

Statement of Senator Mark R. Warner

Homeland Security and Government Affairs Committee

Hearing: "Show Me the Money: Improving the Transparency of Federal Spending"

July 18, 2012

Chairman Lieberman and Members of the Committee, thank you for holding today's hearing and inviting me to share my views on transparency.

The title of today's hearing couldn't be more perfect – "show me the money" is a simple message that captures our important goal. As most of you may know, I introduced the Digital Accountability Transparency Act (DATA) last year, and the companion legislation passed the House in April. The primary goal of the DATA bill – is to show *us* – the taxpayers and the policymakers – the money. This legislation would expand the financial data currently available online to include agency expenditures and identify contracts and grants in the context of the programs and activities they support. I'd like to see the full cycle of federal spending be made available to the public.

Over the past six years, the federal government has made significant improvement in financial transparency – with much credit going to many of you gathered here today. Senator Coburn and President Obama enacted ground-breaking legislation in 2006 – the Federal Funding Accountability and Transparency Act – which still serves as the foundation for federal funding transparency. This Act created usaspending.gov, the website that publicly discloses financial data for contracts, grants and other federal awards. A few years later, we enacted the American Recovery and Reinvestment Act of 2009 and this legislation also set new requirements for financial accountability and transparency. Last year, President Obama established the Government Accountability and Transparency Board to make recommendations and take steps to improve financial transparency.

All this focus on transparency speaks to how critical data is to our democracy. Technology has provided an opportunity to easily disclose how the Federal government works on behalf of the public in new and exciting ways and we must continue to innovate and strive for greater transparency. The public deserves to know in detail how each federal dollar is spent and it's our job to ensure that these funds are used effectively and efficiently. The lack of transparency breeds mistrust and ongoing concerns about waste, fraud and abuse in federal spending.

Expanding Transparency

As the Chairman of the Task Force on Government Performance for the Budget Committee – it has become clear that we need better financial information in Congress to inform our budget decisions as well. To address our long-term fiscal challenges, we must adjust spending and revenues – but we must also fix the way our government works. Modernizing our government is a critical piece of our long-term fiscal solution that rarely receives enough attention – except perhaps by Members of this Committee.

And that's why I'm here today. I believe we need better financial data in-hand to inform our work to modernize the government. I know others here are concerned about the program duplication and overlap across our government. We need to have more detail on the spending that is occurring within the agencies in order to make better decisions regarding reorganization to create a government for the 21st century and beyond.

I'm sure many Members of this Committee can relate to the frustrations of trying to figure out how much a particular program costs – including the breakdown of expenses for an individual effort. This type of information is critical when comparing the budget with program effectiveness and performance. How can you tell if a program is getting a good return on the public investment if we don't have a clear and detailed explanation of the costs? True spending transparency should include the full disclosure of the operational costs, along with the funds that are awarded by the Federal government.

Digital Accountability and Transparency Act (DATA)

The primary goal of my DATA legislation is to expand the existing law to require that the full cycle of federal spending be publically disclosed in greater detail. I hope this is a shared, bipartisan goal that we can all support. How we accomplish this goal is open to broader debate.

I will admit that a year ago I believed that we needed a new government entity to oversee transparency and my opinion has evolved over the past year. After further review of the progress being made within the government, I believe there is a more cost-effective way of accomplishing this goal that would not duplicate efforts that are already underway. I have been impressed with the technology being implemented at the Department of Treasury in particular, and the potential that the newly developed Payment Information Repository could have on financial transparency. And I hope the testimony you hear from Treasury today will elaborate on the potential for their payment data to improve and expand transparency.

To support the goal of expanding the scope of spending transparency – it is clear that we need some government-wide data standards to provide “apples to apples” comparisons between agencies and activities. The Office of Management and Budget and Treasury have already taken steps to integrate some initial standards for the new Payment Information Repository that could be expanded on to include accounting and budget information with the payment. If this information was made public, it could improve transparency considerably at a lower cost than building a whole new approach.

Another ongoing challenge with financial transparency is the quality and the completeness of the data provided by the agencies. I believe the Inspectors General and the Government Accountability Office need to regularly review this data every couple of years and maintain a scorecard for the quality and completeness of the data provided.

We also need to streamline federal financial reporting. I've heard concerns from state and local governments and universities about the conflicting and duplicative financial reporting that is currently required across the government. I think we will have an opportunity to streamline this recipient reporting based on the financial standards developed to support transparency. We

should also look for ways to decrease duplicative financial reporting to ensure that federal funds are used for the intended purpose – not for duplicative paperwork.

And the last point that I will make today is that data should only be collected if it is going to be used to make our government more accountable and effective. There would be many benefits to compiling all the spending data from across the Federal government into one central online portal. First, this information would be helpful to Congress in determining program effectiveness and comparing like programs and other funding decisions. The Executive branch could use this data to proactively prevent waste, fraud and abuse by analyzing data at the pre-payment phase. President Obama has set up a system with great potential in the “Do Not Pay List” that could be expanded with more data. The taxpayers could use the information to better understand how Federal funds are distributed in their local communities.

Conclusion

I want to close by thanking Chairman Lieberman for allowing me to share my views with the Committee today. I intend to re-introduce updated DATA legislation soon that reflects the priorities that I discussed today. I look forward to working with this Committee in your consideration of this proposal.