Implementing the DATA Act of 2014: Insights from Christina Ho, Deputy Assistant Secretary, Accounting Policy and Financial Transparency, U.S. Department of the Treasury

By Michael J. Keegan

The impetus behind the Digital Accountability and Transparency Act of 2014 (DATA Act) may be simple: Transform federal spending information from disconnected documents into open data to improve spending transparency, transform federal financial management, and stimulate ideas and innovation. However, taking this concept and applying it to a structure as large and complicated as the U.S. federal government involves a significant implementation effort and is no small feat.

In a nutshell, it's about taking the complicated structure of federal government spending and imposing a consistent data structure on top of it. That offers a unique opportunity to unlock the spending data scattered across the government and to access it in new ways that will create public value.

Since the DATA Act became law, the U.S. Department of the Treasury and the Office of Management and Budget has been leading its implementation to provide more accessible, searchable, and reliable spending data for the purpose of promoting transparency, facilitating better decision making, and improving operational efficiency. How is the DATA Act being implemented? What are the requirements of the DATA Act? What are some of the key challenges in implementing the DATA Act? Christina Ho, Deputy Assistant Secretary, Accounting Policy and Financial Transparency, U.S. Department of the Treasury joined me on *The Business of Government Hour* to share her insights on these topics and more. The following is an edited excerpt of our discussion complemented with additional research.

Would you tell us more about your role as Deputy Assistant Secretary for Accounting Policy and Financial Transparency?

Christina Ho: In my role, I oversee the development of the annual financial report for the federal government. I represent Treasury on the Federal Accounting Standards Advisory Board. I also oversee Treasury's efforts around spending transparency that involves USASpending.gov and the DATA Act.

A goal for my office is to shift from simply reporting on financial information retroactively to creating a more interactive and transparent environment to access and use federal financial data. We want to make financial data more actionable and useful to improve the operations of the federal government and to keep the public better informed.

What are the top challenges that you face in your position and how have you sought to address those challenges?

Christina Ho: Since my portfolio is government-wide, I see there are common challenges across the government. The initial challenge involves changing culture from one that is compliance-driven, silo-based to one that is integrated, based in collaboration, and outcome-driven. In implementing the DATA Act, we are pursuing a very collaborative and cross-functional approach amongst agencies. This can be very challenging.

The next challenge concerns recruiting and retaining the right talent. Hiring within the federal government can be slow and not terribly easy, which makes it challenging for us to attract the right kinds of people and necessary talent.

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Despite this challenge, I have been able to build a team with great passion for this kind of work, especially the transparency work.

The last challenge centers on helping people see the vision and possibilities for government in the 21st century government. There is a perception that government can never achieve real, meaningful change for the better, but I would say there are great possibilities that exist that can enhance the way government does business.

What has surprised you most in your current role and in this effort?

Christina Ho: Once the DATA Act became law we knew that it presented a significant opportunity. We did not want to go about implementing it simply as a compliance exercise and miss the opportunity to transform how the government makes available federal spending data for the purpose of promoting transparency. We worked on developing the value proposition for agencies. We identified the value proposition to have better access to their data. I was most surprised by how that value proposition resonated. It showed me that the problem with accessing data was common and was in fact a big problem; it also showed me that we were on the right track in terms of our approach.

Would you tell us more about the DATA Act?

Christina Ho: The DATA Act expands the Federal Funding Accountability and Transparency Act (FFATA) of 2006 by disclosing direct agency expenditures and linking federal contract, loan, and grant spending information to federal agency programs. This is intended to allow taxpayers and policymakers to track federal spending more effectively. It establishes government-wide data standards for financial data and provides consistent, reliable, and searchable data that is displayed accurately. It looks to simplify reporting—streamlining reporting requirements and reducing compliance costs—while improving transparency. It looks to improve the quality of data submitted to USASpending.gov by holding agencies accountable, and to apply approaches developed by the Recovery Accountability and Transparency Board to spending across the government.

As we look at expanding the use of meaningful spending data, it boils down to three things. Extracting the data, we need to get the data out which resides in many, many systems across the government. Then we need to publish it in a way that allows all of the stakeholders to consume and understand the data. Lastly, we need to have people use the data, which means that the data has to be of good quality. I often refer to a simple formula that data plus use equals value. What we are doing to data is trying to make it accessible so that people can use it to derive value.

How does the DATA Act complement some of the other federal financial transparency efforts that are underway?

Christina Ho: FFATA was the first legislation to require financial data transparency. The law established USASpending.gov and required the data on contracts, grants, and loans over $25,000 to be published online. The DATA Act amends FFATA by adding additional reporting requirements and establishing data standards. We are also thinking about how the DATA Act might complement the CFO Act (Chief Financial Officers Act of 1990) looking for ways to create more linkages between those efforts.

Getting access to program information that can be linked to financial data is a challenge for many CFOs. The DATA Act requires establishing new linkages between financial and award data, often providing more program information like program activity and object class. Those would be helpful to the CFOs. I believe that the DATA Act will support many of the goals of the CFO Act, using financial data strategically to help federal agencies work more efficiently and effectively.

Would you describe the governance and the implementation structure employed to meet the requirements of the DATA Act?

Christina Ho: Recognizing that strong governance is crucial to successful DATA Act implementation, OMB (Office of Management and Budget) and Treasury have established a robust governance structure. David Mader from OMB and David Lebryk from Treasury established both the DATA Act Executive Steering Committee and the DATA Act Interagency Advisory Committee (IAC), in addition to reinvigorating the call for agency Senior Accountable Officials (SAOs). The Executive Steering Committee is comprised of OMB and Treasury, and it oversees all aspects of both policies and implementation related to our federal spending transparency efforts. The Interagency Advisory Committee is charged with representing the numerous business and functional communities across the government that have stakes in DATA Act implementation. At its core, the committee provides monthly feedback and input from the government councils on issues related to the DATA Act and federal spending transparency, and it serves as the vehicle through which OMB and Treasury disseminate information to the various councils.

In addition, the agency SAOs, similar to their role in the Recovery Act, have become the single points of contact who can speak on behalf of their federal agencies and provide insights into challenges, best practices, and considerations to assure successful DATA Act implementation.

Would you describe the data-centric strategic approach to this implementation and how it differs from the traditional systems approach?

Christina Ho: Our strategy focused on a few things. The first thing is that our work should be open and transparent. We used GitHub to get public input on data drafts and data standards prior to them being finalized. We launched OpenBeta.USASpending.gov to engage the public to participate in the process of building the ultimate USASpending site in May 2017. We also reach out to external stakeholders on a regular basis. We want to be transparent, open, and engaging with our approach.

Secondly, we developed a data-centric approach. We want to use technology to extract the data from current sources and systems. We do not want to have agencies build big systems and make significant system changes in order to comply with the law. The data-centric approach is essentially about making data portable, so that the data can be freed from the originating systems. Otherwise, every time we need new data, we will have to go through system changes. To illustrate, not too long ago our phone numbers were geographically based, but this is no longer the case. Today, when you move, you can take your number with you. It's portable. I hope that we can get to the same state for federal spending data: system agnostic, accessible, and useful.

We are also using agile technology development processes to develop our data-centric broker and future display website.. If you've ever worked on a technology project in government, you're probably most familiar with the "waterfall" methodology of software development. You have a long requirements gathering phase, then you write the software, test it, and launch. In contrast, agile development emphasizes working software that does the absolute minimum to achieve a mission, so that user feedback on the initial prototype can be incorporated early and often. The goal with agile development is to create a tight feedback loop where user feedback is driving the development. We have actually adopted all of the plays outlined in the U.S. Digital Services Playbook and our team is working in two-week sprints to develop these various components for eventual implementation by May 2017.

The fourth thing is we need data quality. Data will not be used to create value if the data is not good quality. We need to access the data at the source. We have to have validations in place. This also means that we have to align incentives and accountability. If agencies do not use the data or it is difficult to trace the provenance of the data, it becomes very difficult to ensure data quality. Lastly, it is very important that we do this in a way to create value—value for the public, value for businesses, and value for agencies.

Establishing data definition standards is key to the successful implementation of the DATA Act. Would you tell us more about this effort?

Christina Ho: A key requirement of the DATA Act is to establish data standards. This is to ensure data quality, consistency, and usefulness. To provide some context, each data element that was under consideration for standardization had one or more current definitions. The goal of standardization is to create both functional and IT definitions and standards that allow for consistency across communities, so that data elements reported from different agencies correspond in definition and in format. This is part of the process of providing spending data on USAspending.gov, which allows the public to view, download, and conduct trend analysis across the federal government.

In August 2015, OMB and Treasury finalized 57 data standards and continue to work on operational guidance in questions about how the data standards will be applied. Collecting public input on the data standards was an important part of our process. I mentioned GitHub earlier. We used GitHub to collect input from external public and private stakeholders on the standards. GitHub is an open source tool for online collaboration. We are using it to post information publicly on our efforts and collect input on the data standards in the schema. Before we finalize the data standards, we post each proposed data element and its definition on GitHub for a three-week period. At that time, anyone could review the data element and submit their feedback to us. Afterwards we review the feedback and determine what changes, if any, we should make in our data standard.

What is the DATA Act schema? What are the benefits of pursuing such an effort?

Christina Ho: The DATA Act schema is foundational to our data-centric approach. Earlier I mentioned the desire to make data more portable. This schema will allow us to do that as well as validate the data to ensure data quality. We

are dealing with some very complex data. Unlike the award-level data that most people are more familiar with that have already been published in USASpending.gov, the financial data is very complex. It doesn't have a lot of data elements. It is similar to a bank statement. We are dealing with only four or five data elements on our bank statements, but they can tell us much about our spending habits. Having the data schema allows us to make sure that those linkages are clear and the information about the data that we are publishing is clear to the external stakeholders, so it is useful, meaningful, and adds value.

Treasury used the data definition standards to develop the initial draft of the DATA Act data exchange standard, or Schema, in May 2015. As I noted, Treasury is using the agile development methodology to create the Schema and collected public input and feedback from federal agencies. Treasury issued four draft versions of the DATA Act Information Model Schema (DAIMS) v1.0 that have been finalized. The DAIMS v1.0 was revised over the past year based on hundreds of comments provided by the public and federal agencies. The DAIMS v1.0 gives an overall view of the hundreds of distinct data elements used to tell the story of how federal dollars are spent. It includes artifacts that provide technical guidance for federal agencies about what data to report to Treasury, including the authoritative sources of the data elements and the submission format. The DAIMS also provides clarity on how the public can better understand the inherent complexity of the data.

What are some of the key challenges with implementing the DATA Act?

Christina Ho: Implementing the DATA Act will require commitment and resources from the entire federal community. While its benefits are significant, there are significant challenges to driving such monumental change, especially in a budget-constrained environment. The DATA Act did not provide additional resources to federal agencies. To mitigate this challenge, we decided to take a data-centric approach to implementation. Our goal is to minimize cost burden to implement and maximize the strategic values for agencies and external stakeholders.

DATA Act implementation also requires strong leadership. This is a serious change management effort. The data is our focus, but we also need to change processes and how people collect, store, and share data, which takes significant collaboration. The key to success is perseverance, communication, collaboration, and holding people accountable for the implementation.

Even with this huge challenge, we have been able to make great strides. The President's Fiscal Year 2016 Budget includes funding for DATA Act implementation for key agencies, which we believe will keep the federal government on its path to accomplish the DATA Act's objectives. In the next couple of years, agencies will be required to implement government-wide data standards and establish the capacity and processes to disclose federal spending pursuant to the DATA Act. ◼

To learn more about the DATA Act, go to https://www.usaspending.gov/Pages/data-act.aspx.

To hear *The Business of Government Hour* interview with Christina Ho, go to the Center's website at www.businessofgovernment.org.

To download the show as a podcast on your computer or MP3 player, from the Center's website at www.businessofgovernment.org, right click on an audio segment, select Save Target As, and save the file.

To read the full transcript of *The Business of Government Hour* interview with Christina Ho, visit the Center's website at www.businessofgovernment.org.