

# Data Transparency Coalition

The Data Transparency Coalition advocates on behalf of the private sector and the public interest for the publication of government information as standardized, machine-readable data.

Home

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## The Final DATA Act: Here's What It Means, Here's What It'll Do

Sweeping change and open data are dawning for U.S. federal spending.

On Thursday the U.S. Senate [passed the DATA Act](#) -- unanimously. In the House, Majority Leader Eric Cantor [has signaled](#) that he intends to bring the Senate bill through to final passage without changes. The House has passed the DATA Act [twice already](#), so it seems likely that this bill will soon be on President Obama's desk for his approval or veto.



A bright, frequently-used metaphor rises in Washington, D.C. (Wikimedia Commons)

We expect President Obama will join a unanimous Congress, the [Government Accountability Office](#), the [tech industry](#), all of the major nonprofit [transparency advocacy groups](#) and open data advocates from across the spectrum -- and sign the DATA Act.

No further changes are expected. Nearly three years after Rep. Darrell Issa (R-CA) and Sen. Mark Warner (D-VA) [first introduced it](#), we now know what the [final DATA Act](#) will look like.

So, what does this final bill mean? What will happen after it becomes law? On April 29, two weeks from today, the Congressional sponsors and executive branch implementers of the DATA Act will gather at the [Data Transparency Summit](#) to explore those questions. [Join us](#) if you are interested in the transformation of federal spending!

In advance of the Summit, here's our summary of the final bill--and our first preview of a post-DATA world.

### STANDARDIZE IT, PUBLISH IT!

From the beginning, the core of the DATA Act has been comprised of twin mandates to (1) adopt data standards across the whole landscape of federal spending and (2) publish the whole corpus online.

**Data standards bring disconnected reporting regimes together.** The Senate sponsors [resisted strong pressure](#) to water down the crucial data standards section. The final language is expressed in a new Section 4 being added to the existing Federal Funding Accountability and Transparency Act (FFATA). Treasury and the White House's Office of Management and Budget, acting together, "shall establish Government-wide financial data standards for any Federal funds made available to or expended by Federal agencies and entities receiving Federal funds." This is a broad, powerful, and comprehensive mandate.

What data standards are Treasury and OMB going to establish? The final DATA Act requires them to adopt "common data elements for financial and payment information required to be reported by Federal agencies and [by] entities receiving Federal funds." This is an invitation to transform the whole disconnected landscape of federal spending reports: financial, payment, and budget reporting by agencies and accountability reporting by grantees and contractors.

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Can we be more specific about what data standards will be set up? Yes. Congress does not force Treasury and OMB to establish any particular identifier or format, but it does make its preferences clear. The data standards to be established must "incorporate a widely-accepted, nonproprietary, searchable, platform-independent computer readable format" and "include unique identifiers for Federal awards and entities receiving Federal awards that can be consistently applied Government-wide." This language favors XML, XBRL, and the [Legal Entity Identifier](#), but it doesn't permanently impose those standards.

**Federal spending is published for public scrutiny, consistent with the Obama Open Data Policy.** The Senate sponsors refused to dilute the DATA Act's publication requirement. The final language requires *everything* the executive branch spends, with carve-outs for classified information and information that would not be revealed in response to a Freedom of Information Act Request, to be published on USASpending.gov -- at least on the appropriations account level. You'll find this language in the new section 3(b) of FFATA.

The government must eat its own standardized dog food. New paragraph 4(c)(3) of FFATA requires that USASpending.gov must publish federal spending information using the same data standards that Treasury and OMB will establish. And new paragraph 2(c)(7) requires the data published on USASpending.gov to conform to principles set by President Obama's May 2013 [Open Data Policy](#).

The DATA Act has never covered the judicial or legislative branches. We'll have to keep advocating truly comprehensive federal spending transparency.

**What are Congress' goals? They explain!** The Senate sponsors added new language at the beginning of the bill expressing Congress' purposes in passing this law. For the first time, government-wide data standards are an explicit purpose of the bill (item 2). For the first time, Congress says (in item 5) that it intends to expand the Recovery Board's [successful accountability platform](#) to cover all government spending, which was a [key goal of the first version](#) of the DATA Act.

**Inspectors general keep 'em honest. So do we.** The final bill requires the inspector general of each agency and the Government Accountability Office to audit the quality of spending data reported by each agency--and that agency's use of data standards. That's in new Section 6 of FFATA.

And Treasury and the White House Office of Management and Budget (OMB) must consult with public-sector and private-sector stakeholders as they establish the new data standards. Who are the private-sector stakeholders? [These organizations](#) make a pretty good starting list.

#### CHALLENGES LIE AHEAD!

The text of the final DATA Act makes it clear where open data supporters must concentrate their advocacy over the next few years.

**Treasury and OMB become the odd couple of data standards.** One of the goals of the original DATA Act was to put *one* entity in charge of data standards for federal spending, government-wide. The final bill does not do this. Instead, it makes Treasury and OMB jointly responsible. This joint authority will make progress more difficult, but not impossible. Outside encouragement can help make sure the work gets done. Our Coalition will encourage supporters of open data in both Treasury and the White House to engage with one another. Congress will hold hearings on DATA Act implementation to provide air support.

**Deadlines creep backward.** Most deadlines have been moved backward in the final bill. Supporters of open data will have to be patient and stay engaged. Here's the timetable.

- Treasury and OMB have one year after enactment to issue guidance on government-wide data standards. (This deadline has not moved.)
- Agencies have two years, rather than one, after the guidance is issued to report spending information consistently with the data standards.
- USASpending.gov must publish all federal spending data, expressed using the data standards, three years after enactment, rather than one.

**Payment-level disclosure isn't required.** The final bill does not directly mandate the disclosure of spending [at the payment level](#). Treasury has separately promised this (details [here](#)), and payment-level disclosure would be consistent with the broad publication mandate, but supporters of open data will need to advocate separately for this necessary reform.

#### COMPLICATIONS ABOUND!

**Mandatory data standards in grant and contract reporting? Probably maybe.** Previous versions of the DATA Act directly required agencies to begin using the government-wide data standards for the reports they receive from grantees and contractors, no later than two years after enactment. The final bill makes the pathway to standardized recipient reporting a great deal more complicated.

Starting one year after enactment, OMB, or an agency it designates, must run a pilot program on

the consolidation of grant and contract reporting. That pilot program will terminate two years later (or three years after enactment). See new Section 5 of FFATA. Ninety days after the pilot program finishes, OMB must report to Congress on how grant and contract reporting could be consolidated. One year after *that*, acting on insights from the pilot program and the report, OMB must issue guidance to the heads of Federal agencies as to how the Government-wide data standards shall be applied to grant and contract reporting.

Thus, we will probably not see a direct government-wide mandate for data standards in grant and contract reporting until four years plus ninety days after enactment. That's several eternities in politics. We'll have a new Presidential administration and a new OMB with new priorities. Standardized recipient reporting will not happen without steady advocacy by our Coalition and other supporters, every step of the way.

But there is reason to hope. The strong data standards mandate requires Treasury and OMB, right away, to start working on data standards for information "required to be reported ... [by] entities receiving Federal funds" (new Section 4 of FFATA). That means, assuming Treasury and OMB do their job, that the necessary data standards will be ready to go, and available for voluntary adoption, even if not mandatory for some time.

**The Recovery Board's accountability platform survives, sort of.** Our Coalition has called on Congress to preserve the Recovery Accountability and Transparency Board's accountability platform and extend it to cover all federal spending. You'll find our arguments [here](#).

The final DATA Act gives the Secretary of the Treasury an option whether to establish an accountability platform within the Treasury Department. See new subsection 6(c) of FFATA. If the Secretary of the Treasury decides to do that, all assets of the Recovery Board are to be transferred to the Treasury.

#### WE'RE READY TO GO!

Though it presents challenges and complications, the DATA Act is the most powerful government transparency mandate since Congress passed the Freedom of Information Act 1966. It's also the first-ever legislative mandate for open data. The Coalition is ready to start assisting the executive branch in implementation, persuading Congress to stay engaged through hearings and oversight. We're ready to rally the tech industry to [create the solutions](#) that will use standardized data to change government and society.

That all starts two weeks from today at the [Data Transparency Summit](#). [Join us](#) and take part in the transformation of federal spending!

Posted by [Hudson Hollister](#) at 9:09 AM

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