agency and others monitor the use of the funds and other aspects of the recipient's performance under the award. However, with better coordination among agencies, the reporting requirements could provide more useful data to the government and impose less burden on the reporting entities. Those who receive Federal awards have provided Committee staff with many examples of the time-consuming and burdensome process of reporting to Federal agencies about the contracts, grants, and loans these groups had received. Although it is important for agencies to receive information from those that they do business with or give grants and loans to, the reporting that is required appears to be highly inefficient and, in many cases, unnecessarily burdensome.

To address this problem, the DATA Act instructs the Director of OMB to review the current reporting requirements for recipients of Federal awards to identify common reporting elements across the government, unnecessary duplication, and unnecessarily burdensome reporting requirements. This information can be used to make the reporting requirements less costly and burdensome to the recipients and more useful to the government. In addition, the DATA Act requires OMB to create a pilot program in order to help develop recommendations for common reporting elements across the Federal government, to eliminate unnecessary duplication in financial reporting, and to reduce compliance costs for recipients.

### III. LEGISLATIVE HISTORY

Senator Warner first introduced the DATA Act last Congress, on June 16, 2011. The bill, S. 1222, which was referred to this Committee, would have improved transparency of Federal spending by creating a new independent Commission (patterned after the Recovery Board) to act as the central hub to collect spending data, set data standards, and analyze the information.

This Committee held a hearing in July 2012 to examine Federal efforts to increase and improve the transparency of Federal spending information. The hearing focused on the current state of trans-

in each record? And how long did it take the agency to report the money once it was allocated to a project? See <http://sunlightfoundation.com/clearspending/>.

<sup>19</sup>The Catalog of Federal Domestic Assistance is maintained by the General Services Administration and provides a full listing and detailed program descriptions for all Federal assistance programs.

<sup>20</sup>2011 Clear Spending report at <http://2011.clearspending.com/sunlightfoundation.com/clearspending/summary/index.html>.



parency of Federal spending, implementation of the Transparency Act, lessons learned from the Recovery Act, and what opportunities exist to improve transparency and accountability of Federal spending. Witnesses at the hearing included: Senator Warner; Eugene Dodaro, Comptroller General of the United States, U.S. Government Accountability Office; Daniel Werfel, Controller, Office of Federal Financial Management at OMB; and Richard Gregg, Fiscal Assistant Secretary, U.S. Department of the Treasury. Senator Warner testified at the hearing in support of his bill. Mr. Werfel from OMB discussed the executive branch's progress toward improved spending transparency and efforts then underway to continue that progress. Mr. Gregg from the Treasury Department testified about Treasury's efforts to modernize their payment processing systems.

In September 2012, Senators Warner and Portman introduced a revised version of the DATA Act (S. 3600, 112th Congress), which incorporated a number of revisions suggested by the Administration and outside groups.

Senators Warner and Portman again introduced the DATA Act this Congress, on May 21, 2013, and it was given the number S. 994 and referred to this Committee. The Committee considered the bill at a November 6, 2013 business meeting. The Committee adopted by voice vote a substitute amendment to the bill offered by Senator Carper and then by voice vote ordered the bill, as amended, favorably reported. Members present for both votes were Senators Carper, Levin, McCaskill, Tester, Begich, Baldwin, Johnson, Portman, and Ayotte.

#### IV. SECTION-BY-SECTION ANALYSIS

##### *Section 1. Short title*

Section 1 gives the bill the short title of the "Digital Accountability and Transparency Act of 2013" or the "DATA Act."

##### *Section 2. Purposes*

Section 2 of the bill states the purposes of the DATA Act: (1) to expand the Transparency Act by disclosing direct Federal agency expenditures and linking information about Federal awards with spending information about Federal agency programs for use by taxpayers and policy makers; (2) to provide consistent, reliable and searchable government-wide spending data that is displayed accurately on USAspending.gov; (3) to simplify reporting requirements for entities receiving Federal funds while improving transparency; and (4) to improve the quality of the data submitted to USAspending.gov by holding Federal agencies accountable for the data submitted.

##### *Section 3. Amendments to the Federal Funding Accountability and Transparency Act of 2006 (Transparency Act)*

*Definitions.* Section 3(1)(A) of the bill adds four new definitions to the list of definitions in section 2(a) of the Transparency Act: A "Federal agency" has the same meaning as an "Executive agency" under 5 U.S.C. § 105, thereby making the Act's provisions applicable to every executive department, government corporation, and independent establishment. "Federal funds" means any funds made available to or spent by a Federal agency. An "object class" is the

category assigned for purposes of the President’s budget to a type of property or services purchased by the government. A “program activity” has the meaning given under 31 U.S.C. § 1115(h), which is a specific activity or project as listed in the schedules of the annual Federal budget.

*Website.* Section 3(1)(B) of the bill amends section 2(c) of the Transparency Act to require that USA Spending.gov must enable users to aggregate any data published under the Transparency Act and to download the data in bulk.

Section 3(2) of the bill strikes existing sections 3 and 4 of the Transparency Act and adds new sections 3 through 7 to the Act:

*New section 3 of the Transparency Act—Full disclosure of Federal funds*

New section 3 of the Transparency Act, as added by section 3(2) of the bill, would expand upon the information displayed on the USA Spending.gov website to account for all Federal funds and accurately display all kinds of spending, not only spending on Federal awards.

The Treasury Department is currently responsible for operating the USA Spending.gov website, on which is posted information about Federal awards. Under new section 3, the Secretary of the Treasury is given the additional responsibility to post on the USA Spending.gov website information about Federal spending generally. On a monthly basis, the Secretary of the Treasury, in consultation with the Director of OMB, must ensure that financial information is published on the website for each Federal agency, component, appropriations account, program activity, and object class. For each of these, the published spending data must include: amounts of budget authority authorized, amounts obligated, amounts of outlays, amounts reprogrammed or transferred, and amounts of expired or unexpired unobligated balances.

*New section 4 of the Transparency Act—Data standards*

New section 4(a) of the Transparency Act, as added by section 3(2) of the bill, requires the Secretary of the Treasury, in consultation with the OMB Director, the GSA Administrator and agency heads, to establish government-wide financial data standards for Federal funds.

New section 4(b) states criteria that these data standards must meet. These include that the standards must incorporate widely accepted existing standards, be computer-readable, include government-wide universal award identifiers for awards and for entities receiving awards that can track individual awards through the full cycle of spending, and allow for comparisons across program activities and agencies.

New section 4(c) lays out the deadlines for implementing the data standards across the Federal government. First, the Secretary of the Treasury, in consultation with the Director of the Office of Management and Budget, has one year to issue guidance on the data standards. Second, after Treasury issues the guidance on the data standards, agencies have one year to start applying the data standards to their financial and payment information. Finally, within two years after Treasury issues guidance on the data standards, the Director of OMB and the Secretary of the Treasury must

ensure that the USAspending.gov website is populated with financial information that meets these new data standards.

Finally, new section 4(d) specifically requires that the Secretary of the Treasury consult with public and private stakeholders, including state and local governments, universities and contractors in establishing the data standards.

*New section 5 of the Transparency Act—Simplifying Federal award reporting*

Under existing statutes and regulations, recipients of Federal awards are required to report back to the agencies that provide the awards in order to help the government and others monitor the use of the funds and other aspects of the recipient's performance. The purpose of new section 5 of the Transparency Act, as added by section 3(c) of the bill, is to reduce the reporting costs and burdens for the recipients of Federal awards. New section 5(a) instructs the Director of OMB to review the current reporting requirements for recipients of Federal awards to identify common reporting elements across the government, unnecessary duplication, and unnecessarily burdensome reporting requirements. As part of that review, the OMB Director is required to consult with Federal agencies and with recipients of Federal awards.

New section 5(b) requires the Director of OMB, or a designee, to establish a pilot program in order to develop recommendations for common reporting elements across the Federal government, for the elimination of unnecessary duplication in financial reporting, and for the reduction of compliance costs for recipients. The pilot program, to be established within one year of the DATA Act's enactment, must cover contracts, grants, and sub-awards that have an aggregate value of not less than \$1 billion. The program must also include diverse recipients of awards, including, to the extent feasible, recipients that receive awards from multiple programs across multiple agencies. The pilot program also must collect data over a 12-month period.

After the pilot program is completed, OMB has 90 days to provide guidance to agencies designed to simplify reporting requirements for award recipients, reduce unnecessary duplication, and reduce compliance costs. OMB also has 90 days after completion of the pilot program to submit to Congress a report on the program with recommendations for improving financial reporting and transparency and including recommendations for legislation to simplify reporting requirements for Federal award recipients.

*New section 6 of the Transparency Act—Accountability for Federal funding*

New section 6 of the Transparency Act, as added by section 3(b) of the bill, requires a series of reviews and audits by GAO and agency Inspectors General intended to hold Federal agencies more accountable for the information that they disclose on USAspending.gov. New Section (6)(a) requires the Inspector General of each agency, in consultation with GAO, to review and report on the completeness, timeliness, quality and accuracy of the data the agency submits to USAspending.gov. The Inspectors General are required to report on the first audit no later than 18 months after the Treasury Department issues its guidance on the data

standards. Subsequent Inspectors General reports are then required approximately two and four years after the first report was issued. For the second and third report, Inspectors General may include the findings of their data quality audits as part of the annual financial audit reports they are required to submit.

New Section 6(b) requires GAO to review and report on the completeness, timeliness, quality, and accuracy of the data each agency submits to USAspending.gov and to compare the quality of the data submitted by each agency across the Federal government. GAO is required to report on its findings in the second, fourth, and sixth year after the date of enactment of the DATA Act.

*New section 7 of the Transparency Act—Classified and protected information*

New section 7 clarifies that nothing in the Transparency Act, as amended by the DATA Act, would require the disclosure of information that is classified or otherwise protected from disclosure under the Freedom of Information Act or the Privacy Act.

*Section 4. Executive agency accounting and other financial management reports and plans*

31 U.S.C. § 3512(a) requires the Office of Management and Budget to annually submit a financial management status report and a revised government-wide five-year financial management plan to the appropriate committees of Congress. Section 4 of the bill amends these provisions to add requirements for OMB to—(1) publish these annual status reports and revised financial management plans on Performance.gov, and (2) also publish within one year after enactment of the DATA Act, and every five years thereafter, a report regarding implementation of the Transparency Act.

*Section 5. Funding*

Section 5 of the bill allows the Treasury Secretary to use funds from the Treasury Franchise Fund to implement this Act. The Treasury Franchise Fund is a revolving fund through which certain offices at the Treasury Department provide financial management, procurement, and other administrative services to Treasury bureaus and to other Federal agencies on a reimbursable, fee-for-service basis.

## V. EVALUATION OF REGULATORY IMPACT

Pursuant to the requirements of paragraph 11(b) of rule XXVI of the Standing Rules of the Senate, the Committee has considered the regulatory impact of this bill. The Committee agrees with the Congressional Budget Office that S. 994 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (“UMRA”).

## VI. CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

DECEMBER 5, 2013.

Hon. TOM CARPER,  
*Chairman, Committee on Homeland Security and Governmental Affairs, U.S. Senate, Washington, DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed revised cost estimate for S. 994, the DATA Act. This version supersedes the cost estimate transmitted on December 4, 2013. It corrects an error in referring to the bill number: we mistakenly referred to the Data Act as S. 944 in the previous estimate. There is no change, however, in the estimated costs of the legislation.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Matthew Pickford.

Sincerely,

DOUGLAS W. ELMENDORF.

Enclosure.

*S. 994—DATA Act*

Summary: S. 994 aims to make information on federal expenditures more easily accessible and transparent. The bill would require the U.S. Department of the Treasury to establish common standards for financial data provided by all government agencies and to expand the amount of data that agencies must provide to the government website, *USASpending*. In addition, the Office of Management and Budget (OMB) would be required to conduct a two-year pilot program to make it easier for federal contractors and grant recipients to comply with federal reporting requirements. S. 994 also would require OMB, the Government Accountability Office (GAO), and the agencies' Inspectors General (IGs) to submit additional reports to the Congress. Finally, the legislation would designate the Treasury Franchise Fund as the source of funding for the bill's implementation.

CBO estimates that implementing the bill would cost \$300 million over the 2014–2018 period, assuming appropriation of the necessary amounts. The legislation also could affect direct spending by agencies not funded through annual appropriations; therefore, pay-as-you-go procedures apply. CBO estimates, however, that any net increase in spending by those agencies would not be significant. Enacting the bill would not affect revenues.

S. 994 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA); any costs to state, local, or tribal governments would result from complying with conditions for receiving federal assistance.

Estimated cost to the Federal Government: The estimated budgetary impact of S. 994 is shown in the following table. The costs of this legislation fall within budget function 800 (general government) and all other budget functions that use the Treasury Franchise Fund to acquire services.

	By fiscal year, in millions of dollars—					2014– 2018
	2014	2015	2016	2017	2018	
CHANGES IN SPENDING SUBJECT TO APPROPRIATION						
Collection and Reporting of Federal Data:						
Estimated Authorization Level .....	35	50	75	75	50	285
Estimated Outlays .....	32	53	75	75	50	285
Other Reporting:						
Estimated Authorization Level .....	1	3	4	3	4	15
Estimated Outlays .....	1	3	4	3	4	15
Total Changes:						
Estimated Authorization Level .....	36	53	79	78	54	300
Estimated Outlays .....	33	56	79	78	54	300

Basis of estimate: For this estimate, CBO assumes that the legislation will be enacted in fiscal year 2014, that the necessary amounts will be appropriated near the start of each subsequent fiscal year, and that spending will follow historical patterns for similar activities.

#### *Collection and reporting of financial data*

The federal government uses many databases to monitor and track agency spending. For example, three major databases—the U.S. Census Bureau’s Federal Assistance Award Data System, the General Services Administration’s Federal Procurement Data System, and the U.S. Department of Health and Human Services’ website, Grants—contain information about federal grants and contracts. That information on federal spending is also available through OMB’s website, USASpending, which displays award amounts for all federal contracts, grants, and loans. The Recovery Accountability and Transparency Board’s website, Recovery, also provides information on federal spending, but it includes detailed information only on activities initiated under the American Recovery and Reinvestment Act (ARRA).

S. 994 would expand the USASpending website to include all federal spending. The Treasury Department would be required to establish standards for developing and reporting data on all federal spending, including the use of common data elements for financial and payment information for entities receiving federal funds across all government computer systems, so as to allow data from multiple systems to be compared. In addition, OMB would be required to conduct a two-year pilot program aimed at improving the transparency of financial reports by consolidating and eliminating certain information and reducing compliance costs for recipients of federal funds. After two years, OMB could expand the pilot program to cover all federal agencies and would recommend future actions to improve financial reporting.

Information from OMB, the recovery board, selected agency IG offices, and other federal agencies indicates that the federal government currently collects much of the information that would be needed to create a comprehensive database on federal spending as required under S. 994. In addition, the Treasury Department and OMB have taken steps under current law to standardize some reporting requirements and to improve the quality of the financial information provided by all government sources, including USASpending.

However, not all of that financial information is standardized, accurate, or readily available as would be required under the bill. For example, a recent GAO report indicates that agencies expend significant time, effort, and resources to develop financial information that they should be able to provide on a daily or recurring basis.<sup>1</sup> GAO also notes that federal agencies use inconsistent definitions in developing, tracking, and reporting on federal spending, so creating a consolidated system probably would be difficult, time consuming, and expensive. Finally, because many of the government's computer systems for managing financial information were designed to serve multiple purposes, changing them while preserving their multiple purposes would be expensive.

CBO expects that improving the government's current efforts to collect and report on financial data would involve the coordinated efforts of more than 20 major federal agencies. We estimate that those new efforts would include modifying numerous computer systems and further standardizing financial data, training personnel, conducting the proposed pilot program, and improving communications between agencies and recipients of federal funds. Based on information from agencies, OMB, and the recovery board, as well as GAO reports on the performance and history of modifying major federal IT systems and conducting audits of federal agencies, CBO estimates that implementing those provisions would cost \$2 million to \$3 million annually per agency, totaling \$285 million over the 2014–2018 period, assuming appropriation of the necessary amounts.

S. 994 would authorize the use of the Treasury Franchise Fund to implement the legislation. Using that fund the Treasury Department provides accounting, procurement, travel, human resources, and information technology services on a reimbursable, fee-for-service basis to federal agencies. Under S. 994, federal customers would reimburse the fund for the new costs of programs to improve the collection and reporting of financial information. Those estimated discretionary costs are reflected in this cost estimate.

#### *Other reports*

S. 994 would require IGs and GAO to prepare a number of reports. IGs would be required to review the spending data provided by their respective agencies and report their findings to the Congress. GAO would be required to review the IGs' reports every two years. Based on information from selected IGs and the costs of similar reports, CBO estimates that implementing those provisions would cost \$15 million over the 2014–2018 period, primarily for individual IGs to add this reporting requirement to their current financial statement audits, assuming the availability of appropriated funds.

Pay-As-You-Go considerations: The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. S. 994 could affect direct spending by agencies not funded through annual appropriations. CBO estimates, however, that any net increase in

<sup>1</sup> Government Accountability Office, *Federal Data Transparency: Opportunities Remain to Incorporate Lessons Learned as Availability of Spending Data Increase*, GAO-13-758 (September 12, 2013) [www.gao.gov/products/GAO-13-758](http://www.gao.gov/products/GAO-13-758).

spending by those agencies would not be significant. Enacting the bill would not affect revenues.

Intergovernmental and private-sector impact: S. 994 contains no intergovernmental or private-sector mandates as defined in UMRA. The bill would change the way state, local, and tribal governments report on their use of federal funds. Some of those changes could increase, and others could decrease the costs that such governments would incur to comply with conditions of federal assistance. However, conditions of assistance (and their costs) are not intergovernmental mandates as defined in UMRA.

Previous CBO estimate: On November 13, 2013, CBO transmitted a cost estimate for H.R. 2061, the Digital Accountability and Transparency Act of 2013, as ordered reported by the House Committee on Oversight and Government Reform on May 22, 2013. Both pieces of legislation are aimed at improving financial reporting within the government, but H.R. 2061 also would authorize the recovery board to continue its activities for two more years beyond 2015 (when its current authorization expires).

VII. CHANGES IN EXISTING LAW

In compliance with paragraph 12 of rule XXVI of the Standing Rules of the Senate, the following changes in existing law made by S. 994, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, and existing law in which no change is proposed is shown in roman).

**FEDERAL FUNDING ACCOUNTABILITY AND  
TRANSPARENCY ACT OF 2006, AS AMENDED**

Public Law 109–282, Sept. 26, 2006, as amended by Public Law 110–252, title VI, 6202(a), June 30, 2008, (31 U.S.C. 6101 note)

\* \* \* \* \*

**SECTION 1. SHORT TITLE.**

\* \* \* \* \*

**SECTION 2. FULL DISCLOSURE OF ENTITIES RECEIVING FEDERAL FUNDING.**

(a) DEFINITIONS. In **[this section]** *this Act*:

(1) \* \* \*

\* \* \* \* \*

(2) *FEDERAL AGENCY.*—*The term “Federal agency” has the meaning given the term “Executive agency” under section 105 of title 5, United States Code.*

**[(2)] (3)** \* \* \*

\* \* \* \* \*

(4) *FEDERAL FUNDS.*—*The term “Federal funds” means any funds that are made available to or expended by a Federal agency.*

(5) *OBJECT CLASS.*—*The term “object class” means the category assigned for purposes of the annual budget of the President submitted under section 1105(a) of title 31, United States Code, to the type of property or services purchased by the Federal Government.*



(6) PROGRAM ACTIVITY.—The term “program activity” has the meaning given that term under section 1115(h) of title 31, United States Code.

[(3)] (7) \* \* \*

\* \* \* \* \*

(c) WEBSITE.—

\* \* \* \* \*

(4) shall be updated not later than 30 days after the award of any Federal award requiring a posting; [and]

(5) shall provide for separate searches for Federal awards described in subsection (a) to distinguish between the Federal awards described in subsection (a)(2)(A)(i) and those described in subsection (a)(2)(A)(ii).];

(6) shall have the ability to aggregate data for the categories described in paragraphs (1) through (5) without double-counting data; and

(7) shall permit all information published under this section to be downloaded in bulk.

\* \* \* \* \*

**[SECTION 3. CLASSIFIED INFORMATION.**

[Nothing in this Act shall require the disclosure of classified information.

**[SECTION 4. GOVERNMENT ACCOUNTABILITY OFFICE REPORTING REQUIREMENT.**

[Not later than January 1, 2010, the Comptroller General shall submit to Congress a report on compliance with this Act.]

**SECTION 3. FULL DISCLOSURE OF FEDERAL FUNDS.**

(a) IN GENERAL.—Not later than 3 years after the date of enactment of the Digital Accountability and Transparency Act of 2013, and every month thereafter, the Secretary of the Treasury, in consultation with the Director of the Office of Management and Budget, shall ensure that the information in subsection (b) is posted on the website established under section 2.

(b) INFORMATION TO BE POSTED.—The information to be posted shall include, for each Federal agency, component of a Federal agency, appropriations account, program activity, and object class (including any subcomponent of an object class), and other accounts or data as appropriate—

- (1) the amount of budget authority authorized;
- (2) the amount obligated;
- (3) the amount of outlays;
- (4) the amount of any Federal funds reprogrammed or transferred; and
- (5) the amount of expired and unexpired unobligated balances.

**SECTION 4. DATA STANDARDS.**

(a) IN GENERAL.—The Secretary of the Treasury, in consultation with the Director of the Office of Management and Budget, the Administrator of General Services, and the heads of Federal agencies, shall establish Government-wide financial data standards for Federal funds, which shall include common data elements for financial

and payment information required to be reported by Federal agencies and entities receiving Federal funds.

(b) **REQUIREMENTS.**—The data standards established under subsection (a) shall, to the extent reasonable and practicable—

(1) incorporate widely accepted common data elements, such as those developed and maintained by—

(A) an international voluntary consensus standards body;

(B) Federal agencies with authority over contracting and financial assistance; and

(C) accounting standards organizations;

(2) incorporate a widely accepted, nonproprietary, searchable, platform-independent computer-readable format;

(3) include Government-wide universal identifiers for Federal awards and entities receiving Federal awards;

(4) be consistent with and implement applicable accounting principles;

(5) be capable of being continually upgraded as necessary;

(6) produce consistent and comparable data, including across program activities; and

(7) establish a standard method of conveying the reporting period, reporting entity, unit of measure, and other associated attributes.

(c) **DEADLINES.**—

(1) **GUIDANCE.**—Not later than 1 year after the date of enactment of the Digital Accountability and Transparency Act of 2013, the Secretary of the Treasury, in consultation with the Director of the Office of Management and Budget, shall issue guidance to Federal agencies on the data standards established under subsection (a).

(2) **AGENCIES.**—Not later than 1 year after the date on which the guidance under paragraph (1) is issued, each Federal agency shall collect, report, and maintain financial and payment information data in accordance with the data standards established under subsection (a).

(3) **WEBSITE.**—Not later than 2 years after the date on which the guidance under paragraph (1) is issued, the Director of the Office of Management and Budget and the Secretary of the Treasury shall ensure that the data standards established under subsection (a) are applied to the data made available on the website established under section 2.

(d) **CONSULTATION.**—The Secretary of the Treasury shall consult with public and private stakeholders in establishing data standards under this section.

**SECTION 5. SIMPLIFYING FEDERAL AWARD REPORTING.**

(a) **IN GENERAL.**—The Director of the Office of Management and Budget, in consultation with relevant Federal agencies, recipients of Federal funds, including State and local governments, and institutions of higher education (as defined in section 102 of the Higher Education Act of 1965 (20 U.S.C. 1002)), shall review the information required to be reported by recipients of Federal awards to identify—

(1) common reporting elements across the Federal Government;

(2) unnecessary duplication in financial reporting; and

(3) unnecessarily burdensome reporting requirements for recipients of Federal awards.

(b) PILOT PROGRAM.—

(1) ESTABLISHMENT.—Not later than 1 year after the date of enactment of the Digital Accountability and Transparency Act of 2013, the Director of the Office of Management and Budget, or a designee of the Director, shall establish a pilot program relating to reporting (in this section referred to as the ‘pilot program’) to facilitate the development of recommendations for—

(A) common 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.

(2) REQUIREMENTS.—The pilot program shall—

(A) include a combination of Federal contracts, grants, and subawards, the aggregate value of which is not less than \$1,000,000,000;

(B) include a diverse group of recipients of Federal awards; and

(C) to the extent practicable, include recipients who receive Federal awards from multiple programs across multiple agencies.

(3) DATA COLLECTION.—The pilot program shall include data collected during a 12-month reporting cycle.

(4) REPORTING AND EVALUATION REQUIREMENTS.—Each recipient of a Federal award participating in the pilot program shall submit to the Office of Management and Budget any requested reports of the selected Federal awards.

(5) TERMINATION.—The pilot program shall terminate on the date that is 2 years after the date on which the Director of the Office of Management and Budget establishes the pilot program.

(6) AGENCY GUIDANCE.—Not later than 90 days after the date on which the pilot program terminates under subsection (b)(5), the Director of the Office of Management and Budget shall provide guidance to the heads of Federal agencies regarding how to simplify the reporting requirements for recipients of Federal awards to reduce unnecessary duplicative reports and to reduce compliance costs, as appropriate.

(7) REPORT TO CONGRESS.—Not later than 90 days after the date on which the pilot program terminates under subsection (b)(5), the Director of the Office of Management and Budget shall submit to the Committee on Homeland Security and Governmental Affairs and the Committee on the Budget of the Senate and the Committee on Oversight and Government Reform and the Committee on the Budget of the House of Representatives a report on the pilot program, which shall include—

(A) a description of the data collected under the pilot program, the usefulness of the data provided, and the cost to collect the data from recipients; and

(B) recommendations for—

(i) consolidating aspects of Federal financial reporting to reduce the costs to recipients of Federal awards;

(ii) automating aspects of Federal financial reporting to increase efficiency and reduce the costs to recipients of Federal awards;

(iii) any legislative action required to simplify the reporting requirements for recipients of Federal awards; and

(iv) improving financial transparency.

**SECTION 6. ACCOUNTABILITY FOR FEDERAL FUNDING.**

**(a) INSPECTOR GENERAL REPORTS.—**

(1) *IN GENERAL.*—In accordance with paragraph (2), the Inspector General of each Federal agency, in consultation with the Comptroller General of the United States, shall—

(A) review a statistically valid sampling of the spending data submitted under this Act by the Federal agency; and

(B) submit to Congress and make publically available a report assessing the completeness, timeliness, quality, and accuracy of the data sampled and the implementation and use of data standards by the Federal agency.

**(2) DEADLINES.—**

(A) *FIRST REPORT.*—Not later than 18 months after the date on which guidance is issued under section 4(c)(1), the Inspector General of each Federal agency shall submit a report as described in paragraph (1).

(B) *SUBSEQUENT REPORTS.*—On the same date as the Inspector General of each Federal agency submits the second and fourth reports under sections 3521(f) and 9105(a)(3) of title 31, United States Code, that are submitted after the report under subparagraph (A), the Inspector General shall submit a report as described in paragraph (1). The report submitted under this subparagraph may be submitted as a part of the report submitted under section 3521(f) or 9105(a)(3) of title 31, United States Code.

(b) *COMPTROLLER GENERAL.*—Not later than 2 years after the date of enactment of the Digital Accountability and Transparency Act of 2013, and every 2 years thereafter until the date that is 6 years after such date of enactment, and after review of the reports submitted under subsection (a), the Comptroller General of the United States shall submit to Congress and make publically available a report assessing and comparing the data completeness, timeliness, quality, and accuracy of the data submitted under this Act by Federal agencies and the implementation and use of data standards by Federal agencies.

**SECTION 7. CLASSIFIED AND PROTECTED INFORMATION.**

Nothing in this Act shall require the disclosure to the public of—

(1) information protected from disclosure under section 552 of title 5, United States Code (commonly known as the ‘Freedom of Information Act’); or

(2) information protected under section 552a of title 5, United States Code (commonly known as the ‘Privacy Act of 1974’), or section 6103 of the Internal Revenue Code of 1986.

**TITLE 31. MONEY AND FINANCE**

**Subtitle III. Financial Management**

**CHAPTER 35. ACCOUNTING AND COLLECTION**

**Subchapter II. Accounting Requirements, Systems, and Information**

\* \* \* \* \*

**§ 3512. Executive agency accounting and other financial management reports and plans**

(a)(1) The Director of the Office of Management and Budget shall prepare and submit to the appropriate committees of the Congress *and make available on the website described under section 1122* a financial management status report and a governmentwide 5-year financial management plan.

\* \* \* \* \*

(4)(A) \* \* \*

*(C) Not later than 1 year after the date of enactment of the Digital Accountability and Transparency Act of 2013, and every 5 years thereafter, the Director shall make available on the website described under section 1122 a report regarding the implementation of the Federal Funding Accountability and Transparency Act of 2006 (31 U.S.C. 6101 note).*

\* \* \* \* \*

