

**Testimony of Peter Tyler, Senior Policy Analyst,  
Project On Government Oversight,  
before the House Subcommittee on Intergovernmental Affairs  
on “Federal Grant Management”**

July 25, 2018

Chairman Palmer, Ranking Member Raskin, and Members of the Subcommittee:

I appreciate the opportunity to testify before the Subcommittee about grant management improvement. This is a critical topic of government reform, and successful efforts would result in better accountability of federal grants and more effective use of grant money.

I am a Senior Policy Analyst for the Project On Government Oversight (POGO), where I focus my efforts on a range of government accountability initiatives. Founded in 1981, the Project On Government Oversight is a nonpartisan independent watchdog that champions good government reforms. POGO’s investigations into corruption, misconduct, and conflicts of interest achieve a more effective, accountable, open, and ethical federal government. POGO’s mission has long included working to strengthen the effectiveness and accountability of federal government agencies through bipartisan, fact-based policy analysis.

When first looking at the issue of federal spending through grants, two points become immediately apparent.

First, federal spending through grants is now more than through contracts. In fiscal year 2017, federal grant spending was \$719 billion, having risen dramatically over the past few years. In fiscal year 2013 total grant spending was \$524 billion. Total federal spending for contracts in fiscal year 2017 was \$509 billion.<sup>1</sup>

Second, federal grants represent critical aspects of federal spending, impacting Americans in many vital and positive ways, from funding education improvements to disease research; from assistance to firefighters to fighting hunger; from improving roads to providing disaster recovery. These are life and death issues that demand effective management to ensure federal dollars are well-spent and achieve the right results.

### **Administration’s Grants Reform Initiative**

The President’s Management Agenda released earlier this year correctly included grants management as a major goal. “CAP Goal 8, Results-Oriented Accountability for Grants” outlines the challenges and strategies for improving grants management.<sup>2</sup>

---

<sup>1</sup> POGO analysis of data from USAspending.gov

<sup>2</sup> White House, *President’s Management Agenda*, 20 March 2018, pp.36-37. <https://www.whitehouse.gov/wp-content/uploads/2018/03/Presidents-Management-Agenda.pdf> (Downloaded July 24, 2018)

Currently, federal agencies simply do not perform adequate levels of oversight, and are too often unable to detect problematic or even fraudulent grants. Further, each federal agency, or even each federal program, has its own process for awarding and managing grants, which proves confusing for applicants. The President's agenda proposes several solutions. For example, one proposed solution is to standardize grant-reporting data, especially financial data. This would benefit accountability, and lead to less confusion and burden on those applying for and receiving grants. It could also lead to improved grant evaluations and increase the understanding of grant performance. Given the approximately \$700 billion we spend annually through grants, one could certainly make the case that grants deserve the effort required to standardize reporting and improve data collection.

POGO applauds the inclusion of the grant management goal within the President's initiative.

However, success will depend on the thoughtful development and implementation of specific, well-defined steps. Grantmaking is an enormous, complex world, and involves most federal departments and agencies. Implementation steps for the President's Management Agenda need further articulation and all the milestones need to be set. Currently, for example, the Administration's public document "CAP Goal Action Plan: Results Oriented Accountability for Grants" outlines implementation steps and four milestones for data standardization.<sup>3</sup> The first milestone was completed in 2017; the next two are due by the end of the current fiscal year.

However, the final and most important data standardization goal lacks specificity: "Develop and execute long-term plan for implementing data standards government-wide." Equally important, the milestone due date was listed as "TBD." This is hardly the level of specificity required for success. Other grantmaking goals in the document also lack adequate specification and milestones.

The Administration should create more specific plans for data standardization and other key implementation goals. This would include more detailed implementation steps, reporting procedures for agencies, and quarterly milestones for initiative steps over multiple years. Further, these steps should be developed in a transparent manner with the input of stakeholder and civil society groups.

### **Comparison to DATA Act**

Will implementation of the Administration's grant management reforms prove successful? Perhaps. The recent history of a related federal data transparency plan shows likely challenges that grant management reform efforts will need to overcome.

---

<sup>3</sup> White House, "Results Oriented Accountability for Grants."  
[https://www.performance.gov/CAP/action\\_plans/FY2018\\_Q1\\_Results-Oriented\\_Accountability\\_for\\_Grants.pdf](https://www.performance.gov/CAP/action_plans/FY2018_Q1_Results-Oriented_Accountability_for_Grants.pdf)  
(Downloaded July 24, 2018)

The Digital Accountability and Transparency Act (DATA Act)<sup>4</sup> passed in 2014 with the goal of significantly improving the quality and scope of government spending data made available to the public. The law tasked the Department of the Treasury and the Office of Management and Budget with establishing uniform government-wide data standards for spending information including grants, contracts, direct assistance, loans, and other assistance. These data standards are important to address long-standing data quality problems that have persisted in federal spending data.<sup>5</sup> The data standards, properly implemented, would ensure that agencies are reporting complete and reliable information that would match up across the government and allow the data to be merged, broken down, and analyzed.

Treasury and the Office of Management and Budget shared responsibility for overseeing the DATA Act. The offices smartly engaged in a collaborative process to evaluate the current spending data process, identify key data fields, and develop uniform reporting standards. They worked with a multi-agency working group and involved outside stakeholders, which resulted in a process that identified potential pitfalls well before committing to an approach.

However, once the new data standards were established and reporting to USAspending began, it was time to begin implementation, which became the responsibility of individual agencies. Unfortunately, the performance by individual agencies has been inconsistent.

In exploring USAspending data we have come across major gaps, including major grant programs involving billions of dollars with either no spending records reported or records that have such major errors that they aren't usable.<sup>6</sup>

One example from the Department of Agriculture grant program is the School Breakfast Program. It should have records for approximately \$4.5 billion in FY 2017, but searches for this program return no records.

Of course, program data gaps are not limited to the Department of Agriculture. For example, we found that the Department of Transportation oversees the Federal Transit Capital Investment Grants program, which spent approximately \$4.6 billion in FY 2017, but USAspending records only show \$1.6 billion of that—less than half.

Given these mistakes in the data for these and other high-profile programs, we are certain there are significant data gaps for many other programs. This problem should be a major focus of grant oversight initiatives.

---

<sup>4</sup> U.S. Congress, "DATA Act" (Public Law 113-101), Introduced May 09, 2014, by Senator Mark Warner. <https://www.congress.gov/bill/113th-congress/senate-bill/994>

<sup>5</sup> Government Accountability Office, *Effective Implementation of the DATA Act Would Help Address Government-wide Management Challenges and Improve Oversight* (GAO-15-241T), December 3, 2014. <https://www.gao.gov/assets/670/667268.pdf> (Downloaded July 24, 2018)

<sup>6</sup> Sean Moulton, "Government Earns Poor Grades for Spending Data Accuracy," Project On Government Oversight, December 1, 2017. <http://www.pogo.org/our-work/articles/2017/government-earns-poor-grades-for-spending-data-accuracy.html>

POGO sent Treasury and OMB a detailed letter describing a number of issues including a number of data quality problems that seem relevant to this hearing, as they underscore current problems with the latest effort to standardize reporting of grants and other awards.<sup>7</sup> This would be a useful topic for oversight.

### **Improving Grants Reporting and Accountability: Part of Broader Goals**

The data reported to USAspending under the DATA Act is critical to ensuring robust and effective oversight for grants and other spending. Congress, researchers, reporters, academics, state offices, and many others use the USAspending data to understand the flow of money from the federal government. Standardized reporting elements that agencies report accurately and completely allow users to track and evaluate spending—trends in programs over time, geographic distribution, comparing different programs. The DATA Act standards remain an important first step to improving the utility of spending data. However, as evidenced above, agencies still have work to do to finish implementing the DATA Act. Any new requirements for data standards and reporting should build on the foundations established by the DATA Act.

The federal government spends almost \$2.5 trillion annually through grants, contracts, direct assistance, loans, insurance, and other awards.<sup>8</sup> Each of these mechanisms would benefit from reporting and data collection improvements. While each type of spending might need specialized requirements, we should ideally move forward with improvements on all of these major fiscal vehicles at the same time rather than breaking them apart and addressing only one at a time.

For example, the Administration and Congress should work together to implement the goals and requirements of federal improper payments laws in order to curb waste in grants, as well as in all other types of spending. Improper payments occur when a payment is made in the wrong amount, to the wrong people, or for the wrong reason. These improper payments result from insufficient financial accountability, and divert dollars from where they are needed.<sup>9</sup> While significant progress by Congress and some federal agencies has been made in curbing improper payments during the past decade, more needs to be done to stop this wasteful and ineffective practice, including additional legislation. There are proposals currently before Congress that would help prevent improper payments from grants and other types of federal spending.<sup>10</sup>

---

<sup>7</sup> Letter from Sean Moulton, Project On Government Oversight, to Amy Edwards, U.S Treasury Department, to Victoria Collin, Office of Management and Budget, on how to improve USAspending, June 28, 2018. <http://www.pogo.org/our-work/letters/2018/pogo-offers-recommendations-to-improve-usaspending-gov.html?print=t>

<sup>8</sup> POGO analysis of USAspending.

<sup>9</sup> Project On Government Oversight, *Federal Improper Payments Are Significant, Costing Taxpayers Billions*, July 12, 2016. <http://www.pogo.org/our-work/reports/2016/introduction-to-improper-payments.html>

<sup>10</sup> U.S. Congress, “Payments Integrity Information Act of 2018” (S.2948), Introduced May 24, 2018, by Senator Claire McCaskill. <https://www.congress.gov/bill/115th-congress/senate-bill/2948>; U.S. Congress, “Stopping Improper Payments to Deceased People Act” (S. 2374/H.R. 4929), Cheri Bustos. <https://www.congress.gov/bill/115th-congress/senate-bill/2374/text> (All downloaded July 24, 2018)

Similarly, federal spending through contracts also poses challenges for accuracy and transparency. POGO has researched these issues for years, noting, for example, the need for a stronger system for auditing contracts. Currently, contract audits are performed by numerous federal offices, including the Defense Contract Audit Agency, small auditing offices in other agencies, contracted auditors, and various inspectors general. Considering that \$509 billion was spent through federal contracts just in fiscal year 2017, Congress should explore opportunities for an independent, central auditor rather than sticking with our current sprawling system. A central contract audit agency could save more money than it would cost to run by uncovering waste and fraud across the federal government, and by providing all federal agencies with a needed check on contractors, ensuring the government is not being overcharged for goods and services.

## **Conclusion**

Grant reform initiatives are clearly needed. With leadership from the executive branch, and bipartisan oversight and legislation from Congress, the coming years could see great progress. These efforts should include:

- Creating through the President's Management Agenda's federal grant reform initiative more specific plans for data standardization and other key implementation goals. This should be accomplished in a transparent manner;
- Learning from the successes and challenges of DATA Act implementation as agencies move forward with grant management reforms;
- Implementing DATA Act requirements as they relate to grant spending data; and
- Pursuing other federal spending reform initiatives such as new improper payments legislation and oversight of federal contracting.

Thank you, once again, for the opportunity to provide our testimony to the Subcommittee. I look forward to your questions.