Demonstrating the Impact of DATA

To: U.S. House of Representatives
From: House Oversight and Government Reform Committee Chairman Darrell Issa
CC: House Majority Leader Eric Cantor, House Oversight and Government Reform Committee Ranking Member Elijah Cummings
Subject: Demonstrating the impact of the Digital Accountability and Transparency Act of 2013

The Digital Accountability and Transparency Act

The bipartisan Digital Accountability and Transparency Act (DATA Act) will make federal spending data publically available and easily accessible. The legislation establishes governmentwide financial data standards and improves the management and completeness of USASpending.gov, a transparency portal created in 2006 by legislation sponsored by Senator Tom Coburn, R-Okla., and then-Senator Barack Obama, D-Illi.

Currently, agencies are only required to report awards, like grants and contracts, into USASpending.gov. Under the DATA Act, agencies would be required to report internal spending. The legislation would also encourage the Treasury Department to report disbursement information into USASpending.gov, and give Treasury the responsibility for managing the portal and establishing the data standards.

H.R. 2061, the House version of the DATA Act, was approved by the Oversight Committee on May 22nd. In April 2012, the House of Representatives passed similar legislation, but it was never taken up by the Senate. Companion legislation, S. 994, has been introduced by Senator Mark Warner and Senator Rob Portman.

DATA Demonstration Day

Giving the American taxpayer a better understanding of how Washington spends their hard-earned money is a worthy goal itself, but spending transparency through structured data is a means to accomplishing many public benefits.

To understand the many public benefits that will result from adoption of the DATA Act, the Committee invited outside groups to demonstrate technology that could be applied to structured federal spending information currently in use by states, localities, and the private sector,.

On May 16, 2013, the Committee partnered with House Majority Leader Eric Cantor to host 27 non-governmental institutions, from private companies like Google to not-for-profit think tanks like the Cato Institute, for live educational demonstrations.

To see what the event looked like, you can watch a video here. Summaries of each company's specific presentation published by the Data Transparency Coalition, an industry trade association, can be viewed here and here.

What We Learned

If the DATA Act is enacted, modern technology will allow us to:

1. **Use predictive analytics to catch fraud before it happens.**
   - Technology currently saving the State of Michigan $1 million per day by helping it prevent Medicaid fraud and curb social welfare benefits from going to ineligible citizens could be deployed by the federal government under the DATA Act.
   - Fraud detection tools currently used by the United States Postal Service could be deployed across all federal spending without significant additional expense.
   - Existing automated fraud detection services in the private sector could sift through all federal awards and flag potential bad behavior by contractors and grantees allowing investigators to better focus their efforts.

2. **Figure out where money is being spent well and where it is being wasted.**
   - Department of Energy loan and loan guarantee information could have been combined with SEC filings to better gauge the riskiness of certain projects.
   - Technology used to do spend analysis and look for savings in the California State University system could be used across the entire federal government.
   - Mapping tools could be used to show exactly where federal dollars are being spent, giving policy makers a better idea of the impact of their decisions.
   - Vendor management software could be used to aggregate and compare different recipient reported information.

3. **Help match up spending information to other available information.**
   - States, cities, universities, and private companies are all making more and more of their data open. Matching those data sets up with federal spending information could provide valuable insights to policymakers, academics, journalists, and citizens.
   - Publicly available open data sets allow software developers to build applications to provide services that government could never imagine.

4. **Reduce compliance costs for recipient of grants like states and public universities.**
   - Technology currently used by private companies to automate and streamline SEC reporting requirements could be used by grant recipients.
   - Consistent identifiers will make it easier for states and localities who receive federal grants to report on their sub-awards.