

Comments of the Sunlight Foundation

Committee on the Budget

and the

Government Performance Task Force

Enhancing Accountability and Increasing Financial Transparency

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Chairman Murray, Ranking Member Sessions, and the members of the Committee, thank you for the invitation to appear before you today to speak about federal financial transparency.

My name is Tom Lee and I am the Director of Sunlight Labs, the technical arm of the Sunlight Foundation. Sunlight is 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 that "Sunlight is said to be the best of disinfectants."

We believe that data on government spending is among the most important measures that citizens have of their government's priorities. Public spending data allows us to cut through political rhetoric and see for ourselves what expenditures the government prioritizes over others. If it is timely enough, it also allows private industry, local governments and service delivery organizations to align their plans and investments with those made in Washington.

Since USASpending.gov launched in 2007, Sunlight researchers have become very familiar with its underlying data systems. What we have found is troubling. Our data quality analysis of the assistance data in USASpending.gov shows that it is deteriorating by the year. In 2011, over \$900 billion of the direct assistance data in USASpending.gov was misreported.

For example, according to USASpending.gov, the United States spent \$0 on Medicare Insurance, and \$0 on prescription drugs for Medicare in 2011, 2012 and 2013. And although in testimony to the House Oversight Committee the CIO of the Department of Education asserted that "when [he] looks at [his agency's] data in USASpending.gov, it is accurate," USASpending currently shows that no money was spent on student loans from 2008 to 2012, despite these loans

comprising one of the department's largest assistance programs.

But these data sets are not only full of bad data; they are badly designed. A lack of standardization makes it difficult to conduct this type of quality analysis in the first place and contributes to agencies' and recipients' inability to report accurate, timely and complete data about their spending. Without government-wide data standards to facilitate interoperability, using complementary data sets as a cross-check to identify data quality problems will remain limited. Without better, non-proprietary identifiers for recipients of federal dollars, spending transparency efforts will never fully deliver on their promise to reduce fraud and waste. Without an integrated approach to budget, spending and disbursement data, attempts to measure programs' efficiency and effectiveness will be stymied.

While the aims of USASpending.gov are laudable, it has failed to fulfill its promise to allow the American public to see where their dollars are being spent. We believe that further legislative action is needed to allow USASpending to achieve its mission. Sunlight has long been a supporter of the Digital Accountability and Transparency Act (S.994), which would mandate that the Department of Treasury create a set of government-wide standards to facilitate better spending reporting.

The DATA Act would also make spending data more complete. One of the main drawbacks of the Federal Funding Accountability and Transparency Act, the law that created USASpending.gov, is that it only requires the posting of direct assistance and contracts data. This means that much of the money spent on general government operations, including over \$350 billion annually in salaries, is not present in USASpending.gov. Indeed, if you were to view overall spending, by agency, on USASpending.gov, you might get the mistaken impression that agencies that rely more heavily on contract personnel spend more money than agencies that do not, since permanent employees' salaries are not disclosed. The DATA act would correct this problem.

Under FFATA, the Government Accountability Office was required to report on the implementation of USASpending one year after the passage of the act. This report, issued in 2010, noted several problems with the site's data. The DATA Act would formalize and distribute

this oversight role across the Inspector General offices at each federal agency, requiring IGs to report every two years on the quality of the data submitted. While Sunlight has been pleased to conduct our own data quality analysis, we believe that the Inspectors General could perform a more thorough audit than our resources and access allow.

The benefits of improving the data will accrue not only to the American public, but to government as well. The historically low levels of fraud associated with Recovery Act spending are a testament to the savings that well-executed spending transparency measures can deliver. We believe that investments in improving federal spending oversight and disclosure are overwhelmingly likely to pay for themselves in smarter and less error-prone spending decisions.

We applaud the efforts of both the administration and this Congress to increase the transparency of federal spending. Recent proposed regulations for streamlining award and contract identifiers across agencies are a meaningful step forward. Sunlight is a supporter of the administrative initiatives in this area. But we also believe that the mandate for publishing all federal spending should be grounded in law, to demonstrate and formalize our government's lasting commitment to transparency about how tax dollars are spent.

We welcome the Committee's attention to this issue and encourage you to continue to engage with the issue of spending transparency as it relates to this committee's work. Thank you for the opportunity to testify today. I look forward to answering any questions you might have.