U.S. DEPARTMENT OF THE TREASURY

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Testimony Of Fiscal Assistant Secretary David Lebryk Before The House Oversight Committee On The Implementation Of The Digital Accountability And Transparency Act (Data Act)

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WASHINGTON - Chairman Chaffetz, Ranking Member Cummings, Chairman Hurd and Ranking Member Kelly of the Subcommittee on Information Technology, and Chairman Meadows and Ranking Member Connolly of the Subcommittee on Government Operations, thank you for inviting me to discuss the Department of the Treasury's (Treasury) efforts to increase transparency and accountability in Federal financial management and implement the Digital Accountability Transparency Act of 2014 (DATA Act).

DATA Act Opportunity

Together, the Office of Management and Budget (OMB) and Treasury have been leading the implementation of the DATA Act to provide more accessible, searchable, and reliable spending data for the purpose of promoting transparency, facilitating better decision-making and improving operational efficiency. Since last December when we testified before this Committee, we have explored the opportunities and challenges for DATA Act implementation across the government, and I am pleased to provide you with an update today on our progress.

Based on over twenty-five years of experience in the federal government, I have seen few federal management reforms that hold as much promise as the DATA Act. We have a unique opportunity to unlock the spending data that is scattered across the government and access it in new ways that will create public value. Our long-term goal is to capture and make available financial management data to enable the data consumers to follow as practicable the life cycle of Federal spending – from appropriations to the disbursements of grants, contracts and administrative spending. Over the past year, OMB and Treasury have modeled the financial and award data elements and systems across the federal enterprise to inform DATA Act implementation. While the data models and maps are complex and elaborate, the path forward is clear. We are on the verge of a transformation in federal spending data that could have a ripple effect at every level of government. The data standards that are being developed can connect this data and allow it to be exchanged to inform agency financial management decisions, stimulate innovation and provide greater transparency for the public. Better data leads to better decisions and ultimately a better government.

Implementation Updates

When I testified before the Committee in December of last year, I shared information on the DATA Act implementation approach and governance structure. And I'm pleased to say that the implementation approach we established continues to be successful. The DATA Act governance and implementation structure consists of an Executive Steering Committee, Interagency Advisory Committee and the Program Management Office. Treasury established the DATA Act Program Management Office to develop resources to support the agency implementation and execute our government-wide efforts.

In March, Treasury updated the USAspending.gov website to include a number of improvements to address some of the long-standing feedback regarding the site's usability, presentation, and search functions. Our update of the website responded to feedback from external stakeholders to improve the usability of the site and adopted an award- winning platform from Recovery.gov. Since the update, we have received requests from users to make additional improvements to the site to ensure the same download and search functionalities from the previous site. We responded to user requests promptly, and made improvements to the data download, archives, and search functionalities. We also established an online site for users to request further enhancements that can be monitored transparently. We are committed to providing a site that meets the needs of our user communities.

In May, OMB and Treasury released the initial data standards, guidance, and other resources to federal agencies to support the implementation of the DATA Act. OMB issued a memorandum (M-15-12), "Increasing Transparency of Federal Spending by Making Federal Spending Data Accessible, Searchable, and Reliable." This memorandum includes guidance to federal agencies for implementing the new DATA Act requirements and outlines ongoing reporting responsibilities for USASpending.gov. The OMB memorandum also links to the data standards that are being developed. OMB, Treasury, and the relevant federal communities from the finance, procurement, budget, information technology and financial assistance lines of business have been working to develop the government-wide data standards required by the DATA Act. Fifty-seven data elements were identified and all of the definitions will be finalized by the end of the summer.

Data-Centric Approach

OMB and Treasury released information about the path forward and the data-centric approach for the DATA Act implementation. Last year, Treasury conducted a pilot to explore the feasibility of leveraging industry data exchange standards to map federal financial data to a standard taxonomy and format. This is a critical component to DATA Act implementation because much of the federal financial data resides in non-interoperable systems that cannot be readily retrieved. By labeling this data in its current location with a definition, and other characteristics such as reporting period, units of measurement and validation rules, it will allow agencies to report from the source and limit costly system improvements. Treasury's first pilot successfully demonstrated that the financial information from three federal agency financial systems could be tagged with a digital label by mapping the data to a schema. Treasury is now working on a pilot to create digital labels for the financial award data to create a similar schema. Once this work is completed, Treasury and other agencies will be able to conduct a more in-depth analysis of their own data and Treasury can display government-wide data online to provide greater transparency about what the data represents and how it can be used to create public value.

DATA Act Schema

Despite the models being pilot-tested, adopting a new format for exchanging data across the federal government will be challenging to implement. OMB and Treasury are working with the agencies to provide relevant resources to support the implementation and reduce government-wide costs. The DATA Act directs OMB and Treasury to establish government-wide financial data standards for any federal funds made available to or expended by federal agencies and entities receiving such funds. Codifying this data in standard computer readable formats (i.e., a standard data exchange) will reduce the need for costly system changes across federal agencies to collect information and will allow agencies to focus on managing the data. Accordingly, Treasury is issuing data exchange guidelines on an iterative basis that leverage industry standards to label financial and non-financial data with metadata, or structured information that describes, explains, locates, or otherwise makes it easier to transfer and consume the data. The DATA Act Schema provides a comprehensive view of the data definition standards and the related metadata, including relationship and validation rules. Put simply, the Schema is a means of organizing information related to the data standards and for communicating, or "exchanging," the information.

In May, Treasury released a baseline DATA Act Schema for some of the financial data required by the DATA Act, which is expressed in XBRL. This DATA Act Schema will be revised periodically and additional components will be created to capture other data elements. For data transmission within the federal government and to external stakeholders, Treasury will leverage a combination of XBRL, JSON, Protocol Buffer, CSV, and other formats, as appropriate. This will allow matching of the optimal format given data volume, performance, and data presentation needs.

DATA Act Playbook

Making federal spending data accessible, searchable, and reliable provides opportunities not only to have an open, public-facing dialogue on how federal dollars are spent, but also to serve as a tool for better oversight, management decision-making, and innovation both inside and outside of government. When implemented, the DATA Act will provide the opportunity to better understand how federal programs and investments can improve the lives of the American public and make program delivery more effective.

To be successful, agencies should approach DATA Act implementation not as a compliance exercise, but rather as an opportunity to transform how agencies access, share, and use data. Treasury and OMB are taking a "data-centric" approach that helps to minimize system changes across all agencies to collect information and instead focuses on managing data in a more streamlined way. The "data-centric" approach differs from the traditional "system-centric" way of collecting, aggregating, and validating additional data from agencies via a bulk file or aggregating information in a central system, never to be reused by the agency. This approach leverages industry data exchange standards to share and utilize financial data.

To assist agencies with implementation, Treasury recommends eight key steps that can help agencies fulfill the requirements of the DATA Act by leveraging existing capabilities and streamlining implementation efforts. The eight key steps are:

1. **Organize Your Team**: Create an agency DATA Act work group including impacted communities within your agency and designate a Senior Accountability Officer (SAO);
2. **Review Elements**: Review the list of DATA Act elements and participate in data definitions standardization;
3. **Inventory Data**: Perform an inventory of agency data and associated business processes and systems;
4. **Design & Strategize**: Plan changes to systems and business processes to capture financial, procurement, and financial assistance data;
5. **Execute Broker**: Implement a "broker" at the agency. The broker is a virtual data layer at the agency that maps, ingests, transforms, validates, and submits agency data into a format consistent with the DATA Act Schema (i.e., data exchange standards).
6. **Test Broker Implementation**: Test broker outputs to ensure data is accurate and reliable;
7. **Update Systems**: Implement other system changes (e.g., establish linkages between program and financial data, and capture any new data); and
8. **Submit Data**: Update and refine process (repeat 5-7 as needed).

As agencies work to implement the DATA Act, Treasury will refine this playbook and have regular communication and workshops with agencies to provide updates on DATA Act activities, encourage agency collaboration, and share important insights and information.

Stakeholder Outreach

Since Treasury and OMB's DATA Act implementation involves the entire federal enterprise, and impacts state and local government and the private sectors, we have made outreach a priority. From the beginning, we have worked to ensure that our many public and private stakeholders are kept informed on key milestones for the implementation and that we receive their input on our work. In September 2014, we held a town hall to inform public and private stakeholders of our work and to solicit their input on, among other things, their interests and desired outcomes from the DATA Act. Senior officials from the White House, Treasury, and all major federal agencies as well as non-federal stakeholders participated in the meeting to learn more about DATA Act implementation and to exchange ideas. We established an

online spending transparency collaboration website (Github) to post information online and collect public input. We posted the proposed data standards and DATA Act Schema online for public input and have been using this input to inform our work. We held a webcast on April 15 where Dave Mader and I gave more detailed information about the vision for the DATA Act, and where our staff answered questions from a panel of stakeholders. We regularly consult with public and private stakeholders through other channels, such as at conferences and training events.

Challenges

So far, I have shared with you my views on the promise of the DATA Act, but I also must share the considerable challenges associated with its implementation. The biggest challenges that we have observed for the implementation so far are related to linking the disconnected data, change management for business process reforms, and resource limitations.

As I mentioned earlier, the data from the various financial and management systems across the government, in many instances, are not linked. For example, in many agencies the accounting systems that are used to track agency expenditures are separate from the management systems that contain the award-level data for grants, loans, other forms of financial assistance, and contracts. Creating the linkages for these data is going to be one of the biggest challenges for many federal agencies. While it might seem like a relatively straight-forward task, the volume of data and the complexity of systems make it a significant challenge. For example, on the current spending transparency website USAspending.gov, there were more than six million transactions identified for grants, loans, other financial assistance, and contracts in 2014. In addition, the DATA Act expands the data to be reported which will substantially increase the amount of data reported.

Federal agencies will also need to change current business processes for how they collect some of the data required by the DATA Act. While technology can assist in this task, it will still require significant change management leadership to make these reforms at each agency. I also need to note that the Treasury and most federal agencies will require additional resources to comply with and to realize the potential of the DATA Act. Without additional resources, the implementation will be difficult for most agencies.

Next steps

While we have made significant progress in the past year to implement the DATA Act, our work has really just begun. We still have almost two years to collect the data from across government and publish it online as required by the DATA Act. We have held two rounds of federal agency implementation workshops over the past few months and we will continue to hold workshops and forums with the agencies as the work continues. OMB and Treasury will also be releasing an updated DATA Act Schema as the data standards are completed as well as the results from the data broker pilot. We will also continue to make consultations with public and private stakeholders a priority.

The DATA Act provides the federal Government with opportunities to improve spending transparency, transform federal financial management, and stimulate ideas and innovation. Treasury looks forward to continuing to work with Congress, OMB, GAO, and the many federal agencies to help us achieve the full potential of the DATA Act and realize a transformation that will lead to better data, better decisions, and ultimately a better government.

Thank you for the opportunity to testify today. This concludes my testimony. I look forward to your questions

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