



## A NATIONAL SYSTEM FOR COLLECTION AND DISSEMINATION OF GOVERNMENT SPENDING DATA

### The need:

A comprehensive data collection and dissemination approach to government spending that helps the public understand how government money was used and whether it produced results.

### The approach:

Transparency and accountability of Recovery Act funding are key elements, but not the sole issue. The main objective is to develop a system for transparency that applies to all government spending, starting with the Recovery Act.

As a starting point, USASpending.gov, a mandated federal website that requires disclosure of information about nearly all government spending, including who gets how much money for what purposes, should be the “data house” for Recovery Act (and other government) spending. The government now has experience with that framework and can quickly address any weaknesses in it. Using USASpending.gov as the “data house” will provide consistency for the public.

Government needs to employ Web 2.0 technologies for secure information sharing, collaboration and functionality of the web. At a minimum, government websites must provide:

- a. Access to the underlying raw data;
- b. Open programming interfaces that allow websites and developers to share data; and
- c. Timely, accurate data on how federal funds are spent.

Incorporating these principles, USASpending.gov would not be the sole source of information on spending, but should be the core source of data about who is getting how much money for other sites such as Recovery.gov, state websites, and non-government websites. In this manner, others sites could complement the “official” spending data with other appropriate information, including data about results.

Each recipient of federal funds, including their subcontractors, should be required to report electronically on the funds received from the federal government, including on how the funds were used with the aim of measuring results. The reports should use common standards and data definitions so that the reported information is compatible with the federal USASpending.gov and related websites such as Recovery.gov – and each recipient or sub-recipient should have a unique identifier to make data sharing easier. Websites created by states need to provide comparable data about state spending. An online tool and an automated hotline should be established for citizens and government workers to report any misuse of Recovery Act funds.

## Moving Towards the Ultimate Objective:

1. **Make sure USASpending.gov has accurate, timely data.** USASpending.gov has made remarkable progress since its inception. Accordingly, it should be built upon as the platform for housing government spending data, including under the Recovery Act. However, among the improvements USASpending.gov needs to address, these three are top priorities:
  - a. *Ensuring agency spending data is up to date.* It appears some of the work will be placing greater pressure on agencies to report the data on time, and some is achieving faster loading of data obtained from agencies or the Federal Procurement Data System.
  - b. *Improving data quality.* There are a host of issues that must be addressed regarding quality of the spending data, but number one is to improve and make publicly available the parent ownership identifier. Without quality information on parent ownership it will be difficult to analyze the Recovery Act data or any spending data.
  - c. *Improving access to the data.* The Application Programming Interface (API) allows other websites to actively search and pull information from the website, thereby allowing the constantly updating data to be more easily used throughout the internet. However, there are at least two ways the API needs to be improved. First, the 1,000 record limit needs to be lifted so that Recovery.gov, state websites, and other entities can make maximum use of the API. Second, the parent company identifier must be part of the data that can be obtained through the API.

In addition to improving the API, USASpending.gov needs to improve its services for downloading data, either subsets of the data or the full database. The service for downloading data under specific searches is extremely useful, and a similar approach to broader data elements would be useful.

2. **Create the right method for tracking Recovery Act spending.** The funds appropriated under the new Recovery Act should be assigned an additional budget code reflecting their use [or designation] for recovery, In addition to other traditional spending codes and identifiers that designate the program or project the funding is for and the agency that is spending the money. This added code for Recovery Act funds will make it easy to pull the data from USASpending.gov for sites such as Recovery.gov.
3. **Make sure we have the right data.** The success of Recovery.gov rests with marrying the spending data from USASpending.gov with key data that will help the public, news media, analysts, and policymakers see that the money was spent wisely. Some Recovery Act spending is intended to create or preserve jobs, some to build longer-term investments that will help stimulate the economy, and some to create short-term stimulus. Whatever the purpose, there should be metrics that identify results.

For some funds, new disclosures will be necessary to evaluate the expenditures. For instance, because not everyone receives equal benefit from tax relief, it is important to disclose information about such provisions. This might start with disclosure in aggregate

form, but should progress over time to greater detail while never revealing personally identifiable information. Other funds, such as support for Medicaid, food stamps, and unemployment support, already have program-based performance measurement tools. These measures, usually housed in the respective federal agency, should be available through Recovery.gov.

A large portion of the Recovery Act will go to states for infrastructure and other projects that generate jobs. For this type of spending, we need:

- a. The activity/services to be provided under the contract, grant, loan or subsidy, including copies of the contract;
- b. Relevant performance measures (e.g., jobs saved or created, wages and benefits paid for such jobs, demographics of those hired); and
- c. Performance data about the recipient of federal funds (e.g., on-time performance, quality of work).

Strong requirements must be instituted for timely electronic reporting and posting of this data, preferably every 30 days after receiving Recovery Act funds.

Information about contractors lobbying executive branch officials at the state or federal level for money under the Recovery Act should be posted to Recovery.gov. Any communication with an executive branch official by an employee of an entity applying for funding or an individual representing an entity applying for funding must provide information about the communication, the cost of such communications, and the people involved.

4. **Make sure there are strong reporting requirements.** The federal government should explore expanding current reporting mechanisms. If, however, these mechanisms prove too limited, slow or difficult to use, or cannot be quickly improved, then new reporting structures should be established as quickly as possible. Distribution of federal funds should be conditioned on satisfactory reporting by recipients and sub-recipients of federal funds.

More specifically, there should be:

- a. Clear definitions of reporting requirements, including jobs saved and created.
- b. Standards for reporting so that data can be manipulated and used quickly. One common open standard is eXtensible Business Reporting Language (XBRL), which uses XML syntax and related XML technologies to communicate business and financial information.
- c. Requirements for open competition for funds, including money spent by states. Any exceptions to open competition should be identified on the Recovery.gov website accompanied with a justification for why open competition could not be done.
- d. Requirements to electronically report directly to the federal government as well as to the state or local government if a recipient of pass-through funding.

- e. Each entity receiving federal funds, including sub-recipients, should be assigned a unique identifier for award and for entity. Each entity's unique identifier should be correlated with unique identifiers for parent company.

Because states have a critical role in spending the Recovery Act funds as well as other federal funds, it is essential for the head of the Office of E-Government and Information Technology within OMB to meet with states and their representatives to develop common ground on reporting requirements. These reporting requirements should be flexible enough so that states can employ them on their websites and their own state spending. One issue that should be resolved is how to report data about federal spending that is co-mingled with state funds. (While this may not be a major issue for Recovery Act funding, it will be for other federal appropriations.) States should be encouraged to produce their own searchable websites of their spending, ideally pulling the information directly from the federal website through an API or other open programming interfaces.<sup>1</sup>

**5. Ensure user friendly services on the website.** There are a variety of services that should be implemented. Three top items include:

- a. There should be a section on website for whistleblowers and others to identify misuse of funds. The individual posting information should have the option of making the information public or confidential. There needs to be dedicated staff within government reviewing and acting on this information.
- b. Information on the website needs to be searchable by recipient of federal funds, geography, project type, federal agency, number and type of jobs, and other criteria. The data should be geo-coded for mapping applications.
- c. Beyond posting data on the website, the Recovery.gov website should have information about oversight reports as required by the law. There should be a section of the website inviting public feedback on site improvement, data mash-ups, and other innovations.

**6. Provide resources for data analysis.** Not only should the federal government be analyzing the data collected about Recovery Act spending, but they should provide resources to states to conduct state-specific reviews.

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<sup>1</sup> It may be that a requirement for uniform state posting of stimulus information is the best way to ensure consistent state level reporting.