# ACHIEVING TRANSPARENCY AND ACCOUNTABILITY IN FEDERAL SPENDING

## HEARING

BEFORE THE

## COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM

## HOUSE OF REPRESENTATIVES

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# ACHIEVING TRANSPARENCY AND ACCOUNTABILITY IN FEDERAL SPENDING

**TUESDAY, JUNE 14, 2011**

HOUSE OF REPRESENTATIVES,
COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM,
*Washington, DC.*

The committee met, pursuant to notice, at 9:35 a.m., in room 2154, Rayburn House Office Building, Hon. Darrell E. Issa (chairman of the committee) presiding.

Present: Representatives Issa, Jordan, Chaffetz, Lankford, Amash, Labrador, Meehan, DesJarlais, Gowdy, Farenthold, Kelly, Cummings, Towns, Tierney, Connolly, and Quigley.

Staff present: Ali Ahmad, communications advisor; Robert Borden, general counsel; Will L. Boyington and Drew Colliatie, staff assistants; Molly Boyl, parliamentarian; Lawrence J. Brady, staff director; Benjamin Stroud Cole, policy advisor and investigative analyst; John Cuaderes, deputy staff director; Adam P. Fromm, director of Member services and committee operations; Linda Good, chief clerk; Christopher Hixon, deputy chief counsel, oversight; Hudson T. Hollister, counsel; Justin LoFranco, deputy director of digital strategy; Mark D. Marin, senior professional staff member; Tegan Millspaw, research analyst; Peter Warren, legislative policy director; Krista Boyd, minority counsel; Ashley Etienne, minority director of communications; Jennifer Hoffman, minority press secretary; Lucinda Lessley, minority policy director; Amy Miller, minority professional staff member; Dave Rapallo, minority staff director; Mark Stephenson, minority senior policy advisor/legislative director; and Cecelia Thomas, minority counsel/deputy clerk.

Chairman ISSA. The committee will come to order.

The oversight committee exists to secure two fundamental principles. First, Americans have a right to know that the money Washington takes from them is well spent. And second, Americans deserve an efficient, effective government that works for them. Our duty on the Oversight and Government Reform committee is to protect these rights. Our solemn responsibility is to hold government accountable to taxpayers, because taxpayers have a right to know what they get from their government. We will work tirelessly in partnership with citizen watchdogs to deliver the facts to the American people and bring genuine reform to the Federal bureaucracy.

And today's hearing, more than any other hearing of this year, is, in fact, about delivering on that promise, something that both parties and the American people know needs to happen. We need to create more transparency, more accountability in government.

This week there is a bipartisan consensus forming over a new way forward in spending transparency. In recent months I have had numerous conversations with Republicans and Democrats, with Senate and White House officials about how we can fix this broken program: data transparency and the bill that I introduced yesterday, the DATA Act, to establish an independent body to track Federal spending, including grants, contracts, loans and agencies' internal expenses on a single platform with a consistent reporting standard.

Vice President Biden also announced the administration's intent to support bipartisan reform efforts to achieve digital accountability. Let me make something clear: There is no difference in what the Vice President wants to accomplish and what I want to accomplish and, I believe we'll hear today, what Chairman Devaney wants to accomplish. There are differences in how we get from where we are with a labyrinth of failed or partially successful programs to one single accountability that is less burdensome and more effective for all the participants and for the American people.

In a Gallup poll released last month, the vast majority of Americans blamed the problems in government on too much spending for unneeded or wasteful Federal programs. Seventy-three percent of American adults are convinced that spending is the problem in Washington, and I'm part of that 73 percent. In fact, if American taxpayers knew the whole truth about Federal spending, the number would be much higher than 73 percent.

Let us rest assured that when we get full accountability, when we reduce waste in government, we still will have a spending problem. However, currently the data that is established on Federal worksites—Web sites is unreliable, inaccurate, and, most importantly, incompatible and often opaque to those who need it most.

Recent analysis by industry experts reveal that USASpending.gov has only 35—was only 35 percent accurate in fiscal year 2009, and that is only one Federal spending data base among many others.

To manage multiple data bases and hope each of them gets better is to assume that the tried and true failures of the past will be the tried and true successes of the future. And while I oppose the President's trillion-dollar stimulus both in my vote and in my rhetoric, I continue to believe that Chairman Devaney and the efforts he has put into affordable trial technology is, in fact, the way forward, and revolutionary accountability and transparency can be achieved on building on top of a model that this committee asked for as part of our role in that stimulus and, in fact, the RAT Board has implemented.

Let us not make any mistakes, there have been errors, and there have been failures that had to be corrected. And yes, of course, often the figures were figures no one wanted to hear. The cost of retaining a job might be artificially higher than we thought it was going to be. But the facts are the facts, and many of those high costs were real, while many needed adjustment, and Chairman Devaney got right on that, and we have a record of mistakes that were made being corrected. But ultimately a single reporting system over time can become more reliable than States and localities having to report to multiple agencies in different ways.

Today we will hear from Chairman Devaney and other advocates of transparency through technology. And although our first and most important witness today will be Chairman Devaney, I want to know note that on the second panel we will have individuals who will talk about the burden that reporting gives them. And they will talk about it because ultimately our goal of a single transparent system is to reduce the burden. One system throughout government means you only have to learn it once. Multiple systems today mean that anyone who is accountable for more than one report, and most entities are, have to learn multiple systems. We want to end that today on a bipartisan, bicameral and, in this case, bi-branches of government.

And with that I yield to the ranking member.

Mr. CUMMINGS. I want to thank the chairman for calling this hearing, and I want to thank and welcome our distinguished witnesses today.

I want to begin by congratulating you, Mr. Devaney, 41 years of service to our Nation, and very distinguished years. You said something when you first appeared before us when you got this new assignment, and I will never forget it as long as I live. You said, you know, I want to make sure the mechanisms are put in place so that people—so that we prevent them from doing the wrong things. And I thought that that was such—I said to myself that makes sense, and thank you for doing that.

Democrats in Congress created the Board as part of the Recovery Act in 2009 to put in place some of the strongest transparency and accountability measures ever enacted. As a result, the ability to track Federal spending has improved by leaps and bounds. In addition to promoting job creation, economic activity and long-term growth, the Recovery Act fostered unprecedented accountability and transparency in government spending.

Under the administration's implementation and Chairman Devaney's oversight, the Recovery Act has had historically low levels of waste, fraud and abuse. Today more than 80 percent of recovery funds have been awarded, and less than half of 1 percent currently have open investigations. I look forward to hearing more from him on the Board's successes, lessons learned and best practices that could be applied elsewhere in government.

I would also like to commend President Obama for his unprecedented efforts to increase transparency and accountability in government spending. Yesterday the President signed an Executive order that takes the model work of the Board and extends it across the Federal Government. The President's Executive order establishes a new Government Accountability and Transparency Board to provide strategic direction for enhancing Federal spending transparency and eliminating waste, fraud and abuse in Federal programs.

The President directed the Board to report on guidelines to integrate systems that collect government spending data, improve reliability, and capitalize on the proven success of fraud-detection technologies. The Executive order also directed the Vice President to convene Cabinet-level meetings on agency efforts to make government work better, faster and more efficiently under the White House Accountable Government Initiative.

We have also seen remarkable improvements in other Federal transparency efforts over the past several years. Web sites like USASpending.gov, Recovery.gov and the IT Dashboard have put more information on line than ever before about how Federal dollars are being spent.

I applaud the President for continuing to advance the goals of transparency and accountability in government. Unfortunately budget cuts may force the White House to scale back plans for several open government initiatives. The recently passed fiscal year 2011 continuing funding resolution slashed the Electronic Government Fund from a proposed $35 million down to $8 million, putting some of those very Web sites I just mentioned at risk.

I noted a number of transparency advocates and good government groups have criticized these cuts, including some of our witnesses here today. I look forward to hearing more from them on the potential of these cuts on open government and initiatives and efforts to root out waste, fraud and abuse.

Mr. Chairman, I have said it many times already this year, and I will say it again: Transparency and open government should not be a partisan issue, and I know you agree with that. But protecting taxpayers' hard-earned money from waste, fraud and abuse is one of the most important issues that we deal with on this committee. I want to acknowledge the legislation you've introduced, and I applaud you for it, which would do many of the same things directed by the President's Executive order. I understand the Democratic staff of the committee had worked cooperatively with your staff in the last Congress on legislative efforts to improve Federal financial data standards, and I supported those efforts.

In addition to your bill, every Member on this side of the aisle joined together in March to introduce H.R. 1144, the Transparency and Openness in Government Act, a comprehensive compilation of five component pieces of legislation that passed the House last Congress with broad bipartisan support, including your own. Since we introduced this legislation, 17 organizations supporting transparency and openness in government, including some testifying here today, have endorsed the bill and called for swift bipartisan action by our committee.

Finally, Mr. Devaney, it is quite a compliment to you to know that the work you've done will serve as a model perhaps not only for tomorrow, but for generations yet unborn. I look forward to reviewing your proposal and to working together on these issues, Mr. Chairman, and I yield back.

Chairman ISSA. I thank the gentleman.

Members will have 7 days to submit opening statements and extraneous material for the record.

We now recognize our first panel, it says, of witnesses; I'll say of witness. The Honorable Earl Devaney is chairman of the Recovery Accountability and Transparency Board. And to get your title fully, are you still, in fact, an IG on loan to that position?

Mr. DEVANEY. I am an IG on loan.

Chairman ISSA. An IG on loan and one of our favorite IGs from his previous work at Interior.

Pursuant to the committee rules, all witnesses will be sworn in. Mr. Devaney, will you please rise to take the oath.

[Witness sworn.]

Chairman ISSA. Let the record indicate Mr. Devaney answered in the affirmative.

Chairman, I won't even give you the introduction. You know the drill as well as anyone. You've been her many times. If you go over, no one is going to call the whistle on you, because, in fact, we're here to hear what you have to say.

With that, you're recognized.

**STATEMENT OF EARL DEVANEY, CHAIRMAN, RECOVERY ACCOUNTABILITY AND TRANSPARENCY BOARD**

Mr. DEVANEY. Thank you, Mr. Chairman, Ranking Member Cummings, for those kind remarks, and members of the committee. I want to thank for the opportunity to appear before you today to share with you some of the Recovery Board's lessons learned. I will be glad to answer any questions you have after I finish my opening remarks.

Mr. Chairman, I have given considerable thought to lessons learned from what I sincerely hope will be my last government assignment. What I would like to do today is to share with the committee 10 very specifics lessons learned that I feel could be incorporated into the way our government does business going forward.

The first lessons learned is nothing motivates bureaucrats to act faster than a law with concrete deadlines. The longstanding culture of Federal agencies has been to take the path of least resistance and to take the longest time allowed to enact any change. I have found that agencies continually underestimate their capacities to get things done pursuing pilot after pilot with few long-lasting developments. In fact, there are so many ongoing pilots that I sometimes think of our government as a giant airline.

The Recovery Act addresses this problem head on, requiring recipients to report the use of recovery funds within 180 days of enactment. This suggests to me that any new law imposing requirements on agencies should include firm and certain deadlines for implementation.

Second that spending data can be collected directly from recipients with a high degree of accuracy. In the past, data entry about Federal spending was done solely by agency employees. The Recovery Act in its mandated recipient reporting changed that dynamic, proving that recipients of Federal funding could report just as accurately. Any future legislation should recognize this potential cost savings and call for the migration of all spending reporting from agencies to recipients.

The third lesson learned is that this spending data can be quickly quality controlled, displayed and uniquely arrayed to achieve unprecedented levels of transparency.

In the past, agencies in receipt of recipient-reported data would have spent excessive amounts of time scrubbing that data in the basements of buildings all over this town prior to releasing it. By the time of its release, the information would be outdated and meaningless. The Recovery Act required real-time reporting with results made public within 30 days four times a year. And in the end the data was not merely published as a jumble of numbers in a hardbound catalogue that sits on a shelf somewhere, but was

arrayed geospatially on Recovery.gov, making data available and understandable for all users.

The fourth lesson is that the Federal Government desperately needs a uniform, governmentwide, alphanumeric numbering system for all awards. Currently each agency uses its own unique numbering system for contracts and grants. As we found during the recovery transparency process, these disparate award numbers make tracking Federal spending unnecessarily arduous and complicated. Every quarter there are mismatches when we try to align recipient reported award numbers on FederalReporting.gov to what the agencies have reported to OMB in our efforts to see who did and who did not report as required.

The award ID numbering process must be simplified and standardized, perhaps akin to the credit card numbering system that we are all accustomed to.

Fifth lesson is that new technology, particularly cloud computing, can play a critical role in the delivery and effectiveness of transparency and accountability. In April 2010, the Board made the move to a cloud computing infrastructure for Recovery.gov, a groundbreaking event that allowed for more efficient computer operations and reduced costs. Cloud computing is a pay-as-you-go approach to information technology, permitting lower initial investments to start operations. It is also flexible enough to allow IT staff to add or subtract computing capacity as needs dictate. In an era of rooting out redundancies and inefficiencies, this condensing of systems could create an enormous savings to the American taxpayer.

The sixth lesson learned is that transparency can cause embarrassment, which in turn causes self-correcting behavior. In February 2010, we began publishing on Recovery.gov a list of noncompliers, a list of shame if you will. That states the names of recipients who have failed to report as required. Users can see who the repeat offenders are. I'm happy to report that in the first quarter of 2011, the number of 2-time nonreporters is down to 17, and the number of 3-time nonreporters is down to 7. This is out of over 200,000 awards reported for the quarter.

But perhaps the most important lesson learned is that transparency is a force multiplier that drives accountability. It has become abundantly clear to me that transparency is a friend of the enforcer and the enemy of the fraudster. With less—with more than 80 percent of the recovery moneys having been awarded, less than half a percent of all reported recovery contracts, grants and loans currently have open investigations. After nearly 2½ years, there have been only 144 convictions, involving a little over $1.9 million. I am often asked why there has been so little fraud. I have little empirical evidence to prove it, but I believe that it is largely due to the transparency embedded in the Recovery Act.

Number eight is that the goal—if the goal is prevention instead of merely detection, agencies and IGs both have a high degree of incentive to collaborate together. The Board strategy was to focus our efforts heavily on preventing fraud from occurring in the first place, not just detecting it after the fact. That is why the IG community has provided training for more than 130,000 people since February 2009.

My observation has been that when the goal is fraud detection, IGs come to the table with a great deal of enthusiasm, while agencies seem less motivated. In overseeing these recovery funds, the Board has learned that when the common goal is fraud prevention, agencies and IGs are equally enthusiastic, and a remarkable collaborative effort takes place between the two.

The ninth lesson learned is that the most valuable accountability module is one that provides equal access to both agencies and enforcers. The new analytical tools and methodologies developed in our recovery operations center have proven to be as valuable to the agencies as they have been to the IGs. I believe that a single repository for this accountability data, rather than mini recoverylike centers sprinkled around the Federal Government, would be a better idea and present a significant cost savings to the American taxpayer.

Finally, there is the lesson that articulating success for prevention is a lot harder to do than for detection. Forty-one years ago I began my Federal career as a Secret Service agent learning how to protect our Nation's leaders. How do you measure success in that role? Certainly failure is easy enough to see, but how does one measure the real effect on a potential assassin that the Secret Service presence has?

Now, toward the end of my government career, I admit I am still pondering the difficulties of measuring successes or preventing fraud or waste. How can we know how much fraud has been prevented by what the Board and IG community did during the recovery program? High fraud losses accompanied by front-page stories and nightly news segments would have clearly signaled failure, but we may be left to wonder, as many of my former colleagues in the Secret Service do every day, about what success really looks like. All I can say for sure is that to date in a government spending program of more than $800 billion, we have witnessed extremely low levels of fraud.

Mr. Chairman, I have recently written a white paper reflecting the Board's successes and some of the lessons learned I have talked about here today. More importantly, this paper also lays out a template for how those lessons could possibly be embedded in the government's business practices going forward. I plan to put that paper up on Recovery.gov today.

And this concludes my oral remarks, and I will now be glad to answer any questions you have.

Chairman ISSA. Thank you, Chairman.

[The prepared statement of Mr. Devaney follows:]

TESTIMONY OF THE HONORABLE EARL E. DEVANEY
CHAIRMAN, RECOVERY ACCOUNTABILITY AND TRANSPARENCY BOARD
BEFORE THE COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM
UNITED STATES HOUSE OF REPRESENTATIVES
JUNE 14, 2011

Mr. Chairman and members of the Committee, I want to thank you for the opportunity to appear before you today to discuss the successes of the Recovery Accountability and Transparency Board (the Board) and to share some of the Board's lessons learned. I will be glad to answer any questions you have after my prepared remarks.

The Recovery Board has accomplished much in our short history. We stood up a data-collection website, FederalReporting.gov, where Recovery fund recipients enter spending information on a quarterly basis, and the public-facing website known as Recovery.gov. We have over the years added features and utility, and we have garnered many accolades for both websites. Given the Recovery Board's makeup of Inspector Generals, it should not surprise anyone that our oversight and accountability tools, currently housed in what we have termed the Recovery Operations Center (ROC), are as robust as our websites, thanks to the Board's willingness to embrace new ideas in data sharing, predictive modeling, and risk analysis.

The inbound data collection website, FederalReporting.gov, has been groundbreaking. Before the Recovery Act, spending data was reported only by agencies. Concerns about the burden that reporting would place on recipients were eventually minimized, in large part because FederalReporting.gov was designed to be easy, and in part because we installed a helpdesk where recipients could go with their questions. The Recovery Board also had intergovernmental staff dedicated to working with the states, who were the largest reporters under the Recovery Act. The result was that, for the first time in government, prime and subrecipients were reporting on their own use of funds, rather than placing that burden solely on the agencies.

Not only has the reporting process run smoothly – more importantly, it has been done accurately. The Board, working with OMB, established a quarterly quality-assurance (QA) period with the agencies and recipients. Before the recipient data is even provided to agency officials, however, the reporting mechanism itself performs hard-logic checks to ensure that clearly erroneous data – incorrect Congressional districts, for example – is corrected before it is reported to the agencies. Once the quarterly agency QA period begins, if an awarding agency sees an error in a recipient's data, it has a brief period of time in which to raise the issue with the recipient, who then makes the necessary corrections. For corrections to prior-quarter data, the Board has recently implemented an automated data-correction process that allows agencies, recipients, Board staff, and OMB to request changes directly in FederalReporting.gov. The awarding agency and Board staff then evaluate change requests, approving or denying them. Importantly, each change to the data is catalogued and an audit trail is available, ensuring that any changes are made publicly rather than secretively. No data is overwritten but is instead preserved, making for a fuller and more comprehensive picture for accountability purposes.

Once collected and reviewed for accuracy, that data is displayed on Recovery.gov just 30 days after the close of every quarter. The Board is quite proud of this award-winning website, yet we are continuing to strive for improvements. We recently released a new Developer Center, where users can download and embed widgets from Recovery.gov into their own websites. For example, a blogger can embed his Congressional district's award data into a blog, and it would automatically update whenever Recovery.gov is updated. In addition to the existing Recovery Mobile apps – our iPhone and iPad apps have been downloaded more than a thousand times – we will soon be unveiling a new app called Recovery Explorer that allows users to combine all kinds of data and make their own charts, providing contexts for the data that might not have even occurred to those of us in government.

While there have been bumps in the road, our mission of bringing transparency to Recovery spending has not faltered. In April 2010, the Board made the move to a cloud-computing infrastructure for Recovery.gov, a groundbreaking event that allowed for more efficient computer operations and reduced costs. One year later, on April 21, 2011, a segment of the Amazon Web Services cloud crashed, temporarily shutting down major websites, including at least one federal government site that was unavailable for more than a day. The Board had a back-up plan, however, so that when one of the Amazon data centers experienced an outage, our continuing operations solution kicked in to keep the site – and its data – up and running smoothly. The whole incident has served as a reminder that even the best technology is not perfect, and failsafe operations must always been in place.

Finally, the analytical tools used in the Board's Recovery Operations Center (ROC) have been designed with fraud prevention as the goal. The Board's skilled analysts look for indicators of trouble. They use software to search colossal amounts of data, looking for potential problems such as criminal convictions, lawsuits, tax liens, bankruptcies, risky financial deals, and suspension and debarment proceedings. Once a concern has been identified, the Board's analysts then perform an in-depth analysis of the award, forwarding their report to the appropriate agency Inspector General for additional inquiry.

In addition to assisting with Office of Inspector General (OIG) investigations, the ROC has also served as a clearinghouse for agencies. Utilizing data housed within the ROC, the Board's staff has been able to provide agencies with information relating to award recipients. For example, the Board has notified agencies that they were awarding Recovery funds to companies that were debarred and therefore prohibited from receiving federal funds. Those agencies acted quickly to cancel the contracts, preventing millions of dollars from winding up in the hands of ineligible companies.

To add to the ROC's toolbox, the Board has recently begun to develop what can best be termed a "fraud-risk scorecard." Similar to the scores that have been successfully used for years by the credit industry in making credit-granting determinations, the fraud-risk scorecard is intended to be a risk-predictive tool that uses mathematical models to detect fraudulent transactions. We anticipate that both agencies and IGs will be glad to have such a tool to assist their efforts.

As you can see, the past two years have been quite an experience. I have given considerable thought some lessons learned from what will surely be my last government assignment. I would like to share with you today ten very specific lessons learned, and I ask you to try to imagine what it would be like if these lessons were adopted and incorporated into new legislation that would require any or all of them to be embedded in our government going forward.

1. **Nothing motivates bureaucrats to act faster than a law with concrete deadlines.**

The long-standing culture of federal agencies has been to take the path of least resistance and to take the longest time allowed to enact any change. I have found that agencies continually underestimate their capacity to get things done, pursuing pilot after pilot with few long-lasting developments. The Recovery Act addressed that problem head-on, requiring recipient reporting on the use of Recovery funds within 180 days of enactment, or August 17, 2009. That was not a lot of time; we had to analyze our options for in-bound reporting, determine the best solution, and implement that decision. But we were under the gun, and that spurred us to act quickly and efficiently – and on August 17th, FederalReporting.gov was opened for recipient registration. At the close of that quarter, recipients began reporting as required under the law. This result reinforces the lesson that, in any laws imposing requirements on agencies, firm and certain deadlines are critical for implementation.

2. **Spending data can be collected directly from recipients with a high degree of accuracy.**

In the past, information about federal spending was entered by a number of federal employees. The Recovery Act and its mandated reporting changed that dynamic, proving that recipients of federal funding could report – and report accurately – on that spending. Agencies are still invested in the quality assurance of the data, but now they need not employ legions of data entry personnel in the name of transparency. Any future legislation should recognize this potential cost savings and call for the migration of reporting from agencies to recipients.

3. **This spending data can be quickly quality controlled, displayed, and uniquely arrayed to achieve unprecedented levels of transparency.**

As I mentioned, the goal of data quality still falls to the agencies, but even here the Recovery Act sparked a change from the status quo. In the past, agencies in receipt of recipient-reported data would have spent excessive amounts of time scrubbing that data prior to releasing it. By the time of its release, the information would be outdated and meaningless. The Recovery Act required real-time reporting with results made public within 30 days, four times a year. This quick turnaround from collection to quality review to public display required a joint QA effort by agencies and recipients. And in the end, the data was not merely published as a jumble of numbers in a hardbound catalog that sits on a shelf somewhere but was arrayed geospatially on Recovery.gov, making the data available and understandable for all users.

**4. The Federal government desperately needs a uniform, governmentwide alphanumeric numbering system for all awards.**

Currently, each agency uses its own unique numbering system for contracts and grants. As we found during the Recovery transparency process, these disparate award IDs make tracking federal spending unnecessarily arduous and complicated. Every quarter, there were mismatches when we tried to align recipient-reported award numbers on FederalReporting.gov to what the agencies reported to OMB, in our efforts to see who did and did not report as required. The award ID numbering process *must* be simplified and standardized, akin to the credit-card numbering system that we are all accustomed to. To increase the efficiency of government operations and the transparency of federal spending, the federal government must transition to a uniform, governmentwide alphanumeric award ID system for all federal awards. I can imagine that agencies will dig in their heels and cling to their old systems, which is why I believe the uniform award ID solution will need to mandated through legislation.

**5. New technology, particularly cloud computing and geospatial web services, play a critical role in the delivery and effectiveness of transparency and accountability.**

In April 2010, the Board made the move to a cloud-computing infrastructure for Recovery.gov, a groundbreaking event that allowed for more efficient computer operations and reduced costs. Cloud computing is a pay-as-you-go approach to information technology, permitting lower initial investments to start operations. It is also flexible enough to allow IT staff to add or subtract computing capacity as needs dictate. Security concerns are the first and only argument to be made when questioning the government's use of cloud computing – it is a red herring. Security concerns are just as real with the cloud as they are with any system, and must be dealt with properly. That is not a reason to discard the idea, especially when the use of cloud computing can reduce duplicative infrastructure investments governmentwide, shrink the federal information-system footprint, and promote data centralization. In an era of rooting out redundancies and inefficiencies, this condensing of systems could create an enormous savings to the U.S. Government and American taxpayers.

Likewise, geospatial mapping has been integral to the successes the Board has had in transparently displaying Recovery Act data in a multitude of ways that enhance the understanding of the user. For example, users can drill down into their own zip codes to find nearby Recovery awards. Or, by comparing a variety of maps offered on the website, users can see where federal funds are disbursed and decide for themselves whether the funds are going where the need is greatest. For aesthetics, usability, and – most importantly – unadulterated data, Recovery.gov has raised the standard for transparency and accountability across the federal government. It is therefore my hope that any legislation undertaken by Congress would allow for these technologies, which have endless possibilities.

**6. Transparency can cause embarrassment, which, in turn, causes self-correcting behavior.**

When it comes to embarrassment, I know whereof I speak. When the Board first published recipient data, we discovered that not everyone knows his or her Congressional district. We got a lot of flak in the media about money going to so-called "phantom districts." In subsequent reporting periods, we added hard-logic checks to FederalReporting.gov to prevent obvious errors. Likewise, recipients have learned from their embarrassment. In February 2010, we began publishing on Recovery.gov a list of non-compliers, a "list of shame" that states the names of recipients who have failed to report as required. Users can see who the repeat offenders are. I am happy to report that, in the first quarter of 2011, the number of two-time non-reporters is now down to 17, and the number of three-time (or more) non-reporters is down to 7. This is out of more than 201,000 reported awards for the quarter.

**7. Transparency is the force-multiplier that drives accountability.**

While transparency is harder to practice than it is to talk about, it has become abundantly clear that transparency is the friend of the enforcer and the enemy of the fraudster. With more than 80% of Recovery monies having been awarded, less than half a percent of all reported Recovery contracts, grants, and loans currently have open investigations. To date, there have been only 144 convictions involving a little over $1.9 million. I am often asked why there has been so little fraud. I have little empirical evidence to prove it, but I believe it is due to the transparency embedded in the Recovery Act.

**8. When the goal is prevention, instead of merely detection, agencies and IGs both have a high degree of incentive to collaborate with each other.**

The Board's strategy was to focus our efforts heavily on preventing fraud from occurring in the first place, not just detecting it after the fact. This is why the IG community has provided training for more than 130,000 people since February 2009.

My observation has been that when the goal of an initiative is fraud detection, IGs come to the table with a great deal of enthusiasm while agencies seem less motivated. In overseeing these Recovery funds, the Board has learned that when the common goal is fraud *prevention*, agencies and IGs are equally enthusiastic, and a remarkable collaborative effort takes place between the two. I think that any legislation aimed at fraud prevention should therefore bring IGs *and* agencies to the table.

**9. The most valuable accountability module is one which provides equal access to both agencies and enforcers.**

The new analytic tools and methodologies developed in the ROC have proven to be as valuable to agencies as to IGs, preventing funds from potential fraud, waste, and mismanagement. I believe that the information we have been providing to agencies relating to Recovery funds will be just as useful – if not exponentially more so – outside the Recovery Act context. A single repository for this accountability data, rather than mini-ROCs sprinkled around the federal government, would present a cost-savings to the American taxpayers.

**10. Finally, articulating success for prevention is harder to do than for detection.**

Forty-one years ago, I began my federal career as a Secret Service Agent, learning how to protect our nation's leaders. How do you measure success in that role? When an assassin is able to shoot your protectee, failure is readily apparent. But conversely, the measure of success cannot just be that no officials were killed or harmed – while that measure is informative, it does not account for all of the attempts that may have been thwarted by the presence of a visible agent. Nor does it account for plots that were abandoned when it became clear that an official's route would be inaccessible by the public. How can we possibly count the attempts that we do not even know about?

Now, toward the end of my government career, I feel that I have come full circle – and I admit I am still pondering the logistics of measuring prevention. How can we know how much fraud has been prevented by what the Board and the IG community did during the Recovery program? High fraud losses accompanied by front-page stories and nightly news segments would certainly have signaled failure, but we may be left to wonder – as my former colleagues in the Secret Service to every day – about what success really looks like. All I can say for sure is that in a government spending program of more than $787 billion, we have seen extremely low levels of fraud.

I have recently written a white paper reflecting on the Board's myriad successes and incorporating many of these lessons learned, in an attempt to answer the question of how the Board's accomplishments can continue long after the Recovery funds have all been spent. We plan to put that paper up on Recovery.gov this week.

Mr. Chairman and members of the Committee, that concludes my prepared testimony. Thank you for this opportunity. I will now be glad to answer any questions you might have.

Chairman ISSA. In a perfect world the first person to ask questions would probably be Mr. Towns, who, if not for his chairmanship, the embedded role that you played wouldn't have been in the law. So I want to take an opportunity to thank him, because it was, in fact, his leadership that caused the kind of accountability you have an opportunity to show us.

With that I'm going to waive going first and recognize the gentleman from Tennessee Mr. DesJarlais, if you're prepared.

Mr. DESJARLAIS. Thank you, Mr. Chairman, and thank you, Chairman Devaney, for sharing those thoughts and wisdoms with us.

I would like to start and ask you what some of the key differences between tracking spending using recipient reporting, as you and the RAT Board have done for stimulus money, and tracking spending using agencies reporting in the way USASpending.gov does.

Mr. DEVANEY. Well, Congressman, I think we have discerned that recipient reporting is as accurate or more accurate than agency reporting. I think when recipients report directly, they have a parochial interest in getting it right.

We built into our systems opportunities for checks and balances for agencies and recipients to think about what they've reported and change it if they had to. All those changes are totally auditable so we know what was changed and when it was changed. And we have a continuous open environment for people to change things, sometimes quarters after they've made a mistake. And our perspective is that citizens do come back, recipients do come back and change things because they simply don't want to be embarrassed. Everybody gets to see what they put in. It has been—I don't think I would have imagined that when we first started, but it's been a great lesson.

Mr. DESJARLAIS. Do you believe that a permanent universal recipient reporting requirement is necessary to achieve transparency in Federal spending?

Mr. DEVANEY. Well, I think given what I just said, I think the migration from recipient reporting to agency reporting with no loss in accuracy and potential savings costs would be a smart thing to do.

Mr. DESJARLAIS. It would make it more accurate?

Mr. DEVANEY. More accurate and save money.

Mr. DESJARLAIS. Do you think that this would internally lead to greater accountability then on the part of Federal agencies?

Mr. DEVANEY. I do. The more accurate the data, the better the opportunity for those of us who spend their time on accountability to get it right.

Mr. DESJARLAIS. You're talking about some of the successes earlier. Can you please address the number of recipients who fail to report, and explain how the Board has managed to keep it so small?

Mr. DEVANEY. Well, when we first—the first reporting period there were a lot of people that failed the report, and I take that to be a manifestation of a new system, a new idea, and people just not understanding. Several quarters later those numbers were down dramatically, and now, as I mentioned earlier, the amount of

recipients that actually haven't reported two or more times is rather low, and three or more times is down to seven, and that's out of hundreds of thousands of awards. So, you know, it's 99.9 percent, which is, I think, good.

Mr. DESJARLAIS. Do you believe that if Congress instituted a board that tracks spending on a larger level and not just stimulus spending that the rate of failure to report would remain that favorable?

Mr. DEVANEY. I think it would. And I took note of the chairman's legislation that it has enforcement teeth in it. Unfortunately the Recovery Act, when it was created in a very short time period, forgot to put the enforcement pieces in it, and I think the chairman's legislation fixes that.

Mr. DESJARLAIS. The Recovery Board has recommended a governmentwide system of award identifiers. Your testimony mentions uniform award IDs for all Federal agencies. Can you explain how this would simplify the tracking of Federal spending?

Mr. DEVANEY. Well, it became very obvious to us early on that that every single agency has their own unique numbering system, probably some dating back to George Washington. So it was almost impossible for us to collect data from all of those various agencies, so we had to design our own data-collectionsite. And then we have to—every time the reporting takes place, we have to deal with what we call mismatches. The numbers from what the recipients report to us differ from the numbers that the agencies tell us that they gave the money out. So it's a constant battle of trying to reduce those mismatches. It is very labor intensive, and it doesn't have to be that way. If we had a common single alphanumeric numbering system like a credit card, the transparency would be enhanced tremendously.

Mr. DESJARLAIS. Thank you, Chairman Devaney.

And, Chairman Issa, I yield back the balance of my time.

Chairman ISSA. The gentleman yields back.

We now recognize the gentleman from New York Mr. Towns for 5 minutes.

Mr. TOWNS. Thank very much.

Let me begin by saying to you, Mr. Devaney, thank you for the outstanding job that you are doing. And, of course, I remember you saying that transparency is harder to practice than it is to talk about, and, of course, I recognize that.

You talked about the fact that embarrassing—you know, sometimes it brings about change in behavior. What are the complaints that you were getting from the ones that did not cooperate? Are they saying they did not have the resources to do what you're asking? What are they complaining about, those few that did not comply?

Mr. DEVANEY. Well, the excuses were all over the board, sir. They ranged from the ridiculous to those that, quite frankly, probably involve some hardships. For instance, we had early on some tribes and some other recipients who simply didn't have Internet and couldn't comply that way, so we had to devise a system so they could get their reports in as well.

I think the list of shame that we publish every quarter has worked well in getting those numbers down. We're down to seven.

Some of those folks have filed lawsuits against the government for the audacity of the government asking them to report about what they did with the money that the government gave them. So it ranges from the, you know, absurd to some legitimate excuses.

Mr. TOWNS. Let me ask you this: The enforcement legislation that is being put forth, do you think that's going to further help?

Mr. DEVANEY. I do, I do. I think the enforcement piece that's in the bill will be very helpful. I think that there are some—as I read the bill last night, there are some civil remedies. It doesn't preclude any criminal remedies. But that's something that usually motivates people to comply with the law. And lacking that enforcement mechanism in the Recovery Act, I think some people took advantage of that.

Mr. TOWNS. All right. Let me just say to the chairman and to the ranking member that, you know, I really appreciate your leadership in keeping this alive, and to you, Mr. Devaney, for your outstanding work.

I notice you made a comment, I don't think—maybe some people didn't quite hear it, where you said this might be your last government assignment. I heard that, you know, and I want you to know that I hope that your next assignment will be teaching those to do what you've done so well.

Thank you very much, Mr. Chairman. And on that note I would be delighted to yield to the ranking member.

[The prepared statement of Hon. Edolphus Towns follows:]

**Committee on Oversight and Government Reform**

**Hearing on June 14, 2011, at 9:30 a.m.**
**"Achieving Transparency and Accountability**
**In Federal Spending"**

**Statement of Mr. Towns**

The Obama Administration has taken an unprecedented stance on transparency and accountability in all of government—not only on the issue of spending. From his first day in office, President Obama made his commitment clear when he told government agencies "When in doubt, openness prevails." Today, the President extends the mandate on openness with the Executive Order he signed on "Delivering an Efficient, Effective, and Accountable Government." This new Order establishes a new accountability and transparency board to provide strategic direction for enhancing spending transparency and detecting and eliminating waste, fraud and abuse in federal programs. I applaud the Administration's transparency efforts and look forward to working to institute needed improvements.

Transparency is harder to practice than it is to talk about. It is the friend of the enforcer and the enemy of the fraudster. Today, as we look at transparency and accountability in federal spending, we find that there have been remarkable successes. The greatest success is the American Recovery and Reinvestment Act of 2009 and the Recovery Accountability and Transparency Board (RAT Board) led by our first witness, Chairman Earl Devaney. Mr. Devaney has learned important lessons in leading the federal government to embrace transparency and it is my hope that we can implement the tools that have been successful.

I have always been committed to providing open access to government and I will continue to work on that commitment. I would like to thank all of our witnesses for their insights and testimony.

Chairman ISSA. You second that?

Mr. CUMMINGS. I second that.

Mr. TOWNS. On that note I yield back.

Mr. CUMMINGS. Just two questions, Mr. Devaney. The Democrats in Congress passed the American Recovery and Investment Act of 2009 to promote job creation, encourage long-term growth, foster unprecedented accountability and transparency in government. The Recovery Act establishes and granted broad authorities to the Recovery Accountability and Transparency Board. Among them is the authority to issue testimonial subpoenas. Section 1524 says, the Board may issue subpoenas to compel the testimony of persons who are not Federal officers or employees, and may enforce such subpoenas in the same manner as provided for inspector general subpoenas under section 6 of the Inspector General Act of 1978. You're familiar with that; are you not?

Mr. DEVANEY. I am.

Mr. CUMMINGS. And, Mr. Devaney, have you ever exercised that authority?

Mr. DEVANEY. No, I haven't.

Mr. CUMMINGS. Given the fact that you never issued a subpoena for testimony and that you clearly have been very successful in identifying and eliminating and preventing fraud, waste and abuse, did you ever feel as though you needed that authority to appropriately achieve your mission?

Mr. DEVANEY. I never personally have felt that way. I've been very fortunate to have in my Federal career rather sizable numbers of investigators, and we work very closely with the Department of Justice and always use the grand jury subpoena power. So I've never felt that way. I think there are some IGs who do feel that way, that it is needed, and I respect their views. I have stated before publicly that I've never used it and don't feel like I would.

Mr. CUMMINGS. Would you support legislative efforts to establish a permanent board modeled on the RAT Board to lead government-wide efforts to improve Federal spending transparency and accountability that does not include testimonial subpoena authority?

Mr. DEVANEY. I would probably support it either way. I think it really doesn't matter to me. I've never used it. It's in the Recovery Act. So I'm very anxious to see legislation creating a board that would do this very thing. And it would be up to the members of the board to use it or not use it.

Mr. CUMMINGS. Thank you very much. I yield back.

Chairman ISSA. I thank the gentleman.

We now recognize the gentleman from Utah for 5 minutes. Would the gentleman yield for just a second?

Mr. CHAFFETZ. Yes.

Chairman ISSA. Mr. Devaney, do you know whether or not the having that has ever been threatened or used? In other words, have any of your people working for you ever said, you know, we could compel testimony if you're not willing to give it voluntarily? Do you know whether that's ever occurred on your watch now or in the past when you have had it?

Mr. DEVANEY. I don't think so. I think that there are other ways to get to that goal.

Chairman ISSA. Okay, thank you. I yield back.

Mr. CHAFFETZ. Thank you for your service. I appreciate your coming to the committee a number of times and being so available.

Let's go back for a moment to the award numbering system. Maybe it's just my simple way, but things like that just drive me crazy. That seems like something that could happen within an hour or two, okay, maybe a week. What is holding back—whose responsibility is this to do that?

Mr. DEVANEY. Well, of course, each agency, as I mentioned earlier, has developed these systems over numbers of years, 30, 40 years, so they have their own unique numbering systems. It means a lot to them. They are very reluctant to give it up. They would argue—the agencies would argue that it might cost a lot of money to retrofit their systems to adapt to a new numbering system.

I think going forward we would like to do a feasibility study to see exactly what that problem is, whether it's as big as they think it is, and try and convince the agencies and OMB that this is an issue that's way past its time.

Mr. CHAFFETZ. So the core responsibility for executing that and putting that in place would be the OMB?

Mr. DEVANEY. OMB in conjunction with the agencies.

Mr. CHAFFETZ. Do you have any—how massive a problem is this?

Mr. DEVANEY. I don't underestimate the fact that some agencies are going to be outliers and are going to have to retrofit their systems to adapt to a new numbering system. I just don't think this is as big a problem as people try to make it out to be.

Mr. CHAFFETZ. The Sunlight Foundation's been very good at clarifying and bringing some things out. This statistic they threw out, though, is quite stunning. Sunlight—325 programs had no reported information for all of fiscal year 2008, also stating that USASpending.gov reported accurate information for only 35 percent of Federal programs. Do you find that to be true, and how do we solve that?

Mr. DEVANEY. Well, I can only speak for our site, and I think our site is extraordinarily accurate. I know that USASpending has had problems from the very beginning. I think the day they launched, they were talking about 50 percent error rate. So they make a good effort, and I think they've improved, but I think as long as they depend on the agencies to send them information that's been scrubbed, and changed, and not coming directly from recipients causes some of that inaccuracy.

Mr. CHAFFETZ. So how do we solve that? Should it be more penalties for noncompliance? How do we solve that?

Mr. DEVANEY. I think enforcement penalties are very helpful. I think the single alphanumeric numbering system would be helpful. I think migration from recipient reporting to agency reporting would be extraordinarily helpful. And I think that the reporting under the recovery program can be replicated in other spending.

Mr. CHAFFETZ. Thank you, Mr. Chairman. I yield back.

Chairman ISSA. I thank the gentleman.

We now recognize the gentleman from Virginia for 5 minutes. Mr. Connolly.

Mr. CONNOLLY. Thank you, Mr. Chairman, and welcome, Mr. Devaney.

Mr. Devaney, the chairman's introduced some legislation sort of creating a new layer of oversight. What's your understanding of what that would do and how it would relate to the current structure you head up?

Mr. DEVANEY. Well, my impression of the legislation is it is meant to replace—as you probably know, the Recovery Board sunsets in 2013, so I'm assuming that if the legislation were to pass earlier than that, it would replace the Board that I chair. But it certainly continues the work of the Recovery Board and makes a board a permanent—or as of 2018 a permanent board that will carry on the work that we've done.

Mr. CONNOLLY. How well do you think the work you've done has gone?

Mr. DEVANEY. I think it has gone very well. There have been, as noted earlier, some mistakes along the way, but I think we've been able to correct those right away. And I think we've brought transparency and accountability to this money. It's a huge amount of money. There are low levels of fraud. I happen to think the transparency is the principal cause of that. And I think when you put transparency and accountability together, you get a great combination.

We've also used new tools. We've created what we call a recovery operations center, which has used sophisticated analytical tools that heretofore have been used principally in the intelligence and law enforcement sectors. And the novelty of what we've done is that those tools are now being used on government spending, and the result has been quite, quite remarkable. It turns out that when you use those tools, and when you put together a good, competent analyst, you can actually interrupt fraud and prevent fraud from happening in the first instance.

Mr. CONNOLLY. The model—I mean, this model is unique; is it not? I mean, you were in the sense an experimental model, a new paradigm for transparency and oversight.

Mr. DEVANEY. I think that's true, I think we were an experiment. I think if you talk about proof of concept, I think we've done it. And that's why I think this legislation makes an awful lot of sense. I also think that Vice President's—the President's Executive order yesterday makes sense as well.

Mr. CONNOLLY. Does your group also—you're tracking to make sure money is not misspent and there isn't fraud or waste. But do you also look at the other side of the equation, effectiveness, efficacy?

Mr. DEVANEY. Well, we're certainly trying to make sure that waste doesn't occur as well fraud. I mean, we don't concentrate solely on fraud. A lot of the information that we develop in the recovery operations center, for instance, makes for good audits.

Mr. CONNOLLY. But do you also look at milestones in terms of achievement? So, in other words, if X number of dollars are meant to buy three locomotives in some kind of timeframe, that as a matter of fact that goal is met?

Mr. DEVANEY. No, but my sense is that the individual IGs in those agencies do that job, but we don't as a board take that on.

Mr. CONNOLLY. You talked a little bit in your testimony I think about cloud computing and how it could actually lead to some sav-

ings for the Federal Government, including, I think, rental space and other kinds of savings and more efficiencies. Could you just expand a little bit on that and how cloud computing could help the government be more effective and to enhance transparency?

Mr. DEVANEY. Well, there is obvious money savings to be had. I think when we first looked at it, we thought our little operation could save about three-fourths of a million dollars right away, and we could repurpose some of that equipment that we had into other areas. So there is a savings.

The other thing I would say about cloud computing is it allows you to be more flexible and to expand almost like an accordion. If you need to do more, you can do more readily; you don't have to go out and buy more equipment, rent space and hire more people. So it's a technology that I think its time has come, and I think the government ought to move there. We were the first government enterprise to actually move to the cloud. That was heralded by the folks at OMB, and I think other agencies have followed.

Mr. CONNOLLY. And real quickly in the 10 seconds I've got, do you believe the private sector can do this more efficiently maybe than we can in the public sector?

Mr. DEVANEY. Oh, I don't know. I think they certainly have been a leader there, but I think the government is slowly recognizing that we ought to be there.

Mr. CONNOLLY. Thank you, Mr. Chairman.

Chairman ISSA. You're most welcome.

The gentleman from Pennsylvania Mr. Kelly.

Mr. KELLY. Thank you, Mr. Chairman.

I'm only going to take a minute, Mr. Devaney. I wanted to thank you. I've only been here 5 months—I'm over here, by the way. I'm the guy with the sunburn. It's really refreshing. And I look at your background. I love the fact that you're in a leadership coaching program. For someone who has only been here 5 months, it is really a pleasure to sit and listen to somebody who has used great common sense and understands what a stewardship truly is.

In our business there is an old saying, you have to inspect what you expect. And what you've been able to shed light on today in both your written testimony and your verbal, I just want to thank you. This is great value to the American taxpayers, which is why we're all here. So I want to thank you for that. And I just want to tell you it is really one of the most refreshing testimonies I've had since I've been here. I thank you for your service.

And I heard what you said earlier the other gentleman had mentioned, that hopefully this is your last tour. I understand that. There is something to be said for that. But thank you so much for your leadership.

And having said that I want to yield back my time to the chairman. Thank you, sir.

Mr. DEVANEY. Thank you.

Chairman ISSA. I thank the gentleman for yielding.

Chairman, I think to make the record straight I want to go through a line of thought. You said that what the Vice President is proposing—and you and I have both had meetings with the Vice President—you approve of. The President's Executive order you ap-

prove of. I appreciate that you like all or most of what's in our draft—or our legislation now.

How do you envision that we get from the President's Executive order, which, if I understand it correctly, is a study to do X over the next 6 months; our legislation, which is intended to be pushed toward a particular set of goals with some specificity; Vice President Biden's history and oversight of your role; how do we bring that all together so that we get a permanent—Executive orders are not permanent—and well-defined and bipartisan solution in that, let's say, 6 months time that the President has put out there——

Mr. DEVANEY. I think both efforts move the ball down the field, and that's what I'm really excited about. I think the goal is common between the two. I think we're talking about eliminating redundancy, saving money, and doing it in the most transparent and accountable way we possibly can. So as I look at both things, I came away thinking they're both good.

I think the—as I mentioned earlier today, I think that nothing works better than legislation with very firm dates in it. I really truly believe that. That's an observation not just from my time at the Recovery Board, but throughout my Federal career. I've seen bureaucrats change their mind about change and agree to do it once there's a law and they had firm dates.

So I'm very excited about your legislation. I think the Vice President is trying to get the ball moving. And I think in large part the President's Executive order establishing this board is so we can do some things now, so we can take some lessons learned, so we can adopt some of the ideas I have and others have about trying to export what we've done throughout government, because it really would make things more efficient, and it really would save money, and I think the country needs that right now.

Chairman ISSA. Thank you.

I was at Sears this past weekend, and, like you, I'm old enough—not that you're old—but I'm old enough to remember how Sears used to work, how Macy's, all of them, used to work. You used to have a tag either pinned or hanging from every piece of clothing and everything else you bought, and it had a now nomenclature, it said something, and sometimes it had a number. And every department had tags. And when you bought something, you had to put it—take it to a department where the person was knowledgeable of how to add that item up and price it. And you couldn't check out in one place, because ultimately each department had the expertise, they knew when was on special and so on.

Last weekend I went through, and like we all have come to expect, there's a standard bar code on every product, you can go to any checkout, you scan that bar code, they know what the price is, they know what the discount is, they know all the aspects, it relieves it from inventory, and you leave the store with one credit card receipt. Isn't that really what you're asking for all of us who are ultimately customers and vendors of the government is that we get to that level of uniformity so that, in fact, everything gets to be easier to do with the government, whether you are, if you will, a vendor or a customer?

Mr. DEVANEY. Yes.

Chairman ISSA. I'll take that as a yes.

And with that I go to the ranking member for 5 minutes.

Mr. CUMMINGS. Thank you very much, Mr. Chairman.

You know, Mr. Devaney, I've told my staff at some point we move from student to teacher. And in listening to your testimony, I find it interesting that you didn't go where I thought you were going to go, but I saw you going there, when you talked about the Secret Service and prevention, making sure that the President, the others are safe. It is one thing to read a headline the day after and talk about what happened if harm came. It's another thing—and you don't get a headline for this—to make sure the same.

And I was thinking—I was wondering how did you get there? In other words—I also tell my staff that there comes a point in time when you begin to face your own mortality—not you, just talking in general—and you begin to ask yourself, how do I make sure that I'm most effective and efficient in what I do? And I guess what I'm trying to figure out is how do we—it sounds like you have arrived at a point of effectiveness and efficiency. And I think you said it seems as if—I don't know what you were referring to, accountability in agencies, you said sometimes it's like a big plane or something like that. And it seems like so often we don't think we can get our arms around this because there are so many moving parts.

So I'm trying to figure out with the Executive order, with the chairman's legislation, how do we get folks actually moving in that direction of effectiveness and efficiency and getting away from "it-can't-be-doneness" attitude or cultural mediocrity. I know that's kind of a broad question, but can you help us with it? How did you get there?

Mr. DEVANEY. Well, I don't know if I'm there.

Mr. CUMMINGS. Oh, you're there.

Mr. DEVANEY. I've made observations over the years that change in government is a difficult proposition. People don't normally embrace change in government. I've never been afraid of change. I don't believe in change just for change sake, but when it makes sense, when you can save money or eliminate redundancy, it strikes me that you have to change, and particularly in the circumstances we currently live in.

So I think that both the Executive order and the legislation are going to cause people to understand the changes at hand, and we are moving in this direction smartly. So I'm encouraged by that. I had wondered whether or not the lessons learned in the Recovery Board would have been thought well enough to have been embedded in legislation and also in the Executive order, and I think I'm pleased that they seemingly have been. And I'm excited about the opportunity to see some of those things spread out in all government spending.

Mr. CUMMINGS. The issues of lesson learned, you talked about concrete deadlines, and I want you to tell us how significant that is, because I agree with you on that.

The other thing that you talked about was technology. Do you think that we—do you think there's a technology that can even go further and be even more effective than what we now have? And what suggestions would you have to us for improving—I mean, if you had to make some suggestions for improving the bill or improving the Executive order?

Mr. DEVANEY. I don't think I'm ready to start making suggestions about improving either one of them just yet. I probably will have some thoughts later on.

I think the technology opportunities are profound right now, and taking advantage of things like cloud computing or the geospatial technologies that we are using in Recovery.gov opens opportunities for the American public to actually, for instance, in the recovery program to drill down into their own ZIP codes or their own congressional districts and see exactly how that money is being used. I don't think that's ever been possible before for the American public.

As an IG, if I want to understand where the money went, for instance, at the Department of Interior, I could have gone to the CFO and asked, but I doubt very seriously whether that person could have responded, certainly quickly.

So the new technologies have enabled the government to begin to show the public of how their money's being spent. Now, they may not like what they see, but they have a right to see it.

Mr. CUMMINGS. Thank you very much, Mr. Chairman.

Chairman ISSA. Thank you.

The gentleman from Oklahoma Mr. Lankford.

Mr. LANKFORD. Mr. Devaney, welcome. Glad you're here, and thank for your testimony and your wisdom that you bring and your experience and background in this.

Talk with you about a couple things here. The differences or the problems that you would see associated with trying to transition this from a one-time specific set of events, that is stimulus—as rapid as that was to ramp up, to learn quickly how to do it, and figure out how to do it and do it, but it is still a one-time event—and an ongoing, every year-type program. What do you see as the differences between those two in the reporting process?

Mr. DEVANEY. Well, I think maybe I'll answer it this way. I think the—and it is a partial answer to the ranking member's question as well. The fact that we had a deadline—the Recovery Act called for these Web sites and the reporting all be done in 6 months. The fact that we had that deadline drove us to accomplish it. Getting the agencies, OMB and the Recovery Board to be marching toward that goal probably would have not been accomplished had that deadline not been in the act. So I see legislation with concrete deadlines as they are embedded in the chairman's legislation as being a very good thing, because it leaves the discussion about whether we want to change out of the picture. Change is going to happen, and you only have a certain amount of time to do it.

Mr. LANKFORD. Do you see an issue, though, with a one-time event like a stimulus versus an ongoing, year-after-year-type program; anything that you would be able to say to us, I think it works well, and regardless if it's year-after-year programs or one-time grant, it works the same?

Mr. DEVANEY. Well, I think, as I mentioned earlier, I think the recovery program was a proof of concept. I think for those that had doubted that it could be done, we've now shown that it has been done, and it probably bodes well for future efforts.

Mr. LANKFORD. Okay. Burden on recipients. Obviously this is a new layer of something that they have to be able to take on. My—

while I desperately want more transparency, I agree completely with your statements about fraud, that the more you allow people to be able to look in and be able to look over someone else's shoulder and say, why exactly is that grant funded that way and what is that, that helps tremendously.

I also don't want to reduce the number of people competing for a competitive grant nor reduce the number of bidders in a contract situation. Talking about the burden on those recipients having to self-report, I do think that's going to drive away competition. Is it a reasonable amount of burden?

Mr. DEVANEY. I think it is a reasonable amount of burden. I think it was a giant question when we first started, when we first were talking about recipient reporting versus agency reporting. I think the burden on recipients was the number one issue. It was an issue for the States. It was an issue for the recipients. It certainly was an issue for the OMB and for the Board, and we were very worried about that. As a result we stood up a very robust help desk so that when recipients came in to report for the very first time and several reporting periods after that, they had a lot of help.

But after two or three reporting periods, we began to see that our help desk wasn't being used anymore, and anecdotally we hear from States and from recipients that they like reporting on FederalReporting.gov. I think what they would like best would only be to report to one place instead of multiple places. So I think if we get down to one place where they can report, and we use some of the technologies we used when we built FederalReporting.gov, or use that infrastructure, we won't have much of a burden on recipients.

Mr. LANKFORD. Terrific.

What other data would you suggest could be reported on that? For instance, if you complete a grant, the final research, the finished product, is that something that could be reported there as well so they're not only tracking how much was spent, but what the final product is that the Federal taxpayers paid for? Or the progress, as is mentioned before, is there a way to be able to track not only how much has been allotted to this, but what's happened so far so people can see this much has been allotted, this is what has been accomplished so far?

Mr. DEVANEY. Absolutely. We do something like that right now. We ask recipients to tell us what stage the project's in. We could certainly collect almost any data you wanted to collect.

You do get to a point where how much is too much, but on the other hand, if that's an important feature, we can build it in. We have the flexibility on the infrastructure we have right now to scale up to almost any amount of data to be collected.

Mr. LANKFORD. So if we're doing a grant for a certain project that denotes some research to something out there, at the end of it we can also say, this was allotted, here is how it was spent, and here's the final paper that was presented at the end of it, and when the research was done, here it is. It wouldn't be an issue to be able to collect it all together.

Mr. DEVANEY. Correct.

Mr. LANKFORD. Terrific. Thank you very much. And with that I yield back.

Chairman ISSA. As you compare the grant application process with your reporting, which one's harder to do, the applications for competitive grants that you've seen over the years or your reporting?

Mr. DEVANEY. Application for grants.

Chairman ISSA. Thank you. I kind of knew the answer to that one.

We now recognize the gentleman from Pennsylvania Mr. Meehan for 5 minutes.

Mr. MEEHAN. Thank you, Mr. Chairman.

And thank you, Mr. Devaney, not just for your presence here today and the great work you are doing for the Recovery Board but for the great work you have done for a number of years as inspector general. I had the good fortune to work as a U.S. attorney and spent much time with some of your colleagues and appreciate the significance of their efforts, but oftentimes, as well, struggled with the reality that we would be oft just touching the corners sometimes of what we believed was out there.

And I have been intrigued by your testimony about some of the tools you have been discussing that can greatly enhance our ability to search not just where we have been but in realtime, because your words, I think, to focus on preventing fraud from occurring in the first time, rather than detecting it after the fact.

So can you tell me a little bit about the recovery explorer tool that you have been implementing and how that works?

Mr. DEVANEY. Well, the Recovery Operations Center, which we established fairly early on, after about 6 months, utilizes analytical tools that, as I mentioned earlier, have been used heretofore in the intelligence world and in some law enforcement settings and applying them to spending.

And if you think of fraud on a continuum where on one end of the timeline the fraudster is thinking about stealing money and the other end is sort of when he has it and he is running down the street, what we are trying to do is we are trying to push the ball further up toward the front end so that we are either preventing fraud in the first instance or at least interrupting it in the middle.

Countless times we have been able to detect a company or an individual that has gotten money that probably shouldn't have been. It doesn't mean that they have committed a crime; it just means that we need to stop and look. So we have asked the agencies to stop the flow of money so that it all doesn't go out the door before we are able to prevent it.

Now, as I mentioned earlier, it is difficult to articulate success in this area, how much you have prevented from happening. It is a lot easier for me to stand here and talk about the number of arrests or number of referrals to the Department of Justice. And that is what I have done for most of my career, played that, sort of, stat game. It is harder to articulate success in the prevention business. I struggle with it myself, but I know that—I know that I think we have prevented fraud in this instance.

And I think transparency has a lot to do about it, but it is also about sort of a mind shift that IGs and other enforcement entities

are having about not just detecting it but preventing it from happening.

Mr. MEEHAN. What kind of data does it display when you are talking about the broad spectrum of information that is out there? Is there an intelligent aspect to this, in which it is looking for particular indicators or it makes available data that then somebody can mine with a specific purpose?

Mr. DEVANEY. Well, we do have formulas and algorithms that we use to run against the data base, the 1512 data base, the recovery data base, if you will, that identifies anomalies for us. Once again, this doesn't mean necessarily that a crime has been committed or even that fraud has happened. It might mean, for instance, this would be a good candidate to audit, to have an IG do an audit on—not an investigation, but an audit. On the other hand, it might identify, as we do countless times, money going to somebody who is on the excluded parties list, because we have that data base in-house.

I happen to think that one of the issues that is under way in government right now, being managed by OMB, is the do-not-pay list. I happen to think that our platform could do the do-not-pay list fairly soon. I think we have three of the data bases, of the five, right now. If we got the other two, we could probably stand that up maybe in a month or 2.

So there are great opportunities here to have it centralized in one place so that both agency personnel can come into the Recovery Operations Center before they give the money out and that enforcers like IGs or the FBI or GAO can access information. And maybe on top of some of the other data bases, we have the law enforcement data bases that they would have access to.

Mr. MEEHAN. And so you are talking right now about work that is done within your data system and monitoring the dollars that have been part of the Recovery Act. But my assumption here is this has tremendous applicability across the various agencies where we would be able to look at somebody that is on a do-not-pay list that might be doing work with two different kinds of agencies.

Mr. DEVANEY. I think it does have that application, and that is what I am excited about, that we would take what we have done here and apply it to all government spending. We will be preventing billions of dollars of fraud, and we may be putting investigative bodies and U.S. attorneys out of business.

Mr. MEEHAN. Well, there is plenty of work for all of us to do. When you talk billions of dollars, that makes a big difference. Thank you for your service and your forward thinking.

Mr. Chairman, I yield back my time. Thank you.

Chairman ISSA. I thank the gentleman.

We now recognize the gentleman from Illinois, Mr. Quigley, for 5 minutes.

Mr. QUIGLEY. Thank you, Mr. Chairman.

Thank you for being here.

Let me raise the issue of tax expenditures as it applies to these issues, if that is all right with you. Your thoughts on whether tax expenditures should be incorporated into this sort of executive order or into the new bill that the chairman is proposing or per-

haps a separate bill, such as a transparency in government act? Your sense of the best way to move forward on that?

Mr. DEVANEY. Well, I am reminded of a recent event where we had an IG, I believe, or GAO came out with a report that basically said that taxpayers who owed a lot of money were actually getting some of these awards. And the first question asked of us was, well, why didn't you detect that? And that is because, you know, there are prohibitions from the IRS of sharing with us taxpayer information.

So I think perhaps the time has come for some waivers from that act. And I would love to see that, the ability for us to have a data base that had the individuals that owed tax money. We could keep that in a very secure environment, and we would have prevented money from going to tax recipients that owed tax money.

Mr. QUIGLEY. And the best way to do that, in terms of your sense of this bill or an executive order?

Mr. DEVANEY. Well, I think it could be—it probably would be better done in legislation, because I think it is a law that causes the IRS to be prevented from sharing it with law enforcement.

There is a proviso that that kind of information can be shared with GAO. And I, quite frankly, think, you know, even GAO would say that the IGs are just as responsible enough to have that kind of information.

Mr. QUIGLEY. Thank you.

Thank you, Mr. Chairman.

Chairman ISSA. Would the gentleman yield?

Mr. QUIGLEY. Yes.

Chairman ISSA. Perhaps you can clear something up I am unclear on. There are tax expenditures, and then there are tax cheats, or detected tax cheats. If I understood correctly, the data base that potentially legislation would give you would be access to tax cheats, people who—not tax expenditures per se. It is a more narrow definition?

Mr. DEVANEY. Right.

Chairman ISSA. Thank you.

Mr. QUIGLEY. Mr. Chairman.

Chairman ISSA. Oh. The gentleman reclaims his time.

Mr. QUIGLEY. Yes. And if I could yield to the ranking member.

Mr. CUMMINGS. I thank the gentleman for yielding.

Mr. Devaney, as part of the continuing resolution for fiscal year 2011, budget negotiators slashed the Electronic Government Fund from a proposed $35 million down to $8 million, putting Web sites such as Data.gov, USAspending.gov, Performance.gov, and the IT Dashboard at risk of being shut down.

Are you aware of those cuts?

Mr. DEVANEY. I am.

Mr. CUMMINGS. Just yesterday, a coalition of transparency and open government groups wrote to the leadership of the House Appropriations Committee's Financial Services Subcommittee urging them to restore funding for the Electronic Government Fund. Their letter said this, "Cuts to the E-Government Fund in fiscal year 2011 have already hurt successful projects. Needed upgrades to increase transparency and improve data quality have been delayed or abandoned, and two projects have already been terminated. These

cuts are pennywise and pound-foolish. The E-Gov Fund supports powerful tools for reducing waste, fraud, and abuse and for creating private-sector jobs. And given appropriate funding, these projects result in benefits far in excess of their cost."

Mr. Devaney, you have some practical experience with the technological tools for routing out waste, fraud, and abuse. You just talked about it, when you talk about the cloud system. Recovery.gov is one of our best examples of transparency-enabled accountability. Do you agree on the importance of these Web sites for generating accountability?

Mr. DEVANEY. I do. I have become a very aggressive advocate of transparency if you believe, as I do, that transparency drives accountability. Ultimately, you save money, and that money is far in excess of whatever we are talking about here.

Mr. CUMMINGS. And how big of a role do you believe resources should be? In other words, how important was it that the RAT Board had the kind of resources it did to start from scratch, build out a good system, and then continue to enhance and improve it?

Mr. DEVANEY. Well, I think it was—I think it was a guess as to how much money we would have needed, and I think it was a very on-the-spot guess. And I think we are going to come in under our budget for 2½ years. But having said that, I think the pennywise, dollar-foolish might be apropos in this particular instance.

Mr. CUMMINGS. And looking back at the Recovery.gov, what are the resource limitations, if any, in extending this kind of system governmentwide, and how tall an order is that?

Mr. DEVANEY. Well, with respect to money, I don't think it is actually much money. It is far below what people might imagine it to be. I think with a little extra money, the board would be able to use its existing infrastructure and sit some of these other systems on top of that and create a one platform, as the chairman mentioned earlier, that would do essentially the same thing that countless Web sites, collection display Web sites, across the government do now.

Mr. CUMMINGS. Thank you.

Chairman ISSA. Thank you.

I will recognize myself. I guess I am what is left.

Chairman Devaney, I am assuming that your—you will never forget this chart, nor will I.

Mr. DEVANEY. It is memorable.

Chairman ISSA. Well, as I look at this chart—and not to be counter to the ranking member, because I share with him the frustration that, in this basket of cuts, we seem to be cutting before we, in fact, fill, if you will.

But your proposal and what is intended out of our legislation and, quite frankly, what is intended out of the President's Executive order will ultimately save money on two fronts, won't it? One is, if you move to cloud computing, if you tell essentially all the agencies that we are going to have this single checkout place that is really good at checking out, that sets it up, that relieves that burden, other than transition costs, no matter what that cost is—and you are right, we shouldn't sit here and try to say it is $51 million or it is $5.1 million—isn't it inevitable that that cost, post-

transition, is less than we spend on this labyrinth of information today?

Mr. DEVANEY. Absolutely.

Chairman ISSA. Let me go through a couple of quick questions just in closing, because I think we should make the record clear on where we are today as government.

Oh, okay. We may have one more questioner.

Some years ago—and you have been in government for 40-plus years. Well, this was about 30 of those years ago. If you remember the scandal when they found out that the Federal Government, the largest purchaser of IBM Selectric typewriters in the world, paid more than the State of California paid for IBM's Selectric's contract—Selectric II or Selectric I. And there was no fraud. They simply bid two separate times, and California apparently was just a little better in the bid and IBM came in less. And the government didn't know about it until a whistleblower found out that, in a combined agency, that the State paid less for the same typewriter and that person tried to buy through the State to save money.

It is now 30 years later. If we are paying for a Dell computer, if we are paying 20 different amounts, hypothetically, based on bids—and Dell computers would be a bad example. But if we do have these discrepancies between hundreds of different purchase prices on substantially or identically the same thing, do you have the resources in government or do you know of those resources that would call that out so that we could get the best and lowest price?

Mr. DEVANEY. Well, offhand, I would say that, you know, the buying power is enhanced when you do things—when you centralize your buying. And so, if we take that map that you have up there and we reduce it to a reasonable picture with one platform, it would strike me that we could do it a lot cheaper, because we would eliminate all of the myriad of buying opportunities that are going on right now across the government and centralize it in one place and achieve the leverage that we would need over the vendors.

Chairman ISSA. So even though that is not the first generation of what you are doing, the idea that when people roll up what they are paying, that you can look and say, where are the anomalies and how much we are paying, where are the best values, that is pretty easy to do over the entire government but only if you collect it in one place?

Mr. DEVANEY. Right.

Chairman ISSA. Well, let me ask one last question, and it is—I want a long answer. I am not setting you up for the "yes, sir."

Mr. DEVANEY. Okay.

Chairman ISSA. Historically, these reportings have been done by essentially Cabinet positions and sub-Cabinet positions. Both the President and we are talking about a single point.

Are we talking in the best case about a single point that is independent? Or is there any other conceivable way that would be as good as an agency that did one and only one thing, which was to run this collection, enforcement, and analysis?

Mr. DEVANEY. I think if you are referring to the membership of the board or what that would look like, I think that one of the observations I made as I look back on the 2½ years is, the all-IG

board clearly indicates the independence that we all strive for and probably raises the public's perception tremendously that they are getting, you know, an honest shot here.

I think, however, that to make things work, to actually get the job done, you have to have a synergy between a board and the Federal agencies and OMB. And a board that has that kind of mix on it I think would be a good idea. I think that if a majority or at least half of the members are IGs, it presents that, sort of, optics of independence that I think is important, as well.

So I think the board that is contemplated in the law that you have proffered and also my understanding is the Vice President's—the President's Executive order, the Vice President's intention is to try to achieve that balance on that board, as well.

Chairman ISSA. So what you are saying is, no matter how we achieve the board, as long as it is independent and perceived legitimately to be independent, it can work. If it becomes captured by any one agency or entity, it loses its effectiveness.

Mr. DEVANEY. I would be very careful about it being captured by any particular interest group.

Chairman ISSA. Thank you.

The gentleman from Idaho, Mr. Labrador.

Mr. LABRADOR. Mr. Chairman, I yield back the time.

Chairman ISSA. Okay.

He meant to me.

I am going to use this because I have asked my questions—and I appreciate the gentleman yielding.

This is not the last time you are coming before this committee. You may be out of office, but we will use our subpoena power to bring you back to get educated. You know, there are just some things we can't live without, and one of them is your advice and counsel. I know we would never have to use that. You have been very generous with your time, both at these hearings and anytime we have called on you for advice. So I want to thank you publicly for that.

I want to pledge, on behalf of the ranking member and myself both, you are one of the few people that we agree on. We don't have arguments about the job you are doing. We want to see you succeed, and we want to see you have a legacy. So on behalf of the committee, thank you for your service, and we look forward to continuing to work with you in the future.

And, with that, we stand adjourned—no, I am sorry—stand in recess. I was really getting choked up. We stand in recess as we set up for the second panel.

[Recess.]

Chairman ISSA. We now recognize our second panel of witnesses.

The Honorable Kim Wallin is the controller of the State of Nevada. And Nevada is one that I always have to get right because I want to say "Nevada," and then I get yelled at.

Mr. Patrick Quinlan is the chief executive officer of Rivet Software.

Ms. Ellen Miller, a returning guest, is the executive director of the Sunlight Foundation.

And Craig Jennings is the director of Federal fiscal policy but was not on my list here. But thank you, and welcome. And thank you for your work on OMB Watch.

Pursuant to the committee rules, would all witnesses please rise to take the oath and raise your right hands?

[Witnesses sworn.]

Chairman ISSA. Let the record indicate all witnesses answered in the affirmative.

This panel is every bit as important as the first panel, but there are four of you, so we would ask that you very much summarize your entire statement to keep it within 5 minutes and allow time for questioning. Your entire written statement will be entered into the record.

Ms. Miller.

## STATEMENTS OF ELLEN MILLER, EXECUTIVE DIRECTOR, SUNLIGHT FOUNDATION; PATRICK QUINLAN, CHIEF EXECUTIVE OFFICER, RIVET SOFTWARE; KIM WALLIN, CONTROLLER, STATE OF NEVADA; AND CRAIG JENNINGS, DIRECTOR OF FEDERAL FISCAL POLICY, OMB WATCH

### STATEMENT OF ELLEN MILLER

Ms. MILLER. Thank you, Mr. Chairman. Thank you for inviting me to attend the hearing today. And I thank all the members of the committee also.

My name is Ellen Miller, and I am co-founder and executive director of the Sunlight Foundation, a nonpartisan nonprofit dedicated to using the power of the Internet to catalyze greater government openness and transparency. We take our inspiration from Justice Brandeis' famous adage that sunlight is said to be the best of disinfectants.

The Sunlight Foundation focuses on transparency and accountability for government by developing data bases, tools, and policies that eliminate the influence behind decisionmaking. We want citizens to understand the outcomes of government decisions. We want them to be able to hold government accountable for its work.

We have long been involved in improving Federal spending transparency. We funded the first publicly available data base of government spending, FedSpending.org, that was developed by the nonprofit organization and my colleague on this panel's organization, OMB Watch. We have followed earmarks, analyzed grants and contracts, scraped the House disbursements, identified Federal subsidies, and dug into tax expenditures. Recently, we have spoken out against Congress' deep cuts in funding for E-government programs.

Yesterday was quite the day for government transparency. The chairman introduced a sweeping transparency bill, the DATA Act, that would transform how we track Federal spending, establishing an independent body to track it all on a single Web site requiring the use of consistent, governmentwide standards. This new Federal Accountability and Spending Transparency Board would oversee a successor site to USAspending.gov.

While the creation of the FAST Board will garner the lion's share of attention, the effort to create governmentwide financial data re-

porting standards should not be overlooked. Indeed, the Sunlight Foundation supports another piece of legislation, the Public Online Information Act, that promotes the creation of governmentwide data standards and sets up an entity with similar responsibilities.

And here is more good news. Apparently the White House agrees with the President—agrees with the chairman—sorry—and vice versa. Yesterday, the White House announced an Executive order that appears to contain some of the same elements as the chairman's legislation. Because of these recent developments, we would like to submit additional written testimony on the chairman's bill for the record, if that is agreeable.

Chairman ISSA. Without objection, so ordered.

Ms. MILLER. We all agree on a few basic principles: Government spending must be transparent. As citizens engage with government online, they must be met step by step with tools that empower them to track every dollar the government spends. We are cautiously optimistic that technology makes this dream obtainable. And we all appear to agree that we need an independent board to do that, one such as the DATA Act and the White House Executive order have outlined.

We need this because of the structure of government. OMB, for example, has multiple and sometimes conflicting responsibilities. It has the nonpolitical task of enforcing Federal financial reporting requirements, but it also must strive to avoid creating political problems for the President. And this is true whether we are talking about a Republican or a Democratic administration. These responsibilities clash when it comes to publicly criticizing agencies for their failings, such as when they do not fully report their spending.

I have previously testified before this committee about our analysis of grants reported in USAspending.gov. We had identified almost $1.3 trillion in spending that failed to meet one of the three basic metrics we use: timeliness, completeness, and accuracy. But OMB has done little to correct the problems that we uncovered. When we recently revisited this analysis for 2010, the problems had not abated. And although much of the fault lies with the agencies, it is OMB's responsibility to publicly identify data quality problems and work to resolve them.

In providing genuine accountability for government spending, the government must keep in mind three principles: First, transparency is government's responsibility. Second, public information must be online. Third, data quality and presentation matter. Data should be made available online in a timely fashion so that it can be easily found and reused by anyone, subject only to commonsense limitations.

I applaud the committee's attention to these matters and thank you for the opportunity to discuss them with you today. And I am looking forward to your questions. Thank you.

[The prepared statement of Ms. Miller follows:]

**Comments of the Sunlight Foundation**

**Before the**

**Committee on Oversight and Government Reform**

**June 13, 2011**

Chairman Issa, Ranking Member Cummings, and members of the Committee, thank you for the invitation to testify today.

My name is Ellen Miller and I am the co-founder and executive director of the Sunlight Foundation, a non-partisan non-profit dedicated to using the power of the Internet to catalyze greater government openness and transparency. We take inspiration from Justice Brandeis' famous adage "Sunlight is said to be the best of disinfectants."

The Sunlight Foundation focuses primarily on creating transparency and accountability for the federal government through the development of databases, tools, and policies that illuminate the influence behind official decisions. Just as importantly, we have worked to make it easier to understand the outcomes of those decisions, so that citizens can track the government's work.

We have long been interested in improving federal spending transparency. Sunlight provided initial funding to OMB Watch to build a database of federal grants and contracts that became FedSpending.org, a model for the USASpending.gov website. We have followed earmarks through both investigative reporting and publicly-distributed research projects; helped persuade the House of

Representatives to publish the Statements of Disbursements online; and extensively tracked federal subsidies -- sector by sector -- as a part of the Subsidyscope project of the Pew Charitable Trusts. We have also followed with dismay Congress' recent deep reduction in budgetary support for federal financial oversight and collaboration through a reduction in the appropriation for the Electronic Government Fund, and advocated for a reversal of this decision in FY 2012.

Federal spending is a vital part of a transparent and accountable government. We are just beginning to see the benefits of online transparency as it applies to government spending. Only recently have the web tools been built and datasets released online that have begun to publicly illuminate government spending. For example, we developed a website, InfluenceExplorer.com, that displays federal contracts right alongside political contributions, lobbying activities, and contractor misconduct reports.

Because citizens are learning how to engage with the government online, our collective goal should be a truly open and accountable system for tracking every dollar the government spends. Sunlight's experience in developing databases and tools for tracking federal spending makes us cautiously optimistic that technology makes this dream attainable. To get there, we must resolve serious problems with how the federal government currently accounts for, tracks, and shares federal spending data.

Sunlight often grapples with poorly published data, proprietary identifiers that hinder effective tracking of corporate entities, and agencies that are unresponsive to FOIA requests. Nevertheless, we have redoubled our efforts to

improve transparency and disclosure in the areas of grant and contract spending, government loans and guarantees, and tax expenditures.

Previously, I testified to this committee regarding our data quality analysis[1] of grants reported in USASpending.gov. We had identified almost $1.3 trillion in spending that failed to meet one of the following three metrics: timeliness, completeness, and consistency. Recently, Sunlight has revisited that analysis, and determined that while there are some improvements, many worrisome discrepancies in the grants data from USASpending.gov remain.

For 2010, we found that USASpending.gov still has over $800 billion in obligations that were under- or overreported by a margin of at least 50%. This isn't an improvement; the decrease from $1.3 trillion to $800 billion in misreported dollars is almost entirely due to Medicare spending, which was reported to USASpending.gov shortly after our analysis was completed last year. Of 2010's $800 billion reporting discrepancy, $50 billion is from programs that do not report *any* obligations to USASpending.gov -- around 6%. OMB currently has no process for identifying non-reporting programs. Nor has OMB produced the USASpending.gov data quality dashboard referenced in an April 2010 memo.[2] We believe that continued oversight and examination of the grants data in USASpending.gov is needed for further progress.

Loan data in USASpending.gov is in significantly worse shape. Using the same

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1 Available at Clearspending.org

2 See http://1.usa.gov/dUsdxY

methodology, we found $400 billion in misreported loan obligations for FY2010, out of an estimated $550 billion total. In other words, 70% of all loan obligations were misreported to USASpending.gov.[3] This area of federal spending is in dire need of further oversight.

OMB has stymied our efforts to apply a similar data quality analysis to contracting data. We requested access to internal data quality reports that each agency has submitted to OMB for the past three years,[4] which would show what the agencies know about their data quality and their plans for improvement.[5] OMB has not only denied our request to produce this information, but has yet to fulfill a subsequently-filed FOIA request that has been pending for the last nine months. It is ironic that the agency responsible for promulgating the Open Government Directive and spearheading the government's transparency efforts is standing in the way of better financial transparency.

Our efforts to learn more about tax expenditures -- spending administered through the tax code -- has run into structural problems with how (and whether) the data is made available to the public. Estimates on specific tax expenditures are released separately by the Joint Committee on Taxation and the Department of Treasury. Their estimates often disagree, and neither body uses a common identifier

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[3] We have not included the $8 trillion in student loans that is currently reported to USASpending.gov. This is such a gross overestimate that it makes all numerical comparisons impossible when this data point is included. As a separate point, we believe that loans are under much less scrutiny than other types of spending and that the reporting requirements are often misunderstood and misapplied.

[4] Memo and report template: http://1.usa.gov/lfBlC0

[5] These reports certify the percentage and dollar amount of an agency's contracts that are available in USASpending.gov and are signed by the senior procurement official for that agency. They also discuss the agency's plan for improving their contracting data and provide metrics on specific data fields.

system to make tax expenditures easily comparable. Unhelpfully, the Joint Committee publishes their estimates buried deep within a several-hundred-page PDF, instead of a much more user-friendly format. To start, tax expenditure data should be published in accessible, machine-readable formats with proper context and identification. This kind of spending deserves equal scrutiny to that made through grants and contracts.

OMB, like many agencies, has multiple and sometimes conflicting responsibilities. One responsibility is the decidedly non-political task of enforcing federal financial reporting requirements. But they also strive to avoid creating political problems for the President that can arise from public criticism of agency failings, such as when they fail to properly and accurately report spending. These political liabilities are inevitable for OMB. There's no public interest justification for withholding access to federal reports on spending data quality, for example, but that's just what OMB has done. Good faith enforcement of financial reporting requirements may require an independent platform to allow objective administration.

This problem is not confined to spending transparency. Information policy, ethics oversight, and lobbying disclosure policies, all of which OMB administers to one degree or another, suffer from similarly counterproductive incentives -- where OMB's close identification with the President conflicts with the need to be a neutral enforcer. This is not to say that (this, or any) OMB has unduly politicized their involvement in these issues, but simply that it may be structurally incapable of pursuing these goals in the best way possible.

However and wherever such transparency responsibilities are ultimately placed, government must keep in mind general principles for openness in government.

First, transparency is government's responsibility, as private/non-profit efforts can reach only so far. Accordingly, both Congress and the federal branch must make broad changes in their information and technology policies to establish online, real time public access as a priority for virtually all the operations of the federal government.

Second, public means online. Whenever the government has committed to making information public, the standard for "public" should include "freely accessible online." Information cannot be considered public if it is available only inside a government building, during limited hours or for a fee. In the 21st century, information is properly described as "public" only if it is available online, for free, in some kind of reasonably parse-able format.

Third, data quality and presentation matter. Data should be made available online in as unrestricted a manner as possible, subject only to reasonable privacy and security concerns.[6] Moreover, the Internet has redefined effective communications and publishing. It is an around-the-clock open medium, in which standard practices include continuous, contemporaneous dissemination, permanent searchability and reusability, among other key features.

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[6] See "Ten Principles for Opening Up Government Information," available at http://sunlightfoundation.com/policy/documents/ten-open-data-principles/. The principles address the following data quality issues: completeness, primacy, timeliness, ease of physical and electronic access, machine readability, non-discrimination, use of commonly owned standards, licensing, permanence, and usage costs.

Disclosure should move at the same pace as influence over such decisions; thus arbitrary periodic filing requirements (e.g., annual, quarterly or monthly) violate this standard and hinder public trust and participation. Fortunately, the Internet enables inexpensive real-time publishing.

Our role as citizens is only as strong as our government is open. The actions that make up our civic lives – informed voting, active participation, thoughtful discourse – all depend on access to public information. Our democracy depends upon it.

I applaud this Committee's attention to opening up the government's purse for public review. Doing so is crucial to making the government more open and accountable. I thank you for the opportunity to discuss this issue with you, and am looking forward to your questions.

Chairman ISSA. Thank you.
Mr. Quinlan.

**STATEMENT OF PATRICK QUINLAN**

Mr. QUINLAN. Chairman Issa, Ranking Member Cummings, and distinguished members of the committee, my name is Patrick Quinlan. I am the CEO of Rivet Software in Denver, Colorado. To date, our company has helped over 1,300 of the top public companies in the United States transform the way they communicate their financial information to the public via the SEC. Thank you for the opportunity to give testimony today on how to better leverage technology to achieve transparency and accountability in Federal spending.

The legislation that Chairman Issa has introduced and has been supported by the Vice President and the President in their own Executive order requires the board to designate consistent data standards for Federal spending information. Data standards are nonproprietary and a way of creating efficiency across data bases for true transparency, similar to the barcodes that you mentioned earlier.

In essence, a demand for transparency is also a demand for accountability. To accomplish this goal, we must start with a data standardization, as was discussed by the honorable Mr. Devaney and by you, Congressman Issa, such as XBRL, which is eXtensible Business Reporting Language. It is governed by an international nonprofit consortium and similar to HTML. XBRL makes documents' content machine-readable and instantly available for research. It is an open standard owned by no one but used by over 44 countries to manage data efficiently and accurately.

Our government operates one of the largest data warehouses in the world but fails to turn that data into real information. In effect, we are constraining innovation, wasting funds, and obscuring information, all in the name of data transparency.

Noble initiatives such as Data.gov and USAspending.gov look good but are nonfunctional. They claim data is available and accessible, but if you cannot get an accurate answer, then it is not real information. On the other hand, Recovery.org's data is incredibly powerful once converted into XBRL.

At Rivet, we have developed a taxonomy creator to impose a new data structure on the Recovery.gov data set. We can instantly determine, as an example, grant spending as distinct from loans and contracts by quarter and disbursed from the Department of the Interior to my State of Colorado, a search that would have required multiple manual steps using the current XML format. The point being, we must find more opportunities to mandate data standards, and XBRL is the data standard to help us get there.

So what can this committee do to create true transparency in Federal spending? First, look at the SEC for best practices. They have set and enforced the data standard using XBRL, which has developed a self-funded industry. The SEC's 2008 visionary mandate for XBRL has created at least 15 companies and roughly 1,500 jobs.

Finally, here is an extra bonus. By passing this legislation, you will be creating jobs. With access to this tagged, accurate data, en-

trepreneurs will create tools with uses we cannot even imagine today. You will form a new, self-funded industry, creating thousands of high-tech jobs, and achieve true transparency and accountability. XBRL has the potential to become a tool as effective as the military's GPS technology. Now look at the myriad of applications, businesses, jobs, and tax dollars generated that have been created by leveraging this data.

The benefits of this new technology are lower costs, increased sharing, and enhanced communication. Federal fund recipients already spend too much time and money on compliance and reporting. Early XBRL adopters know that standardization makes compliance easier and reduces work. Many public companies have already saved money in both their internal and external reporting systems thanks to this technology.

In conclusion, for us to move forward as a country, grow high-tech, and reduce the massive deficit, we must stop dealing with fuzzy numbers and start tracking where and how our money is spent. We stand ready to use the public government data to help people make better decisions as soon as the data is using the right technologies. But I hope it will not be just us doing that; the field will be wide open for new tech companies to make this data and make this more valuable.

On behalf of my company in Denver, the thousands employed by our industry, and the millions of Americans we serve, I thank you for the opportunity to be a part of this discussion. We wholeheartedly endorse Chairman Issa's bill, and I will be happy to answer questions.

[The prepared statement of Mr. Quinlan follows:]

## What is XBRL Technology?

*The role of XBRL in creating accountability and transparency via data standardization*

The demand for transparency is also a demand for accountability. To accomplish this goal, we must establish a data standard such as eXtensible Business Reporting Language (XBRL), invented to make data contained within online documents machine readable and instantly available for research. XBRL is essentially a barcode that is fast becoming the global data standard for tagging financial and nonfinancial for machine recognition and analysis. It is an open data standard that is non-proprietary, governed by an international non-profit consortium, and similar to HTML. XBRL is currently used by at least 44 countries to manage data and gives users the ability to quickly identify, understand and analyze information. As more regulators, governments, non-government organizations, and individual commercial organizations adopt XBRL as a standard, a platform for innovation emerges.

Adopting a data reporting standard will give us access to real information so that we can begin to provide answers to important questions. Key benefits of mandating the technology include:

- Enhanced Transparency
- Increased Accountability
- Creating High-Tech Jobs

With these three benefits providing the framework, this briefing concludes with recommendations on how to implement standards-based reporting. XBRL can create transparency and accountability to reduce waste in our government, while creating tens of thousands of high paying jobs.

### Enhanced Transparency

The availability of data through the Internet is an essential part of the DNA of transparency. It is obvious that the Internet enables both the automated collection and the automated communication of data. What is often forgotten is that the Internet facilitates the automated connection of data, which is where the most powerful, intelligent information usually begins.

For example, the SEC already collects financial information in an automated way (via XBRL) and communicates that data in an automated way (via an RSS feed). But the real value of this SEC data to information consumers is in connecting it with other relevant sources, *especially if all data sources use the same standardized format*, to derive new and interesting information ("Interactive Data to Improve Financial Reporting").

Imagine what might have happened if regulation existed to enable the connection of specific aspects of British Petroleum's (BP) financial data on their Gulf of Mexico rigs with data about the potential impact of oil spills in the region, adding data about tax breaks given to oil and gas companies and other relevant sector data (Rogoff). Someone, out there in the 'cloud crowd', would have been able to compare BP's data 'position' to that of other drillers. And maybe as a result of the discovery, BP's license to drill would have been suspended or at least questioned, avoiding or mitigating a major man made environmental catastrophe.

Websites like *Recovery.gov* collect and then communicate data in the form of exception and comparison reports, charts and mobile apps. These kinds of sites were created as proposed beacons of transparency - yet they continue to operate as transparency silos. Without standardizing the format of the data available from the vast range of initiatives that

*Recovery.gov* tracks, it's cumbersome enough for the organization itself to make data connections -- let alone for the street information consumer.

While *Recovery.gov* contains accurate information, the system can be improved by using XBRL instead of XML. Rivet developed a taxonomy-creator to test out the use of XBRL on *Recovery.gov* data sets. The experiment resulted in XBRL allowing the immediate view of information that would have required several manual steps using the current XML format. For example, Rivet would be able to see the spending disbursed by a particular federal agency in our state of Colorado which will be useful in making informed business decisions.

Reports and charts that leverage a data standard, like XBRL, add another level of reassurance to transparency. If you know that a piece of data tagged using XBRL is being used in report A and in report B, you can also ascertain that it means the same thing in both regardless of how it is actually presented in the report, chart or narrative ("Enhance Comparability"). And, you can quickly verify your assumption because the 'definition' of the data – the tag - travels with the data itself, wherever it is used. That's the real value-add of standards-based reporting from a transparency perspective.

We've seen some of this in the UK where *data.gov.uk* offers over 6000 datasets for information consumers to collect, connect and communicate data. An ecosystem of apps is developing around these datasets as individuals and companies take advantage of the transparency that the site offers (Shadbolt, "A year of data.gov.uk"). The media has also latched on to this data transparency. Quality daily newspapers such as *The Guardian* are regularly tapping the data to provide stories and charts that help communicate how democracy is working in the UK.

In Australia, the Standard Business Reporting (SBR) initiative is delivering on the promise of standards-based reporting to offer businesses a streamlined approach to meeting the various reporting requirements of different government agencies throughout Australia (Foo, "SBR Goes Live").

Over time, this effort to collect business data in a standardized way across multiple agencies will allow the Australian Government to communicate information based on trustworthy data. Australian information consumers and businesses alike will benefit from the analysis tools built to leverage a new information infrastructure based on standardized data.

**Increased Accountability**

The federal government is constraining innovation, wasting funds, and obscuring information—all in the name of data transparency. In this era of massive deficit, there is no time to deal with fuzzy numbers. We must begin tracking where our money goes and know when it's being wasted.

XBRL reduces the time and cost to produce and consume financial filings by corporations and can do the same for the federal government. If a universal taxonomy is available, the corporation can use a single software solution to produce its required filings, reducing the man hours needed for reporting. No longer do financial reporting professionals have to spend all of their time rekeying data and reformatting a document. They can spend more time analyzing the data they report, making insights and answering tough questions with numbers. On the consumption end, XBRL can reduce or even eliminate the data collection effort because filings submitted by corporations are already in "data" format.

In a recent Price Waterhouse Cooper Webinar, guest speaker Sara Noble discussed how financial analysts pulled data pre-XBRL. Once a filing was submitted to the SEC, an analyst would pull the numbers and update their software tools accordingly. This means analysts had to manually find and insert each data point for each company in every filing.

Now, the data is open via RSS feed from the SEC's website. As financials are filed, XBRL pulls all the data points and anyone can consume it for free. Grandma in Iowa gets information at the same time as Yahoo and Bloomberg. No longer must an army of analysts key in the same information across investment platforms; instead of data entry, analysts can focus on real data analysis.

**The Bonus - Creating High Tech Jobs**

The benefits of this new technology and open standard are lower costs, increased sharing, and enhanced communication. Federal registrants already spend too much time and money on compliance reporting. Early XBRL adopters understand that standardization makes compliance easier and reduces manual work. Data standards will increase productivity and drive efficiency.

Creating open source data as opposed to open source fragments of financial reports will allow developers to create tools to level the playing field for all. This new standard creates opportunity to service new markets in a new way, thus creating jobs. Further, this allows the governing bodies to crowd source the talents of the masses and emerging technologies to meet their regulatory needs.

The point is that with a data standard as a platform, who knows what great technology smart people can create? Barcodes drove a whole new industry to provide the hardware and software needed to make barcodes usable. GPS created a new industry to produce devices, not possible without the availability of GPS technology.

GPS was originally created for military use and now a myriad of applications and businesses have been created by leveraging this data. Savvy entrepreneurs found their way in into the technology of satellite and used it to create new and highly functional services to mass markets. Today, GPS is built into the dash of nearly every automobile and we are also able to use location-based services on our cell phones. How many jobs have been created? How much revenue has been generated? How many tax dollars have been sent to the government as a result of industry access to GPS?

XBRL barcodes as a financial data format have the same potential for new products as GPS co-ordinates describing locations. The truth is that XBRL will also drive new industry once it is established as a data standard. Smart people will innovate because of the need to create and consume information in XBRL, and thousands of new jobs will be created.

Once you set data reporting standards to track federal spending there is access to real information and we can begin to provide answers to important questions. Private companies can compete to provide data in standardized formats delivering increasingly high value to the public; a new, self-funded industry will be formed, high tech jobs will be created, and true transparency and accountability will be achieved.

**Call to Action**

The U.S. Government operates one of the world's largest, if not the largest, data warehouses in the world. It's a warehouse that grows dramatically every year but the inventory is stuffed full of raw materials (*data*) rather than finished goods and products (*information*). In reality, no business could operate this way.

By adopting XBRL as the new reporting standard, we will be able to consolidate reporting requirements among government agencies and have access to standardized and structured data. We can use facts, not spin, to make informed decisions that will create transparency while decreasing government waste, fraud and abuse. When we do implement the XBRL data reporting standard, we will start a whole new industry, creating tens of thousands of high paying jobs while answering the need to reduce spending and waste in our government.

This is not a small project. The return is probably in the billions, but it will take all parties involved to make a strong commitment for successful implementation.

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Chairman ISSA. Thank you, although you can go longer. As long as you are talking like that, it is okay.

Ms. Wallin.

**STATEMENT OF KIM WALLIN**

Ms. WALLIN. Good morning, Mr. Chair, ranking member, members of the committee. For the record, I am Kim Wallin, Nevada's State controller. I am also the former global chair of the Institute of Management Accountants, who was one of the early adopters and founders of XBRL.

This morning, I want to talk to you about how grant reporting can be improved through standardization and using a widely used, freely available, interactive data standard.

Standardization is an important piece for improving transparency and accountability. In order to be able to compare apples to apples, the Federal Government needs to standardize what is being reported from agency to agency. To give you an example, the Department of Agriculture classifies fuel in lawnmowers as a "supply" and fuel in trucks as "fuel" or "travel." Other agencies call fuel "fuel" or "supplies."

In 2004, there was a document that started the framework for standardization across agencies. It is called, "Uniform Data Elements and Definitions for Grant Budgeting and Financial Reporting, Version 1." So we won't be starting from scratch.

XBRL is a standard that I recommend for using for grant and contract reporting and other reporting requirements under the proposed bill. XBRL is nonproprietary and widely accepted. It complies with accounting principles and can be easily updated as new requirements come along. XBRL is about using good business best practices.

XBRL is not a software or a product; it is a format for data that gives it structure and meaning. It is a standard that can be incorporated into software tools, much like how the HTML standard is used for building Web pages.

Let me share with you Nevada's experience with XBRL. A few years ago, the Department of Agriculture in our State was testifying and asked if they could have standardized reporting. Immediately I looked at XBRL because it is about standardized reporting. We conducted a case study where we took their two larger EPA grants and used XBRL to do the grant reporting. Before XBRL, it was taking 2 weeks to prepare the report. Under XBRL, the report preparation was reduced to a day or even an hour. XBRL helped meet the goals of the Department of Agriculture, which were timely and accurate data, stronger internal controls, reduced costs, standardization, and seamless data exchange. Additional benefits were that it was scalable and adaptable.

A big concern from the State's perspective to implement this new proposed legislation is the cost of compliance. I haven't had an opportunity to talk to my peers in NASACT on what they think the additional cost would be.

Besides asking for money to help the States comply with the additional reporting and oversight, we need to find a way to streamline and eliminate redundant reporting and standardize the grant reporting requirements between all agencies. One way we could re-

duce the cost of compliance, the reporting burden, at the same time improve transparency and accountability, would be to have a single repository where States would report.

I envision this being similar to a white paper I wrote on using XBRL for the Nevada Business Portal. With the Business Portal, businesses only have to register in one place, and all their business registrations and tax reporting requirements can be fulfilled at that one site.

Many countries around the world are going to these very efficient portals. Australia now has a governmentwide portal, and they estimate filers are saving an estimated $800 million annually on compliance costs. If States could report through a similar single repository, the Federal agencies could go to that repository and generate the reports that they need. This would eliminate the redundant reporting and multiple formats that States are currently required to do. This will save millions of dollars in compliance costs for the States, as well as freeing up resources to allow for more time to do analytics and reduce improper payments.

By using XBRL, the Federal agencies would be able to generate the reports that they need and not have to spend millions of dollars buying rigid proprietary systems. They would have more time to spend on analytics, to look for fraud, waste, and abuse.

Had XBRL been used for ARRA reporting, it would have reduced compliance costs for the States, improved data integrity, and provided for more transparency. When States began reporting under the ARRA requirements, the Recovery Board was still making changes to the template an hour after the reporting site opened. This caused errors to be made on the State side. Had they been using XBRL, they could have made changes behind the scenes, which would not have impacted the States.

To give you an example of what I mean, the FDIC has been using XBRL for their bank call reports for many years. When the FDIC decides to change what they want to see in the call report, they change it on their reporting site. Banks don't have to go in and change their systems, and oftentimes they don't know anything has even been changed. The FDIC saw the error rate go from having 30 percent errors to zero and data quality improving from a low of 66 percent to now 95 percent, and reporting time decreased from weeks to a day.

XBRL goes beyond reporting and provides the mechanism to sort through mountains of information and to help governments to make informed decisions. Using XBRL will improve transparency, accountability, and give citizens and government officials alike better access to how we are spending taxpayer dollars and what we are doing with it.

Thank you very much for the opportunity.

[The prepared statement of Ms. Wallin follows:]

Good Morning, Mr. Chair and Members of the Committee. For the record, I'm Kim Wallin, the elected Nevada State Controller, Treasurer of the National Association of Comptrollers, a member of NASACT (National Association of State Auditors Comptrollers and Treasurers), and also the former Global Chair of the Institute of Management Accountants which was one of the founders of the interactive data standard called XBRL.

This morning I want to talk to you about how grant reporting can be improved through standardization and the use of a widely used, freely available interactive data standard.

Standardization is an important factor in improving transparency and accountability. In order to be able to compare apples to apples, the federal government needs to standardize the information that's being reported from agency to agency. To give you an example, the Department of Agriculture classifies fuel in lawn mowers as a "supply" and fuel for trucks as "fuel." Other agencies call all fuel, "fuel."

There is some precedent in this effort already. In 2004, a document was circulated that laid the foundation for a standardized data framework across agencies. It was called "Uniform Data Elements and Definitions for Grant Budgeting and Financial Reporting Version 1," so we wouldn't be starting from scratch.

XBRL is the standard data framework that I recommend using for grant and contract reporting as well as the other reporting requirements under the proposed bill. XBRL is non proprietary and widely used around the world already by governments and the corporate community. XBRL complies with accounting principles and can be easily updated as new requirements come along. XBRL is about using good business best practices.

XBRL helps us achieve our goals to improve transparency, reduce redundancy, streamline processes, save money and lower the compliance burden on states I want to stress that XBRL is not software or a product. It's a standard format for data that gives it information structure and meaning. It is freely available, and can be incorporated into all software tools much like how the html standard is used for building Web pages.

Let me share with you Nevada's experience with XBRL. A few years ago the Nevada Department of Agriculture was testifying and asking if they could have standardized reporting. Immediately I looked at the XBRL standard because it's all about standardized reporting. We conducted a case study where we took two of our larger EPA grants and used XBRL for their grant reporting. Before the pilot, it took two weeks to prepare a typical report. Using XBRL, our reports took only one day to complete – and in some cases, less than one hour! XBRL helped meet the goals of the Department of Agriculture: timely and accurate data; stronger internal controls; reduced costs; standardized systems; seamless data exchange; streamlined business processes and consistent data elements. In addition, XBRL is scalable, adaptable, and saves precious time.

A big concern from the State's perspective to implement this new proposed legislation is the cost of compliance. I have not had an opportunity to survey my peers in NASACT on what they think the additional cost of this proposed legislation would be. Besides asking for money to help the States comply with the additional reporting and oversight, we need to find a way to streamline and eliminate redundant reporting and standardize the grant reporting requirements between all agencies.

One way we could reduce the cost of compliance the reporting burden and at the same time improve transparency and accountability would be to have a single data repository where States would report. I envision this being similar to a white paper I wrote on using XBRL for the Nevada Business Portal. With such a portal, businesses only have to register in one place and all of their business registrations and tax reporting can be fulfilled at that one site. Many countries around the world are evolving to these highly efficient business portals. Australia now has a government-wide business portal and they estimate businesses are now saving more than $800 million in compliance costs annually as a result of using this portal.

If States could report through a similar single repository, the federal agencies could go to that repository and generate the reports they need easily and cost effectively. This would eliminate redundant reporting in multiple formats that States are currently required to do. This will save millions of dollars in compliance costs for the States and free up resources to allow more time to be spent on analytics and reducing improper payments.

By using the XBRL interactive data standard, federal agencies would be able to generate the reports that they need and not have to spend millions buying rigid, inflexible proprietary software systems. They would also have more time to spend on analytics to look for fraud, waste and abuse.

Had XBRL been used for ARRA reporting, it would have reduced compliance costs for the States, improved data integrity and enhanced transparency. When States began reporting under the ARRA requirements, the Recovery Board was still making changes to the template an hour after the reporting site opened. This caused errors to be made by the States. . Had they had been using XBRL; the Recovery Board could have made changes behind the scenes that would not have impacted the States.

To give you another example of the benefits of using XBRL at a government agency: the FDIC has been using XBRL for many years for its monthly bank call reports. When the FDIC changes what they want to see in a "call report" they change it on their reporting site. Banks don't have to go and change their systems and most times they don't even know there has been a change. The FDIC saw the error rate go from having 30% errors to zero and data quality improving from a low of 66% to now a high of 95% and reporting time decreased from weeks to a day.

XBRL goes beyond reporting and provides the mechanism to sort through mountains of information and to help governments to make informed decisions. Using XBRL will improve transparency, accountability and give citizens and government officials alike better access to how we are spending taxpayer dollars and what we are doing with it.

## Using the XBRL Data Standard to Enhance Government & Business Reporting Transparency

- More regulation and more disclosure has become a rallying cry from the media, state and local governments, from Main Street to the halls of Congress. It's fair to say that a lack of transparency has led to a significant crisis in government, in our public markets and in investor/taxpayer confidence. Requiring our government and business to provide better information is critical – but just as important is how that information is disclosed and used. Providing investors, government agencies and the public with vast quantities of data in hard copy or its digital equivalent isn't the answer.

- XBRL (Extensible Business Reporting Language) is a global, technology data standard already in use today that can greatly enhance the critical efforts underway to bring greater government accountability and the economy back to life. XBRL is the "de facto" XML data standard for finance and business reporting. Use of XBRL data tags creates machine-readable disclosures as opposed to flat paper documents making financial disclosures searchable resulting in more effective communication, easy re-use and analysis.

- It is critical that if state governments are to move to more transparent reporting they embrace the XBRL data standard so we can have interoperability and linked to accounting and business rules that provide comparability that is part of the data standard. **Consequently, legislation is needed to expanded to use the XBRL standard across government and the capital markets for better interagency and government reporting. This effort will promote transparency, accountability, comparability thus protecting both taxpayers and investors. Use of XBRL also helps expedite financial recovery by enhancing the efficiencies of the capital markets through transparency and accountability. Support by Congress for XBRL could also benefit the SEC, FDIC and other regulator's efforts to expedite deployment of XBRL across other asset classes (such as derivatives and MBS) to enhance market recovery and re-build investor confidence where markets are frozen because we don't have access to fundamental data to make better decisions.**

- XBRL is an open, freely available, royalty-free, global data standard that was created specifically for business and regulatory reporting and is in use across the world in countries including: China, Japan, Australia, India, Korea, South Africa, United Kingdom and The Netherlands. The standard is governed by XBRL International, Inc. (www.XBRL.org), a global, non-profit composed of more than 650 of the world's leading accounting, financial services, technology, banking, insurance and securities regulators and stock exchanges.

- Reporting of financial data to Government by business is a significant cost burden on business in all countries. A number of studies have estimated the cost to be in the region of 2.5% of GDP. Reducing that cost is a major driver in many countries. A very significant element of that cost is the many data formats and descriptions used by different Government agencies for reporting financial information to Government, and the resulting duplication and additional burden on business that occur as a result. Using XBRL for standardization of data formats makes reporting of financial information easier and cheaper for government and business. Examples of these cost savings to business filing to the government in Australia using the XBRL format are $838 million per annum and, in the Netherlands, $501 million per annum. The Netherlands and Australian studies estimate that standard business reporting related savings could reduce these costs by at least 8%, reducing the burden by 0.2% of GDP to 2.3%, which represents savings in the high hundreds of millions in both currencies. Source: Organization for Economic Co-Operation & Development.

- Today, public companies representing more than 75% of the world's market capitalization have tagged their financial information in XBRL data format for better transparency, comparability and accountability. FASB/GASB and the IASB (accounting standard bodies) are members of the XBRL Consortium and have endorsed the use of XBRL.

- XBRL is being rolled by the SEC for the equities marketplace; mutual fund risk/returns summary and credit rating agency reporting; corporate actions taxonomy; proxy, and money market fund reports. Other reporting taxonomies being developed included tax reporting, derivatives, state government reporting and municipal bonds.

Chairman ISSA. Thank you.
Mr. Jennings.

**STATEMENT OF CRAIG JENNINGS**

Mr. JENNINGS. Chairman Issa, Ranking Member Cummings, members of the committee, my name is Craig Jennings, and I am the director of Federal fiscal policy at OMB Watch, an independent, nonpartisan watchdog organization. Thank you for inviting me to testify today on this important topic on spending transparency and ways to improve it. We want to commend this committee for holding today's hearing and for efforts to increase access to accurate spending data.

In general, we are very supportive of proposals to strengthen public access to government spending information. And such transparency is a nonpartisan issue, as demonstrated by the bipartisan co-sponsorship of the Federal Funding Accountability and Transparency Act of 2006, the unfortunately acronymed "FFATA," where two Senators with different ideological backgrounds worked closely together to draft and advocate for the bill. We hope a similar approach is taken with the Digital Accountability and Transparency Act [DATA Act].

On June 9th, we were given a summary and section-by-section of the DATA Act, along with a briefing by committee staff. However, we did not receive a copy of the legislative language during that briefing and, therefore, cannot comment about the DATA Act with any specificity. As with all legislation, the devil is in the details. Accordingly, we look forward to reviewing the legislative language and working with Chairman Issa as the bill moves through the House.

Since it was formed in 1983, OMB Watch has focused on bringing greater accountability to our Nation's spending. We played a leadership role in the passage of FFATA. We also developed FedSpending.org, a Web site that implemented many of the goals of FFATA by providing online searchable and downloadable tools to monitor much of the Federal Government's spending. Because of its success, FedSpending was licensed to the Federal Government and came USAspending.gov.

In other words, OMB Watch has nearly 30 years of policy and practical experience with bringing greater accountability to Federal spending. And based on our experience, OMB Watch can recommend the following to drastically improve Federal spending transparency.

First, improve data quality by publishing Treasury data. Agency-reported obligation information is not the most accurate when it comes to how much was actually spent—that is, outlays. The best spending data comes from the Department of Treasury, the Nation's checkbook. That data should be made available online and compared to recipient reports.

I should also note that USAspending.gov per se does not have data quality issues. Rather, the Federal Assistance Awards Data System [FAADS], one of the two data sources that are displayed on USAspending.gov, is what is at issue here. Replacing USAspending.gov with something else will do nothing to fix the

Federal spending data quality unless the problems inherent in FAADS are addressed.

Two, establish a unique entity identification system. Each recipient of Federal funds should be uniquely identified across all data systems in government. We need to know if the Acme, Inc., that received a contract from the Pentagon is the same Acme, Inc., that received a "poor contractor" review by State, is the same Acme, Inc., that appears in EPA's Toxics Release Inventory.

It seems obvious, but there is no unique identifier system throughout government, and the current system used within USAspending.gov is deeply flawed. Without a comprehensive, universal unique identification system, Federal spending transparency will be hamstrung. This unique ID must include, at a minimum, the parent company ID, headquarters, and facility.

Third, shine a light on the shadow budget of tax expenditures. In 2009, the Federal Government spent $556 billion in grants and $538 billion in contracts, as reflected in USAspending.gov. By comparison, the government spent an estimated $1 trillion in fiscal year 2009 through tax expenditures, which is not monitored by USAspending.gov.

To see why tax expenditure transparency is necessary, consider that the home mortgage interest deduction and Section 8 housing vouchers are both designed to help Americans afford homes. From a housing policy standpoint, there is little difference between these two policies. But from a reporting and performance measurement standpoint, there is a world of difference.

And, finally, with respect to the preliminary information that we received on the DATA Act, I would say that the success of the Recovery Board was largely related to the funding it received from Congress. USAspending.gov has never received dedicated funds. Congress needs to provide funds sufficient for the Federal Accountability and Spending Transparency Board to do its important work, and Congress should view this appropriation as an investment.

We are generally supportive of the creation of a separate, independent agency charged with supporting Federal spending transparency. OMB Watch believes that the Recovery Board has been exemplary in overseeing the Recovery Act transparency, and we would be pleased if a successor to it carried on its powers and its work for all of Federal spending.

We are concerned, however, that the FAST Board would be sunset. Additionally, USAspending would, under the act, also—or would go away. And we think that millions of dollars shouldn't be used to reinvent the wheel.

Thank you, and I look forward to your questions.

[The prepared statement of Mr. Jennings follows:]

**Testimony of**
**Craig Jennings, Director of Federal Fiscal Policy**
**OMB Watch**

**House Committee on Oversight and Government Reform**

**On**
**Achieving Transparency and Accountability in Federal Spending**

**June 14, 2011**

Chairman Issa, Ranking Member Cummings, members of the subcommittee: My name is Craig Jennings and I am the Director of Federal Fiscal Policy at OMB Watch — an independent, nonpartisan watchdog organization. Thank you for inviting me to testify today on the important topic of current problems with existing federal spending transparency and ways to improve the accessibility and accuracy of these systems.

Since it was formed in 1983, OMB Watch has focused on bringing greater accountability to our nation's spending. In recent years, we played a leadership role in the passage of the Federal Funding Accountability and Transparency Act of 2006 (FFATA). We also developed FedSpending.org, a website that implemented much of the goals of FFATA by providing online searchable and downloadable tools to monitor much of the federal government's spending. Because of its success, FedSpending.org was licensed to the federal government and became USAspending.gov. In other words, OMB Watch has nearly thirty years of both policy and practical experience with bringing greater accountability to federal spending information.

OMB Watch does not receive any government funding and, therefore, would not be financially affected by actions taken with regards to improved transparency and accountability of USAspending.gov.

We want to commend this Committee for holding today's hearing and for efforts to improve the utility of USAspending.gov. In general, we are very supportive of proposals to strengthen public access to government spending information. Such transparency is a nonpartisan issue as demonstrated by the bipartisan co-sponsorship of FFATA, where two Senators with different ideological backgrounds worked closely together to draft and advocate for the bill. We hope a similar approach is taken with the Digital Accountability and Transparency Act (DATA Act).



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This testimony details OMB Watch's top ideas for making federal spending more transparent and accountable. I begin with a summary of the top ideas, which is followed by a more detailed discussed of the summary points. On June 9, we were given a summary and section-by-section of the DATA Act, along with a briefing by Committee staff. However, we did not receive a copy of legislative language during that briefing and therefore cannot comment about the DATA Act with any specificity. As with all legislation, the devil is in the details. Accordingly, we look forward to reviewing the legislative language and working with Chairman Issa as the bill moves through the House. .

**I. Summary of Top Recommendations to Improve Federal Spending Transparency**

1. **Data Quality.** Publishing poor-quality data can be counterproductive to federal spending transparency. Although putting such data into the public sphere actually serves to increase its quality, as the public can scrutinize and compare it to other existing data sets, inaccurate data can lead to incorrect policy judgments.

   Comparing recipient reports to agency reports on spending will not improve the quality of data on USAspending.gov. This is for two reasons. First, agencies report mostly obligations, although not always. This creates confusion. Second, the agency information is not the most accurate when it comes to how much was actually spent, the outlays. The best outlay data is from the Department of Treasury, the nation's checkbook. That data should be made available online and compared to recipient reports.

2. **Unique Entity Identification.** Tracing the flow of dollars from the government to a given recipient is, of course, the cornerstone of federal spending transparency. It also is important to trace a given recipient across multiple databases. To do this, each recipient of federal funds should be uniquely identified across all data systems in the government: We need to know if the Acme Corporation that received a contract in 2006 from the Pentagon is the same Acme Corporation that received a contract in 2009 from the Department of Energy and is the same Acme Corporation that was poorly reviewed by the State Department in 2005.

   It seems obvious, but there currently is no such unique identifier system throughout government, and the current system used within USAspending.gov is deeply flawed, as I explain later. Without establishing a comprehensive, universal unique identification system federal spending transparency will be hamstrung. This unique ID must include, at a minimum, parent company, headquarters, and facility.

3. **The Complete Chain of Recipients.** An important lesson from Recovery.gov is the importance of having subrecipients of federal funds report in a timely manner with appropriate and relevant information. Recovery.gov provides information about the prime recipient and one tier below the prime. We strongly recommend that all subrecipients, not simply one tier below the prime, report on a quarterly basis. A dollar threshold, such as $25,000, can be established to reduce reporting by subrecipients receiving small amounts of

money. We believe the FederalReporting.gov website built by the Recovery Board can be modified and used for this purpose. Assuming the proposed DATA Act moves in this direction, it needs to distinguish between prime recipients and subrecipients in order to establish the appropriate linkages and reporting responsibilities.

4. **Tax Expenditures.** In FY 2009, the government spent $556.4 billion in grants and $537.6 billion in contracts, as reflected on USAspending.gov. By comparison, the government spent an estimated $1 trillion in that year through tax expenditures, which is not monitored by USAspending.gov.

   To see why tax expenditure transparency is necessary, consider that the home mortgage interest deduction and Section 8 housing vouchers are both designed to help Americans afford homes. From a housing-policy standpoint there's little difference between these two policies, but from a reporting and performance measurement standpoint there is a world a difference. If the public and Congress demand to know how wisely their tax dollars are being spent, then we should see information on both of these pools of spending. We strongly recommend addressing this massive shadow budget by putting tax expenditure information online.

5. **How Information is Displayed.** We learned three things from Recovery.gov and USAspending.gov. First, we need to ask the right information from recipients of federal funds in order to assess performance. However, it will be impossible to add enough fields to satisfy each agencies needs. Accordingly, the new approach should allow agencies to add agency or program specific questions that are reported to the agency, but able to be integrated into the overall spending website.

   Second, as information is collected from prime recipients and their subrecipients, the website needs to provide new ways of presenting the data so double counting does not occur and that the public can obtain an accurate picture of where the federal funds are actually spent.

   Third, the website needs to be relevant for multiple types of users, some are interested in tables and charts, others in simple graphs, and yet others in maps and other methods of graphically presenting data.

6. **Information Beyond Just Dollars.** Federal spending is much more complex than simply writing a check to a recipient. As such, federal spending information disclosure should not be limited to reporting who got how much. We need to know what the American people were supposed to get in return for handing over our tax dollars, what was the quality of the service performed or the good provided, and whether recipients of federal funds are playing by the rules. A federal spending transparency system should include:
   a. *Full text of contracts and requests for proposals,* so that the public can know if those acting in the interest of the federal government are fulfilling all that they said they would do;

b. *Performance data*, so that the public knows that federal funds are being used wisely; and
c. *Mashups with regulatory compliance data*, so that the public knows federal funds are not going to scofflaws, like tax cheats, violators of workplace safety rules, or toxic chemical dumpers.

7. **The Complete Spending Cycle.** Before a check is written to a recipient, and indeed, before a given program is authorized to write that check, a series of decisions were made throughout the legislative and executive branches. And even after funds are dispersed, the American people should see how wisely those funds were spent. However, we are currently limited to seeing only a small slice of the full federal spending cycle – the obligations that agencies make to recipients.

   Full federal spending transparency would allow the public to see the full life cycle of a given federal program from the appropriation of funds to the contracts and grants written to execute the program to whom funds were disbursed to program performance measurement and to the program's justification for reauthorization in the President's budget. This is admittedly an incredibly complex endeavor, but it is essential to understanding how and why federal funds are spent.

8. **Intergovernmental Reporting.** A key concern that surfaced during the implementation of the Recovery Act's reporting requirements was the burden placed on states and recipients of multiple awards. For recipients, it often means reporting similar information, but in different forms, to the local, state or federal government. For state government, there is the cost of collecting information from its subrecipients. We believe the federal government should work with state and local governments to develop a uniform reporting system that all parties can use and would result in overall burden reduction for recipients. Additionally, if there are changes required in state financial reporting systems, the federal government should pick up the tab for this. A huge benefit of establishing a uniform model of spending transparency is that data on state websites will not be different than on federal websites.

9. **Data Distribution.** Federal spending transparency depends not just on publishing data, but also on making sure that a wide variety of audiences are able to consume that data. There are sophisticated users that can download raw data and write programs to do present it in novel and insightful ways. But getting this raw data out to the public should be done in such a way that it can be consumed by as many computer systems as possible, which means among other requirements, avoiding proprietary data structures like Microsoft Excel.

   But as flashy and cutting-edge machine-readable data distribution becomes popular, it is important to not overlook the less sophisticated user. It is incumbent upon the federal government to design web-based interfaces that people who cannot built websites can go to and easily understand where their tax dollars are going. Focus groups and market testing should be undertaken to ensure that my mom or policy analyst like me can log into a single

website and see how federal dollars are protecting the food supply or who build that new highway to the airport.

With respect to the preliminary information we received on the DATA Act:

1. **Funding.** The success of the Recovery Accountability and Transparency Board was largely related to the funding it received from Congress. USAspending.gov has never received dedicated funds. Congress needs to provide funds sufficient for the Federal Accountability and Spending Transparency Board to do this important work – and Congress should view this appropriation as an investment.

2. **The FAST Board, the Future of USAspending.gov and FFATA.** We are generally supportive of the creation of a separate, independent agency charged with supporting federal spending transparency. OMB Watch believes that the Recovery Board has been exemplary in overseeing Recovery Act transparency, and we would be pleased if a successor to it carried on its powers and work for all of federal spending.

   We are concerned, however, that the FAST Board would sunset. We do not believe that federal spending transparency should live under the sword of Damocles. Rather, it should be a fundamental element of democratic governance, albeit subject to congressional oversight.

   Finally, rather than completely repealing FFATA, the DATA Act should amend it to accommodate the new structure of federal spending transparency. For example, there are requirements in FFATA, such as minimal mandates of what information should be collected and displayed about federal spending. This list should be retained and expanded to include items such as competition in federal contracting which is currently being provided but was not part of the FFATA requirements. Similarly, rather than end USAspending, the DATA Act should build upon this platform so as not to spend millions of dollars reinventing the wheel.

## II. Detailed Discussion of Recommendations on Federal Spending Transparency

### 1. Data Quality

Through their Clearspending project, the Sunlight Foundation has demonstrated that USAspending.gov has significant data quality issues. A proviso in the project's methodology reveals the essential problem. "Since CFDA [Catalog of Federal Assistance] program obligations are annual estimates, there are very few programs whose reported CFDA obligation total is exactly equal to the aggregate obligations in USASpending.gov. As a result, the presence of over- or under-reporting cannot be assumed to represent an error."[1]

[1] "Methodology," Clearspending, Sunlight Foundation, accessed 3 March 2011. http://sunlightfoundation.com/clearspending/methodology/

The Subsidy Scope project by the Pew Charitable Trusts, which takes a sector-by-sector approach to detailing federal spending, noted that the CFDA "can be bafflingly inconsistent."[2] The Clearspending project compares data of questionable quality to data of questionable quality, but they do so simply because there are no publicly available, high-quality data. Moreover, the Clearspending project only raised issues about data quality for financial assistance, not for procurement.

USAspending.gov was always envisioned as just the beginning. When OMB Watch worked with Sen. Tom Coburn (R-OK) and then-Sen. Barack Obama (D-IL) to craft the legislation that ultimately created USAspending.gov, FAADS (Federal Assistance Award Data System) and FPDS (Federal Procurement Data System) databases were chosen because they were available, not because they were particularly good data sources.

We knew at the time that data quality in both data sets was suboptimal, to say the least, but we believed (and still do) that putting the data online would draw attention to the myriad flaws in the data. Since going online in 2007, USAspending.gov's data quality has improved and continues to do so because of attention - partly drummed up through hearings like these - the site receives. And while contract and assistance data quality have a long way to go, there is a much better data source that could be put online to feed USAspending.gov if the focus is on outlays.

We always thought of FAADS Plus and FPDS data (the data displayed on USAspending.gov) as an intermittent step. No matter how improved agency reporting becomes, it will always be flawed. Either there will be concerns about speed of reporting or over quality. Agencies are asked to report obligations; however, obligations do not always translate into outlays. For example, some agencies with loan obligations have reported loans to people who are eligible, which may be very important for internal agency purposes but is not the most meaningful information for display on USAspending.gov.

Some have discussed the idea of comparing improved agency reporting with information collected through recipient reports to high discrepancies in spending numbers. Instead, a better approach would be to display the data found in the nation's checkbook. Kept by the country's check writer, the Treasury Department, data on the checks that are handed to recipients is the most accurate source of federal spending data if we are concerned about outlays. If you want to know how much money and to whom it has gone, there is no higher data quality than that appears on the "Pay to the Order of" and "Amount" lines of Treasury payments. USAspending.gov and, indeed, federal spending transparency would be tremendously improved by putting the Treasury spending data online.

This is not to suggest that agency reporting should be dropped. In fact, by allowing access to Treasury spending data, Congress and the public could easily compare contract and

[2] "Fed ral Rec rds Mi sing Imp rtant Data," *Subsidysope*, accessed 9 June 2011. http://subsidyscope.org/data-quality/

assistance transactions reported by agencies to the actual cash outlays. And rather than take a rough guess at the extent to which FAADS Plus and FPDS data are inaccurate, we would know to the penny just how inaccurate federal agency obligation data is.

Moreover, comparing the Treasury data with recipient reports would be a good cross-check on whether recipients are receiving the money that was sent by the Treasury.

OMB Watch believes that the DATA Act could make a substantial improvement in spending transparency if it contained a provision that mandated that the FAST board publish the spending data as reported by the Treasury Department.

**2. Unique Entity Identification**

Entities that receive federal funds may be identified differently in different systems. Tracing the flow of funds from request to expenditure to reporting on the use of those funds requires that multiple systems recognize a given entity throughout the process; that is, the Acme, Inc. that received a federal contract last year is the same Acme, Inc. that appears in EPA's toxic release inventory. Furthermore, assessing the total amount of federal funds that an entity has ever received requires the ability of systems to recognize that entity as such in every instance it is involved in the federal spending process. And because data are housed in many disparate locations and in different systems, the ability to link these data sets is essential to federal spending transparency.

The importance of identifying entities extends beyond USAspending.gov. Implementing a single system to identify entities across all federal data would allow stakeholders within and outside government to link recipients of federal contracting dollars to contractor performance reviews to campaign donations to lobbying activity to environmental impacts and to workplace and consumer safety records. By linking these disparate data sets, citizens and governmental actors could increase the accountability of contractors, Congress, and the federal government alike.

A robust federal spending transparency system would include the implementation of universal, and open unique identifier scheme. Currently, the federal government utilizes the Dun & Bradstreet Universal Numbering System (DUNS) to uniquely identify companies doing business with it. Theoretically, with an entity's DUNS number, one could trace its entire federal grant and contract history, but access to the system is expensive. Moreover, because it is privately owned, essentially enclosed in a "black box," the system is not subject to the usual transparency requirements, including Freedom of Information Act requests, leading to questions of accuracy and comprehensiveness.

Additionally, the DUNS system being employed on USAspending.gov is flawed when it comes to historical corporate ownership information when a parent company divests itself of one of its subdivisions. For example, because Halliburton sold off a subsidiary, KBR, in 2007, billions of dollars of Iraq War contracts awarded to Halliburton no longer appear as

having been awarded to the company in USAspending.gov. And because the DUNS data remains locked in Dun & Bradstreet's data systems – a private service -- the federal government is extremely vulnerable to suspension of services if the government's contract is not renewed or not properly negotiated, potentially leaving the federal government without a system to identify its contractors. For example, it took until this year to negotiate an arrangement with D&B to publicly disclose parent company ownership.

The DATA Act should require the FAST Board to develop a solution to the unique ID issue. In tackling this issue, the FAST Board must be granted authority to apply the ID system across the government, not simply with regard to recipients of federal funds.

3. **The Complete Chain of Recipients**

According to a Government Accountability Office report, $24 billion in Recovery Act contract and grant spending went to about 3,700 recipients who owed some $750 million in taxes to the US government.[3] A key reason the GAO was able to identify about half of the tax delinquent award recipients was because the Recovery Act mandated sub-recipient awards be reported to Recovery.gov.

The current depth of vision along the chain of federal funds recipients is inadequate and keeps billions of dollars of contracts and grants out of view. Currently, we can see only two links in that chain: prime recipients and the first-tier sub-recipients. Prime recipients are the entities that receive funding directly from the federal government and can include states, cities, and private firms. Information on that exchange, including the identity of the prime recipient, is reported into USAspending.gov by federal agencies. Below prime recipients are the first tier of sub-recipients, who receive work from primes through sub-grants and subcontracts. Prime recipients report sub-recipient information to USAspending.gov.

After the first sub-recipient, however, the transparency trail goes cold. Prime recipients do not collect any sub-contracting data beyond first tier sub-recipients. Large federal projects are likely to be subcontracted out multiple times, employing many different contractors. And since most projects are routed through states or localities, the reporting levels are quickly exhausted.

For example, the federal Department of Transportation may give the State of Texas a $1 billion grant to repair roads. The state government in Texas may then opt to subaward those funds to Austin, Dallas, Houston, and San Antonio. In this scenario, USAspending.gov shows us only the money that went to Texas (the prime recipient) and to the four cities (the first tier of sub-recipients). Almost certainly, however, those cities will sub-contract out to road construction firms to complete the work. And it wouldn't be uncommon for those road construction firms to sub-contract out some work. Plausibly, of

[3] "Thousands of Recovery Act Contract and Grant Recipients Owe Hundreds of Millions in Federal Taxes," Government Accountability Office, April 2011. http://www.gao.gov/new.items/d11485.pdf.

the initial $1 billion award to Texas, hundreds of millions of dollars could be flowing through non-competed awards (e.g., the mayor's brother-in-law) but taxpayers would never know.

Instead of limiting transparency to two levels of recipients, a system of full multi-tier reporting in which any organization that receives more than some *de minimis* amount – say, $25,000 – in federal funds must report on the use of those funds should be implemented. Such a system would help give the public a better understanding of how federal funds are spent, and help prevent waste, fraud, and abuse.

In this context, it is not appropriate to exclude funds going to individuals from disclosure on USAspending.gov. Many individuals doing subaward work are established as sole proprietors or other legal means that would appear to be an individual but should be disclosed. (Individuals as recipients of federal funds should only be exempt from disclosure when they are receiving direct payments under mandatory programs such as Social Security, Medicare, and Medicaid.)

The DATA Act should also address whether it is appropriate to track spending by vendors. A recipient or subrecipient may be passing significant sums to vendors. Under the Recovery Act there was some tracking of such spending.

When it comes to the ultimate recipient reporting, the chair of the independent Recovery Board, Earl Devaney, supports this concept. Devaney argues that "more data, clearly presented, will give the public a better sense of what is going on in this massive government program. ... [T]his kind of detailed information [multi-tiered reporting] should be available for all government spending programs in an electronic and timely fashion."[4] We couldn't agree more, and hope that Congress and the Obama administration will take steps to implement this important change.

**4. <u>Tax Expenditures</u>**

While USAspending.gov does a fair job of showing obligations that lead to federal cash outlays, it does not show many other forms of government spending. One giant hole is the absence of tax expenditure data. Tax expenditures, as defined by the 1974 Budget Act, are "revenue losses attributable to provisions of the Federal tax laws which allow a special exclusion, exemption, or deduction from gross income or which provide a special credit, a preferential rate of tax, or a deferral of liability." In other words, they're the tax breaks and loopholes that provide benefits to corporations and taxpayers. Accounting-wise, tax expenditures function in the same way as cash outlays, in that a dollar handed out as a tax break increases the federal deficit just as a dollar handed out via a check does.

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[4] "Chairman's Corner," *Recovery.gov*, 28 Feb. 2011.
http://www.recovery.gov/News/chairman/Pages/08Feb2011.aspx

Tax expenditures total over $1 trillion a year, equaling the amount spent annually on discretionary spending (both security and non-security combined) and comprising an amount equal to almost 30 percent of our nation's spending. The Internal Revenue Service (IRS) is administering a subsidy program equal to the amount that all other agencies combined spend through the discretionary budget. Yet, while USAspending.gov gives some insight into how much and to whom federal agencies are writing checks, we know nothing about where tax expenditures end up.

OMB Watch is concerned that the DATA Act would not require reporting of this side of the federal budget. It fails logic that the public should be barred from seeing the amount of federal dollars that go to corporations through tax breaks when they can currently see the federal dollars that flow to them through contracts – especially in light of the fact that several states make state tax expenditure information publicly available.

The IRS currently publishes some limited information on corporate tax breaks, but only aggregated by industry. A grant delivered to an alternative energy company in the form of a check encourages the exact same research and development as funds delivered to that company in the form of an R&D tax credit. That the form of payment is different should not prevent the public from seeing how federal funds are spent and to whom they are provided. Showing basic information on USAspending.gov about which entities received which tax breaks, and for how much, would provide American citizens with an invaluable service while still protecting private and proprietary information.

However, I recognize that putting such information online would require answering myriad questions about things like privacy, what data exactly is useful, would any laws have to be changed, what should be the baseline revenue from which a tax expenditure is measured, etc., etc.? If jumping to full disclosure tax expenditures cannot be done soon because these questions or other concerns present reasonable impediments, I would suggest that the FAST Board undertake a study on tax expenditure disclosure to be reported to Congress.

**5. <u>Information to Display</u>**

***Different Data for Different Programs***

The selection of data to be collected from recipients is vitally important. From the perspective of federal agencies, it is critical to be able to collect information that is relevant to a particular agency or program. However, the FAST Board will only be able to ask so many questions on the general recipient reporting. Thus, there needs to be a system that allows agencies to be able to add questions. For example, when The Department of Housing and Urban Development (HUD) gives out money for rehabilitation of houses that cuts across multiple blocks or locations in a county, what is the appropriate address that a recipient should insert in the "place of performance" field that only allows one address? Instead, HUD should be able to collect more granular level information to help monitor its funds.

The decision on what data is to be collected should be subject to public notice and comment. Collecting the right information is essential to knowing whether federal funds are properly being used. For example, a key concern about the Recovery Act was whether the funds were creating or saving jobs. Yet the questions being asked of recipients were inadequate in answering many employment questions.

***Subrecipient Information***

Neither Recovery.gov nor USAspending.gov do an adequate job of displaying subrecipient information. A challenge is mapping the accurate flow of federal funds. Since the prime recipient (or the sub-recipient) is paying another entity for work on the project, the original contract amount is no longer an accurate representation of the amount of money the prime recipient received. For instance, if Boeing received a $10 million contract at its Chicago headquarters, but then subcontracted out $4 million worth of work to a firm in Michigan, Boeing (and Illinois) is left with only $6 million worth of the original contract. Illinois does not benefit from the full $10 million, but Michigan does gain another $4 million in federal funds. This information is important to understanding how much money stays in a location and how many jobs certain entities or federal projects create.

The DATA Act needs to require that the FAST Board develop an approach for disclosing this data in a manner that reflects the net amount of money that stays in a particular location. Additionally, the federal website must allow the user to search by name of entity to identify how much the entity receives through subawards and through direct awards; for the subawards, who the prime recipients were; and whether the entity has also given out a subaward.

***Information Presentation Format***

Because different audiences have different information needs, policy knowledge, and technological facility, federal spending websites should aim to present data in a variety ways. Displaying only tables of data will limit the meaningfulness of the data to many users. Additional formats such as charts, diagrams, maps, and animations should be included to ensure that federal spending information is comprehensible by the vast majority of users of the website.

**6. <u>Information Beyond Just Dollars</u>**

***Contracts***

Without being able to read the full text of a contract or grant agreement between the federal government and private entity, it's difficult to determine what exactly the government is supposed to be getting for what it spends. And without knowing that, it's impossible to hold agencies accountable for maximizing taxpayer value. As a former information technology consultant, I can tell you that commercial-grade websites can run from thousands of dollars to millions of dollars, with price being determined by multiple factors, including site functionality, scale, and time to market. Seeing only that the government has contracted with a vendor to build a website leaves many questions unanswered.

When the Recovery Board announced in July 2009 that it contracted with Smartronix, Inc. to build what was touted as the website that would provide the greatest federal spending transparency to date, many eyebrows were raised when it was determined that the ultimate value of the contract could be as high as $18 million. While many criticized the seemingly exorbitant sum that would be employed to build Recovery.gov, such criticism was based mostly on conjecture. At the time, it was impossible to know what the Recovery Board had actually purchased. USAspending.gov provides only six words to describe this $18 million contract: "American Recovery and Reinvestment Act Project"[5]

Because of the (justified) complaints that the process to build Recovery.gov was so opaque, the Recovery Board urged the Government Services Administration (GSA) - the official governmental contracting party - to release the contract. Unfortunately, when GSA publicly released it, the contract was heavily redacted. Although the extent of redaction was comical to even those outside of the transparency community, it helps us understand what taxpayers were supposed to be getting for $18 million. Things like the maximum number of users the site can handle; the hardware that would be used and what it would cost; the kind of security the site would be protected by; and basic warranty information all paint a more detailed picture of what taxpayers purchased.[6]

Putting contract text online is not without controversy. In February the Federal Acquisition Regulation (FAR) Council announced that it was withdrawing a proposal to put contract text online.[7] After gathering comments on the advanced notice of proposed rulemaking, the FAR Council heeded concerns that automatic contract disclosure would create an undue burden on contractors and the government to redact confidential business information and that the FOIA process as-is is sufficient to provide contract transparency.

While we do recognize the need to protect information that could harm a business's ability to compete, OMB Watch strongly objects to claims that putting all federal contracts online would be too burdensome and that the FOIA provides sufficient transparency. To mitigate the burden on the federal government of conducting a FOIA review of every contract to

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[5] Prime Award Spending data for Smartronix, Inc., USAspending.gov, accessed 10 March 2011. http://usaspending.gov/explore?carryfilters=on&fromfiscal=yes&tab=By+Prime+Awardee&typeofview=complete&record_id=41530824&fiscal_year=2009&contractorid=392379&frompage=contracts

[6] "Obama Administration Redacts Contract Details for Recovery.gov", ProPublica, 13 Aug. 2009. http://www.propublica.org/article/stimulus-transparency-watchdogs-keep-contract-details-a-secret-813

[7] "Federal Acquisition Regulation; Enhancing Contract Transparency; Advance notice of proposed rulemaking; withdrawal," 76 Federal Register 28 (10 Feb. 2011), pp. 7522 – 7526. http://www.gpo.gov/fdsys/pkg/FR-2011-02-10/pdf/2011-2900.pdf [8] A full discussion of the various flavors of machine-readable data and their distribution methods is outside of the scope of this testimony, but Raymond Yee, Eric C. Kansa, and Erik Wilde of UC Berkeley have written extensively about this subject in the context of Recovery Act transparency. Their paper "Improving Federal Spending Transparency: Lessons Drawn from Recovery.gov" (http://escholarship.org/uc/item/7tw2w9wx) is insightful in the context of this testimony.

identify confidential business information (CBI) before posting online, contracts could be submitted to the contracting agency electronically. This would allow the contractors the ability to electronically mark CBI and non-CBI information. Although we expect over-redaction initially, the fact that some of the contract text is online would be a step forward. Should stakeholders believe that some information was not properly redacted, a FOIA-like review process could then be initiated.

On the issue of FOIA being sufficient to bring transparency to federal contracting, one need look only as far as the pile of FOIA requests that routinely sit on agencies' desks. The federal government signs thousands of contracts each year, and FOIA requests commonly take months to fulfill. Not only is the burden of transparency placed on citizens, but requiring them to potentially make thousands of FOIA requests for contracts, often with a months-long delay, significantly hinders policy discussions.

***Performance Data***

USAspending.gov provides timely, if inaccurate, federal spending information on a publicly accessible website. But federal spending transparency is not an end in and of itself. Rather, transparency is a means to accountability. And holding spending decision-makers accountable requires the public and Congress have access to information on how effective federal programs are. That is, what kind of bang are we getting for the buck. By incorporating program performance data on USAspending.gov and linking it to program spending information, Congress and outside stakeholders will have important tools with which to hold policy-makers accountable.

As part of their budget request formulation process, federal agencies should have access to relevant, high-quality program data. Congress should also have access to the same data to help guide its funding deliberations. Outside stakeholders, those who are affected by program funding, involved in service delivery, and concerned as interested citizens, should also have access to the same information, allowing better participation in the democratic process to determine appropriate funding levels for our national priorities.

To be clear, measuring program performance is incredibly complex, and I do not mean to suggest that including performance data on a federal spending transparency website will settle policy disputes with a single program efficiency score. Indeed, not all that can be meaningfully known about federal programs is quantifiable; programs do not have a single, unitary purpose that never adjusts to changing circumstances. Nor is the only meaningful work performed by federal programs leading to a single outcome. But the inclusion of program performance data in USAspending.gov will serve to inform national conversations about what our national priorities are and which federal programs are deemed best to achieve them.

And because federal contractors are frequently engaged to act on behalf of the federal government to accomplish agency goals, Congress, federal agencies, and the public should

have access to federal contractor performance data so they can hold contractors accountable in the same way that federal agencies should be held accountable.

OMB and the FAST Board, in consultation with agencies, should work together to develop a plan for integrating performance data with spending information.

***Mashups with regulatory compliance and other available data***
The federal government maintains a host of databases including information on plants that release toxins into the environment, companies that violate workplace safety rules, and on the performance records of federal contractors. Joining these data sets together on a single website will allow the public to assess if a recipient of federal funds is adhering to the safeguards and standards that they should. Mashing data up in this way is an incredibly powerful tool that will allow the public and Congress to hold recipients of federal accountable.

The DATA Act should require linking key regulatory databases with spending data about recipients and subrecipients of federal funds. On January 18, 2011, the president issued a memo on regulatory compliance, requiring agencies to disclose enforcement and compliance activities. Working with OMB, the FAST Board should identify top priorities being disclosed under the president's memo and link that with profiles of entities receiving federal awards.

7. **The Complete Spending Cycle**

Federal spending is a roundtrip process that involves decision making in both the legislative and executive branches of the government:

- Congress first identifies a national priority, be it aid to low income families, ensuring the safety of the food supply, or protection of the environment and appropriates funds for those activities;
- federal agencies then undertake the work and expend federal dollars to accomplish their missions, as set forth by Congress;
- federal agencies then assess program performance;
- federal agencies then request from Congress funds to continue executing their programs in pursuit of their missions;
- And then Congress considers how well those objectives are being met and whether additional resources are warranted for the next year and then makes appropriations based on those assessments.

The description of that spending cycle is superficial to say the least. It excludes the detailed process by which federal agencies expend funds, including decisions on who receives grants and contracts. It also excludes the shadow budget that is executed through the tax code: the $1 trillion tax expenditures that were written into the tax code to accomplish many of the same goals that are met through cash outlays.

Data quality suffers because information systems in the Legislative and Executive branches cannot track spending from appropriation to expenditure to program performance for a single given federal program – the chain of custody for federal spending does not exist. To establish this chain of information related to a given federal program, each federal program should be identified as a unique spending unit, a spending atom, if you will, and each spending atom should contain a unique identification code that follows it through the entire spending cycle. And as actions (spending, program execution, etc.) related to that atom are undertaken, each federal spending information system throughout government and the legislative process can have access to its funding and performance history.

I recognize that atomizing federal spending information like this is an ambitious and thorny problem that is outside of the scope of this hearing, but establishing such fundamental knowledge about federal spending will be necessary to enabling full transparency.

**8. Intergovernmental Reporting**

States receive billions of federal dollars every year, and in a federal spending transparency system, they should be required to report on what they did with those funds. However, reporting on such large amounts of funding is, as we noticed with Recovery Act reporting, not without some burden. Although states largely complied with the Recovery Act's requirements, there was constant communication between the federal government and state officials on how best to comply with the requirements.

A federal spending transparency should consider state-reporting burdens by giving technical and financial assistance. Not only would such assistance garner buy-in from the states and improve the overall quality of their reports, it could pave the way for establishing spending transparency in all fifty states and the District of Columbia. Should states adopt federal spending transparency technology, standards, and practices, they could piggy-back on federal reporting systems for state-level disclosure

**9. Data Distribution**

Proponents of open data will argue that any data published by the federal government should adhere to certain standards and principles. The specifics of these standards are beyond my expertise, but I can say that the government should make federal spending information as widely available as possible, and this includes making it usable by machines and people. In the case of machine-readable data distribution, the government should take under serious consideration the advice of experts who demand that federal data be published formats that are not proprietary (like Microsoft Excel) and that can easily be adapted to new technologies.[8] However, less sophisticated consumers of data should also be considered.

[8] A full discussion of the various flavors of machine-readable data and their distribution methods is outside of the scope of this testimony, but Raymond Yee, Eric C. Kansa, and Erik Wilde of UC Berkeley have written extensively about this subject in the context of Recovery Act transparency. Their paper

What was revolutionary about FFATA and USAspending was not that they made federal spending data available, but that they made them *usable* by the general public. The data that FFATA specified that should feed USAspending – FAADS and FPDS – were already available to the public download. The problem was that using the data required a sophisticated knowledge of databases and the FAADS/FPDS data that 99 percent of the public does not have. FFATA required that those data be displayed on a user-friendly website, and it was that user-friendly website allowed average citizens, journalists, researchers, and even members of Congress to access federal spending data.

**III. Comments About Preliminary Versions of the DATA Act**

**1. Funding**

Transparency is the frame on which government accountability hangs. And accountability is what concerned stakeholders are after: making sure the federal government and those chosen by the government to perform work in its name are maximizing taxpayer value. This point is surely not lost in today's budget-constrained world.

However, building and maintaining websites and keeping accurate data flowing to them requires human and financial resources. To be successful, any proposal to expand and improve federal spending transparency must also be accompanied by the requisite resources. Money spent on federal spending transparency should be seen as an investment rather than expenditure. The IT Dashboard, implemented by Vivek Kundra, Chief Information Officer for the U.S., has, according to Kundra, saved some $3 billion in wasteful IT expenditures.[9]

Unfortunately, the continuing resolution approved in April by Congress reduced the funding source of projects like these – the Electronic Government Fund – from the previous level of $34 million to $8 million. In a recent letter from Kundra to Sen. Tom Carper, Kundra noted that the spending cuts will force OMB to terminate two E-Gov projects, slow the posting of data sets on Data.gov, and defer needed efforts to improve data quality on USAspending.gov.[10]

It should also be noted that the speed with which the Recovery Board built Recovery.gov and the system that allows recipients of federal Recovery Act dollars to file tens of thousands of reports on how they are spending federal dollars was possible largely because the Recovery Act provided the Recovery Board with adequate financial resources. The

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"Improving Federal Spending Transparency: Lessons Drawn from Recovery.gov" (http://escholarship.org/uc/item/7tw2w9wx) is insightful in the context of this testimony.

[9] "Sunshine, Savings, and Service," by Vivek Kundra, *The White House Blog*, 17 March 2011. *http://www.whitehouse.gov/blog/2011/03/17/sunshine-savings-and-service*

[10] "Budget cuts shutter two open gov sites, others impacted," *Federal News Radio*, 24 May 2011. http://www.federalnewsradio.com/?nid=35&sid=2395471

Recovery Board was tasked with tracking a third of the almost $800 billion over four years, but the federal government spends trillions of dollars each year, and so resource allocation to federal spending transparency should be estimated with these two scales in mind.

**2. The FAST Board, the Future of USAspending.gov and FFATA**

We support the creation of the FAST Board, particularly if it builds from the work done by the Recovery Board and carries with it the powers under the Inspector General Act. It will be important for the DATA Act to be precise about regulatory and contract authority that the FAST would have.

We are, however, extremely concerned that there is a "sunset" provision in the act that could ultimately shutter federal spending transparency. We strongly urge you to either remove this provision altogether or alter it such that the transparency tools created and maintained by the FAST Board would not sunset along with the Board.

The summary materials provided to us are somewhat confusing about what will happen to USAspending.gov. The summary says that USAspending.gov will be eliminated and a new platform will be created. The section-by-section bill summary says that "functions of USAspending.gov" are to be transferred to the new website. We hope the bill does not eliminate USAspending.gov, but rather builds on it. If you decide that the FAST Board should run the website, then don't simply transfer the functions to the Board. Rather, transfer authority to oversee the contract and allow the Board to take ownership of the website and modify it as needed, which will save more money than starting another website from scratch.

The FAST Board should also have the authority to utilized existing services made for under the Recovery Act, such as Federal Reporting.gov, Recovery.gov, and the waste, fraud and abuse tools.

We also do not understand the need to repeal FFATA instead of amending it. Rather than permanently undo this part of the law, FFATA could be changed to indicate that while the FAST Board exists, the provisions under the act are the responsibility of the Board, otherwise they remain as stated.

Thank you for your consideration, and I look forward to your questions.

Chairman ISSA. Thank you.

I recognize myself for the first round of questioning.

You know, Mr. Jennings, hopefully, as we negotiate with the administration on bringing together all these plans, expenditures, particularly Treasury expenditures, will, in fact, be part of a manager's amendment in a final bill. As you can imagine—and I think this is not a surprise to any of you—we can only go so far in proposing. We need to make sure that we keep the President and his administration where they mostly are now, which is on board in concept.

But having said that, Ms. Miller, I am going to ask you a particular question. One of the conceptual differences that has existed that we are trying to narrow is this whole question of OMB and our belief—and I think you share this with us—that they have an inherent conflict, that they will never, in fact, be the bad guys in the room insisting on enforcement.

Do you want to elaborate any more on what the other—I mean, if we don't get an independent board, what do you see happening if OMB were to take this over under the present structure of their multiple missions?

Ms. MILLER. Well, I think proceeding without an independent agency would be a waste of time.

And I think, also, the good news is, the administration does appear to agree with you that these kinds of responsibilities with respect to monitoring spending, putting it online, making it accessible for everyone, must be created in an independent agency.

And I would certainly agree with Chairman Devaney's comment earlier this morning, that the most effective way to make this happen is to pass a law to make it happen.

Chairman ISSA. Yes, he was very supportive of the body he was before, and I am glad to hear that. I need to be with him with the President one time as he says that, too.

Mr. Quinlan, you mentioned fuel, or it was mentioned, the multiple reporting of fuel. But with your software and particularly using something like XBRL, wouldn't it be true that people could report fuel for automotive use, truck use, bus use, lawnmower use, and it could be aggregated so that one report would say, I just want to look at all fuel; another one could actually break it down? Isn't that one of the advantages of that kind of strength the metadata gives you to build tools so that you can look at, for example, fuel reported multiple different ways but, ultimately, the user could determine what they wanted to see in a way that was meaningful to them?

Mr. QUINLAN. That is correct, Mr. Chairman. And it goes back to the conversation that Chairman Devaney had, as well as Ms. Wallin, that it all starts with a common taxonomy. You need to create one accounting structure across the Federal Government to ensure that fuel is fuel.

But this is where XBRL can be helpful in the transition process. By going in and mapping against that initial common taxonomy, we don't have to wait for everybody to make the change. We can start by mapping each individual Cabinet's accounting structure or reporting structure directly into the newly created government

structure, and we can start that reporting immediately. So XBRL and mapping allow that transition to happen seamlessly.

Chairman ISSA. Now, Ms. Wallin, I agreed with everything you said, but I was concerned at one part of your statement where you talked in terms of increased costs of reporting. Is it possible that if we do this right, other than transition costs, that we are actually driving down costs for your State? Don't you see your vendors, your customers, your constituents reporting to you and reporting to us often?

And, additionally, don't you see yourself reporting as a State to multiple agencies? If we could reduce your reporting to one unified report or at least any given activity only being reported one time, wouldn't that save you money?

Ms. WALLIN. Mr. Chairman, yes, it definitely would save us money. It would reduce the redundancy that we have. It would reduce the confusion that you have. And it would give you the transparency that we need because all the information would be in one site. So I agree with that. So we just have the incremental costs of the transition.

Chairman ISSA. Now, I am going to ask a closing question to all of you, and it is deliberately off of what we are all talking about, government vendors and so on. But I am a Californian. So, unlike Nevadans, I file a big income tax return to the State of California. And I have always wondered why I have to file two separate reports, why I don't report one time and let the Feds and the State that have to, in fact, verify each other's figures and deductions for us as Californians, do their work. I understand separations.

If we were to have a common platform for Nevada, doesn't that give you the ability in any aspect of your work to form compacts with the other States and gain access to information that might be proprietary to them but ultimately of interest to you reciprocally? Isn't that one of the values of a single reporting, is that, assuming you are given access, you can get information that, today, you would have to go to your adjacent States, go through disparate data bases to try to get information that you both may need in common?

Ms. WALLIN. Mr. Chairman, yes, I agree. If you take Australia, with their governmentwide business portal, that is what they have done. An individual goes to file their taxes there, and it takes—actually, their software system has XBRL built into it, and they go and file with their unique identifier, and that takes care of all their filing: their payroll reports, their local prefecture reports, everything. And it is the sharing of data.

We are using XBRL in our debt collection area here in the State, and we are actually going to start sharing the information with cities and counties to collect.

So the more commonality we can get, the more powerful we can be. And it reduces the cost of compliance. You would only have to file one return one time.

Chairman ISSA. Thank you.

Mr. Quigley.

Mr. QUIGLEY. Thank you, Mr. Chairman.

Mr. Jennings, you brought up the issue I did with the first panelists, and that was tax expenditures. Obviously, you support putting

this information online. But I guess the bigger issue is, I am not sure most of the American public understands what tax expenditures are, their significance in policy, the fact that they are not even within the budget.

So I am not sure just putting them online is enough. For you and other panelists, including Ms. Miller, your recommendations to elevate the awareness and understanding of the tax policy issues that go with tax expenditures, the lack of transparency, and how else can we let the world know about them?

Mr. JENNINGS. Well, I think the first thing about tax expenditures is just putting them alongside and making them analogous, as they are, to Federal spending programs that are often debated within Congress, that come up in news reports. When they are put on equal footing in terms of reporting and by considered by Congress as doing the same thing—one just happens to be a check written to an individual, one just happens to be done through the Tax Code—I think that would put them on the same footing as spending and make them equally well-known as spending.

And the way it is done right now is that the IRS is running a massive subsidy program, and all the information stays within IRS by law, some of it totally appropriate—personal identifiable information, etc. But the vast majority of it could be moved outside of the IRS and under the jurisdictions of committees that are responsible for their analog spending programs. And as we move that debate into broader budget discussion, I think it will become equally well-known.

Mr. QUIGLEY. Ms. Miller.

Ms. MILLER. I would certainly agree with Mr. Jennings' remarks. I mean, I think for the Sunlight Foundation, transparency for tax expenditures is very important, for the obvious reasons. We are focused on transparency for government data across the—you know, beyond the spending arena, which is the subject of this hearing. And we think the more information that is put online, the more that Members themselves and, certainly, members of the public can begin to understand the very nature of what government looks like, what it costs to run government, what government's priorities are, as shown through tax expenditures. And so this is a general public education effort.

But I also agree with Mr. Quinlan, that the more of this information that is put online in parsable formats, also creates new businesses, things that we cannot even imagine. So there is a multiple purpose in moving all public information to being made available online in parsable formats.

Mr. QUIGLEY. But you don't just think it should be online. You believe that information like this should be within the Federal budget as well?

Ms. MILLER. Yes, we do think it should also be available as part of the Federal budget.

Mr. QUIGLEY. Mr. Quinlan.

Mr. QUINLAN. I agree with Ms. Miller. And you can't just have reporting be the last mile. Reporting has to start at the beginning of the process. So, again, by creating a common taxonomy that all areas of government report against and ensuring at the beginning of the budgeting process that that process is available actually

would allow the American taxpayer to become a part of that discussion.

The importance of financial communication begins with who understands the discussion that is happening. And I think right now it is very much the American Government hears the rhetoric—sorry—the American people hear the rhetoric that comes out of it, but they are not able to go in and see for themselves what the rhetoric is about. And, again, that is what a common taxonomy and XBRL can do for the discussion and for the outcome of that.

Mr. QUIGLEY. How do you address this enormous quantity of information, though? I mean, there is sometimes just too much. How do you, given what you are trying to accomplish here as panelists and in your everyday lives, bring that down to a workable amount of information that folks can grasp and understand?

Ms. MILLER. Well, the Sunlight Foundation spends quite a bit of time both advocating for data to be put online in raw, machine-readable formats, but we also spend a huge amount of our time and effort in creating tools for people to have access together. And some of those tools actually mash data sets together to make it more understandable for citizens.

And so that is the job, in many cases, of the private sector. It happens to be the heart of Sunlight Foundation's mission as well, which is to build tools to take different data sets and to enable citizens or journalists to make sense of them as well. But if you don't have the raw data, then you have nothing to start with.

Ms. WALLIN. Congressman, actually, with using XBRL, the beauty of it is, Google just became a member of the XBRL International consortium. And they are going to be putting together tools so people can use it to parse the data how they want to see it.

When the Recovery Board did their report and put it online, they determined how they thought the U.S. citizens wanted to see the data, and that is the only way you could see it. With XBRL, people can go and extract that data and put it into any type of format that makes sense for them. That is the true power of it.

So it is put into a format that, there is lots of information out there, but XBRL gets it into the format that you want to see it in and how you want to look at it.

Mr. QUINLAN. And if I could add one last comment to that?

Mr. QUIGLEY. Of course.

Mr. QUINLAN. I think to argue that it shouldn't be done because it may be too big is I do not believe the correct approach. When you look at what HTML has done for the searching of words on the Internet—so all of the information, or a great deal of the information that is in the Internet today was available pre-1995. The difference is, HTML allowed you to come in and tag a word and define what it is so people could search on it. And the amount of information available on the Internet is probably the one thing in the world that is actually larger than the Federal budget.

Mr. QUINLAN. Thank you.

Chairman ISSA. Yeah, we are only talking trillions. You are talking peta.

Mr. QUINLAN. Huge.

Chairman ISSA. Mr. Labrador.

Mr. LABRADOR. Good morning.

Ms. Wallin, can you please give us some detail about the current burden of Federal reporting that State and local governments are dealing with?

Ms. WALLIN. Well, part of the thing when we started with the stimulus, we had to go and report a lot of the same information to the agencies as well as to the Recovery Board. So you have the duplicative reporting. And then they started asking us to do the subrecipient monitoring. Some of the smaller agencies, they didn't have the resources to try to do that. And I will admit that, in our State, we are doing the best we can. Could we do better? Yes.

And when we started out with the stimulus dollars with the additional reporting, we were really not given any additional resources to do that. The money to recover our costs for doing the compliance was to be recovered through the SWCAP, the Statewide Cost Allocation Plan. In many cases, a lot of the agencies were already at their ceiling of the amount of money that could be charged for overhead. And so you just have to try to absorb it. Well, with States' budgets being—our State is struggling. We really didn't have the money there, and it took away money from other programs and what have you.

I think the biggest problem is the duplication, the redundancy of the reporting. If we could just go into one site and do it one time, I think it would make a lot more sense. And then, also, the confusion—this agency wants this, this one wants this—have that standardization. Because when you have the laws and you have people changing from one place to another, people are like, oh, they want this, they want that. And sometimes we ask our questions, why do you even need this, what do you do with it? Nothing. So——

Mr. LABRADOR. Okay. So do you think this will change under a standardized system if the DATA Act were enacted?

Ms. WALLIN. Congressman, yes, I do believe that it will change if we have a single portal, a single repository where we report, if we use standardization, if we use interactive data standards such as XBRL.

The nice thing is, when the government, if you change the laws on what you want to see or how you want to see things, the States don't have to go in and reprogram their systems. You guys just do it on your reporting site. And so that would be a huge savings for the States.

Mr. LABRADOR. All right. Thank you.

Ms. Miller, as you know, President Obama signed an Executive order establishing a government accountability and transparency board. Do you think there are significant differences between the proposed DATA Act, which would establish the FAST Board, and President Obama's new Executive order? And if you do, what are those differences?

Ms. MILLER. We have not yet had a chance to review either the chairman's legislation or the White House Executive order in detail. But I had asked earlier if I could submit some additional remarks, and we will include those comparisons in those additional remarks.

Mr. LABRADOR. You said in your testimony that transparency is the government's responsibility. How do you believe the govern-

ment has fulfilled this responsibility, especially with such efforts as USAspending.gov?

Ms. MILLER. I think there have been significant—really, truly significant strides in this administration's efforts at creating a transparent and open government. I believe it could be done faster. I think it could be done better.

I think one of the reasons that Sunlight supports the creation of an independent agency, the expansion of the RAT Board is because we think it could be done better if you have this independent entity, particularly on the spending side of things.

You know, the new technology is really quite a marvel. The number of people who are going online to receive information, the numbers are increasing astronomically. So, while I think the administration has taken significant steps, we need to go much further much faster. And this legislation, of course, would put many of the reporting responsibilities into law with enforcement mechanisms that we think are very important.

Mr. LABRADOR. All right. Thank you.

Mr. Chairman, I yield back my time.

Chairman ISSA. If the gentleman would yield?

Mr. LABRADOR. Yes.

Chairman ISSA. Going back, because we have an unusually great amount of expertise on XBRL here, just a quick question. If all the States—we will take Nevada for example. If all of your data was in XBRL format, and multiple agencies wanted multiple information, isn't it essentially true that if you had all the information in a data base, even if you had extraneous information, under XBRL if you did a complete dump, they are still only going to get what they asked for because the rest of it is simply not going to be—they are not going to see it because they are not looking for it.

So isn't that one of the strengths of this kind of data base, where you have the wealth of metadata, that as long as you give them what they want, whether you give them a little extra, or one agency is looking for only a part of what another agency is looking for, isn't that what the beauty of it is, that Mr. Quinlan and your State can easily get what they want without having to—one dump does it all?

Mr. QUINLAN. That is absolutely correct, Chairman Issa. And, actually, there are two parts to that answer.

One is, if the data is all there, you are then able to ask the question that you want of the data and be able to identify what you are looking for.

And that also then goes to the private sector. What will happen is, when that data is available, just like Google was the window into all this HTML data that existed, there will be entrepreneurs throughout this great country that will create tools that will enable the media, will enable regulatory agencies, will enable State agencies to go in and take the questions that they have and ask it of that metadata.

Ms. WALLIN. Mr. Chair, that is correct. And one of the things that you have is you have your taxonomy, which defines the definition of your data. So Agency X over here can have their taxonomy for education, you can have a taxonomy for Department of Agriculture, and they can pull what they need from it.

Chairman ISSA. Thank you.

Mr. Cummings.

Mr. CUMMINGS. Thank you very much, Mr. Chairman.

Mr. Jennings and Ms. Miller, as you know, budget negotiators recently slashed funding for the Electronic Government Fund in the continuing resolution of fiscal year 2011 from a proposed $35 million down to $8 million. It's been reported that these cuts are putting Web sites such as Data.gov, USASpending.gov, Performance.gov and the IT Dashboard at risk of being shut down.

I know that both of your organizations joined a coalition of transparency and open government groups on a letter sent just yesterday to the leadership of the House Appropriations Committee Financial Services Subcommittee urging them to restore funding for the Electronic Government Fund. The letter said in part, "The E-Government Fund has a proven track record of successful transparency, projects that have delivered efficiency improvements and increased government accountability. For instance, USASpending.gov and the IT Dashboard have helped to root out government waste and inefficiency and recently led to the elimination of some $3 billion in failing technology projects."

Your letter goes on to list several other Web sites aimed at improving transparency and accountability and promoting public participation and collaboration.

I ask unanimous consent, Mr. Chairman, that their letter be placed in the record.

Chairman ISSA. Without objection, so ordered.

[The information referred to follows:]

U.S. House of Representatives
Committee on Appropriations
Subcommittee on Financial Services and General Government

June 13, 2011

Re: FY 2012 Appropriations for the **Electronic Government Fund**

Dear Chairman Emerson, Ranking Member Serrano, members of the Subcommittee:

On behalf of the undersigned organizations and individuals, we are writing to urge you to restore funding to the Electronic Government Fund, which provides critical support for the construction of a more transparent and efficient government and serves as a building block for private-sector innovations that create high-tech jobs.

**The E-Gov Fund has a proven track record of successful transparency projects that have delivered efficiency improvements and increased government accountability.** For instance, USAspending.gov and the IT Dashboard have helped root out government waste and inefficiency and recently led to the elimination of some $3 billion in failing technology projects. PaymentAccuracy.gov shines a light on improper federal payments, which total billions of dollars each year, and Challenge.gov provides a low-cost platform to help agencies bring the public in to identify more efficient solutions to problems facing the country.

In addition, E-Gov Fund projects provide the framework for vibrant private-sector business and job creation. The thousands of government data sets now available through Data.gov are building blocks for innovative new IT products. For instance, the search engine Bing now integrates Medicare quality ratings into searches for hospitals. Brightscope, a start-up company, has raised $2 million in venture capital and created 30 jobs through their analysis of retirement plan data from the Department of Labor. From improved travel information to disaster relief, many benefits come from the federal government sharing information with the public in user-friendly ways.

**Unfortunately, cuts to the E-Gov Fund in FY 2011 have already hurt successful projects.** Needed upgrades to increase transparency and improve data quality have been delayed or abandoned, and two projects have already been terminated. Funding uncertainties have also contributed to delays in launching Performance.gov, the website mandated by the GPRA Modernization Act of 2010 to make agency performance information transparent.

These cuts are penny-wise and pound-foolish. The E-Gov Fund supports powerful tools for reducing waste, fraud, and abuse and for creating private-sector jobs, and given appropriate funding, these projects result in benefits far in excess of their costs.

To support continued transparency, efficiency, and job creation, **we respectfully urge you to restore full funding for the Electronic Government Fund.** We appreciate your time and attention to this issue. If you have any questions or would like to discuss this issue further, please contact Sam Rosen-Amy of OMB Watch at (202) 683-4806.

Sincerely,

America Speaks
American Association of Law Libraries
American Association of University Professors
American Library Association
American Society for Information Science and Technology
Association of Research Libraries
Bill of Rights Defense Committee
Citizens for Responsibility and Ethics in Washington
Defending Dissent Foundation
Good Jobs First
Government Accountability Project
iSolon.org
Liberty Coalition
MapLight
New America Foundation
OMB Watch
Open Knowledge Foundation
Open Society Policy Center
Open Source for America
OpenTheGovernment.org
Participatory Politics Foundation
Progressive Librarians Guild
Project On Government Oversight
Public Citizen
Publish What You Fund
Sarapis Foundation
Special Libraries Association
Students for Free Culture
Sunlight Foundation
Union of Concerned Scientists
U.S. PIRG
World Wide Web Foundation

**Experts** ***(affiliation for identification purposes only)***
James A. Hendler, Professor of Computer Science and Cognitive Science, Rensselaer Polytechnic Institute
Lawrence Lessig, Professor of Law, Harvard Law School
Andrew McLaughlin, Executive Director, Civic Commons, and Fellow, Stanford Law School
Craig Newmark, Founder, craigslist.org and craigconnects.org
Beth Simone Noveck, Professor of Law, New York Law School
Norman Ornstein, Resident Scholar, American Enterprise Institute

Mr. CUMMINGS. Mr. Jennings and Ms. Miller, can you elaborate on the impact of the dramatic cuts to the E-Gov Fund for fiscal year 2011 and talk about the impact of potentially maintaining those cuts for fiscal year 2011?

Mr. JENNINGS. Certainly. I think one of the things that the Nation's chief information officer highlighted in a letter to Congress is the fact that needed improvements to data quality are going to have to be foregone because they don't have the money to do it. There is, again, also other Web sites that were coming up that were intended to help employees within the Federal Government share and exchange information and come up with better ideas on how to do things, and that sort of collaborative element with a pilot won't be continued.

So I think we are already kind of seeing as a reduction of funds happens that these efforts are really hindering progress that was being made, and now it has just stopped.

Mr. CUMMINGS. And the two things that you just mentioned, what are the significance of those? You just mentioned two things there, that lack of money might cause two problems you just mentioned. And how significant is that, those problems?

Mr. JENNINGS. Well, certainly the data quality issue is hugely important, and I think it's one of the main reasons for this hearing and for the DATA Act. It's really hard to understate the importance of getting the right information to the public. I mean, that's how we base our decisions on multiple things, policy, who to fine for fraud, what kinds of programs should be extended or ended, however that may be.

Mr. CUMMINGS. Ms. Miller.

Ms. MILLER. I want to remind everyone of one thing that Chairman Devaney said about the establishment of his board. He said you guessed at the right number, and having the resources at hand enabled him to really lift that agency into being an effective agency within 6 months. It was actually rather remarkable.

Knowing what that right number is is a bit of a guess, although we now have more experience with that. But there is no question that the figure is somewhere between $8 million that causes the administration to begin to reduce what it puts on line or freeze what's on line and $32 million that they proposed. I'm not—I don't know the answer to that, it's really hard to estimate it, but I think the committee must dig deeply into that to make sure that, if it is indeed serious about creating this new board and be serious about government transparency, that there is adequate money to make that happen.

Mr. CUMMINGS. So in other words, we have to be careful, because if you put too little money in it, you don't—you lose your effectiveness and efficiency, and you spent money—I'm not trying to put words in your mouth, but that sounds like what you're trying to say. You spent money—in other words, you had to spend enough to get—sort of like a bicycle. The old bicycles, you have to catch the chain and priming the pump, but if you don't prime it enough, you don't get anything, but you've expended a lot of energy.

Ms. MILLER. That's precisely correct. And again, we've all heard the stories of the $3 billion that have been saved because of the IT

Dashboard. We know we don't have to spend $2½ billion building these Web sites.

So again, figuring out—taking the time to figure out what it does cost, recognizing the enormous potential for cost savings on the other side once the information is standardized, the Web sites are built, the citizen access is provided. And lawmakers as well as citizens themselves will have access to this and demand the accountability that's necessary.

Mr. CUMMINGS. Well, certainly I'm sure we all, I think all of us, want to make sure that we spend the appropriate amount of money so that we can have the effectiveness and efficiency that we want. We understand that there will be savings and whatever. But we definitely don't want to spend too little and at the same time don't want to spend too much. So I guess you have a good point there. Some kind of way we've got to find the right point.

Ms. MILLER. Right. Well, we do have some experience now in terms of the cost of building some of these Web sites from which we can learn, and I think the estimates can be within a reasonable range.

Mr. CUMMINGS. Thank you very much.

Chairman ISSA. I'm going to recognize myself for a quick second round. Because the ranking member and I have agreed on a great deal here today and probably would agree on almost everything, but I want to ask a question that is not intended to be confrontational, but just because I voted for an overall package that did make those cuts. And it wasn't that I didn't—that I wanted to make the cuts, to be honest. I would have preferred we just leave those numbers where they were. But everyone was having cuts made that they wanted to make as a sacred cow, and that was one that we were very upset about on our committee.

But, Ms. Miller, if I asked you to find enough Web sites that you've seen over the years that look good, but provide no real effective data, in other words they are mostly puff data sites, wouldn't you be able to find more than enough that, in your opinion, if you had to make a priority, you could shut down to grab that money? That's asking you as someone who looks for meaningful data and sometimes finds it and sometimes doesn't.

Ms. MILLER. Well, I think the problem with the data sites that are out there that make your eyes hurt, and you arrive at a Web site and you think, heavens, what am I supposed to do with this, how do I search anything, those are Web sites from the last century. Just because——

Chairman ISSA. Last millennium perhaps.

Ms. MILLER. The last millennium perhaps, the last century not being so long ago.

But I wouldn't suggest shutting those down, I would suggest improving them, because the data—there is a lot of data that is available on line which is practically unusable. So the real challenge, I think, for us is to figure out what is our priority for fixing these, because this data set that took our staff 4 days to find on mining safety—there was such a data set, but it took us 2 or 3 days to find—what are the priorities for fixing these sites so they're actually usable? So I might actually end up actually going in the other direction, spending more money to identify these data sites, estab-

lishing some priorities, particularly with respect to accountability data.

Chairman ISSA. Sure.

Let me go one more, and I'm going to stay with Ms. Miller if I could. You have the challenge that you have to work with what we bring you. I have the challenge that I have to figure out how not to start by simply saying, whatever it takes, I'll pay. Chairman Devaney did not have whatever it took; he had a very small budget, he had a very small amount of time. In 6 months, with less money than the other Web sites that we're talking about, and with less time than they've had since they knew that they were probably going to deal with budget cuts, he was able to prove things could be done, including cost savings that I personally watched and gone through with their people how they found the particular wrongdoing and stealing of Federal funds.

So in a sense wouldn't you agree that if we're going to get the additional funding back to pay for the transition and the ultimate better working sites that you want, wouldn't you say that it has to be part of a grand bargain where you say, and, oh, by the way, we want you to use best practices so we know it's the minimum amount of dollars? That includes XBRL, cloud computing and some of the other givens.

Ms. MILLER. Yes, I would certainly agree with that. In fact, if my memory serves me correctly, we were quite critical of the contract that was let to build the RAT Board. It seemed like an enormously expensive contract. In fact, maybe compared to other government contracts it wasn't that expensive. But there also has to be—I mean, there has to be a leader like Chairman Devaney at the head of these agencies who understands what it does cost and what the time implications are.

But we would certainly agree with you. There are cost savings. We don't want to spend too much, but we have to figure out how much is enough to stand these sites up and have the data available that we think is most important.

Chairman ISSA. Well, with that, Mr. Ranking Member, I'll recognize you in a second, but I want to tell you that I agree with you that we need to get that money back, and I would hope that we both work on a strategy to get that money back by having a plan that the President signs on to, the Vice President endorses, you and I work on, we get a few Senators, and we show where this transition money gets us where Chairman Devaney wants us and where I know you want to be.

With that, you're recognized.

Mr. CUMMINGS. Thank you, Mr. Chairman.

First of all, in answering—in responding to what you just said, I'm in total agreement. I'll join with you in trying to make sure we get the funds to keep those funds. It is just so very, very important. In our mission statement one of the major lines is that we want to make sure that the people's money is spent effectively and efficiently. And this just seems to be a case that just cries out for striking the right balance so that we have sufficient funds. So I'm in total agreement, and I pledge today to work very closely with you to accomplish that.

I want to just pick up on something that—going back to what the chairman was talking about, just all this technology and how it all plays here. The Federal Government spends nearly $80 billion annually on information technology, including software, computer equipment and network devices that help the government run more effectively and efficiently. Earlier this year Federal Chief Information Officer Kundra, Administrator for Federal Procurement Policy Daniel Gordon, U.S. Intellectual Property Enforcement Coordinator Victoria Espinel issued a memorandum for chief information officers and senior procurement executives on technology neutral. The memorandum sought to remind agencies of the government's policy of selecting and acquiring information technology that best fits the needs of Federal Government, including being technologically and vendor neutral. I think this is an important principle not just for the Federal acquisition community, but for Congress to keep in mind when crafting legislation as well.

And this I'm getting to, this is what I want to ask. I ask all the panelists if they agree and why or why not. And it's my belief that in general the Federal Government lags far behind the private sector in technological development and advancement. I could imagine a scenario where we believe we're on the cutting edge of something, and as much time as it usually takes to thoughtfully craft legislation, negotiate with colleagues and the administration, see the bill become law and then be enacted over time, this is a long process, the cutting-edge technology has already been surpassed by something newer and better. Technology that we have today, this morning, is outdated this evening. So I hope that any efforts to improve Federal spending transparency and accountability through governmentwide data standards keep that in mind. I would just like for you to comment on that, Mr. Quinlan, and any others of you, and how do we keep up?

Mr. QUINLAN. So again, I'm going to use the HTML example because it is one, and technology does change very rapidly. HTML has been at the core of word search for over 20 years now. XBRL does for numbers what HTML does for words and, most importantly, is a completely open standard. Nobody owns it. Any company, whether a small entrepreneurial organization like ours or the largest technology companies in the world such as Google, anybody can work on that. And so it is a standard that will stand the test of time. It is a standard that, as Ms. Wallin spoke to, has been used by 44 countries around the world because it does allow for true transparency without ownership. That is why our founder Mike Rohan chose that as the technology 10 years ago, and we very much agree about that, and I appreciate your question.

Mr. CUMMINGS. Anybody else?

Yes. Mr. Jennings.

Mr. JENNINGS. With respect to technology and the comparison to the private sector, it's a little hard to deal with the Federal Government. There's different things going on both in terms of mission and the kind of information they deal with.

First off I would just say that some agencies are much better than other agencies in the technology that they use, and I think it would be good to look at those agencies to see why it is they are able to harness such technology.

The second point is that technology is not the problem for a lot of the issues when he talk about Federal spending transparency. There are cultural issues that agencies have to get around to being open.

The second thing is there are conceptual issues in terms of when we talk about spending, what are we spending on. I know to get a little philosophical for you, it's what is a program? A program is different when it's appropriated than when an obligation is made than when it appears in the Treasury statements. There are different things that money gets attached to, and that has to be wrestled with.

As I mentioned before, there's also the issue of the unique identifier problem, that there isn't a unique identifier for entities much less anything else in the Federal Government that extends not just within the executive branch, although that is a big problem, but also reaching back into the legislative branch in which decisions are made on how to fund things. So do we want to fund childhood nutrition? What are those programs within childhood nutrition? We need to understand all of that and how they relate and be able to see that within the data.

Mr. CUMMINGS. Thank you very much.

Chairman ISSA. I thank the gentleman, and I thank our witnesses for being very helpful. It's always hard to follow Chairman Devaney, but you showed very well that you were up to the task. Once again, thank you.

We stand adjourned.

[Whereupon, at 11:56 a.m., the committee was adjourned.]

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