Blueprint to Fix Reporting of Federal Spending

The Problem

The federal government spends trillions every year through contracts, grants, loans, and assistance. In response to the pandemic, spending has been higher than ever, and Congress is on course to appropriate trillions more toward infrastructure spending. **But tracking all of that spending is far more difficult than it should be because the reporting system for federal awards is broken.** We are unable to reliably answer key questions about the spending. What was it used for? Were communities or businesses missed? How many jobs did it support? Where did it all go?

We have data collection that doesn’t work for key fields, data gaps that leave us without vital points of information, and whole categories of assistance that we don’t include in the system. If the federal government doesn’t collect the right information and ensure it is complete and accurate, it will be nearly impossible to review whether federal funds — taxpayer dollars — are being spent wisely and effectively.

The Solution

Now is a critical time for Congress to act to repair the flaws in the reporting system for federal awards. Previous legislation imposed important data standards and established USA Spending.gov as a central portal for the public to learn about federal spending. Now, new congressional action is needed for a large-scale revitalization of federal spending data that should proceed along three paths: fixing current reporting, filling reporting gaps, and tracking new data points.

**Step 1: Fix Current Reporting**

Clear statutory requirements are needed to compel agencies to address long-standing problems in the reporting system for federal spending.

First, establishing clear guidelines on what constitutes an “award description” would ensure that Congress and the public can easily learn the purpose and scope of each federal award. Second, requiring a process to collect accurate subaward data would allow us to reliably track funds past the initial recipients. We would be able to see where aid went, who got it, which communities most benefited, and whether it was distributed equitably. Third, requiring that all federal awards to companies include a corporate identifier such as a DUNS number (Data Universal Numbering System) would make it easier to track other awards received by those companies. It would also allow for easier connections to other government data about those companies, such as regulatory violations. Finally, requiring a process to ensure that event codes such as the National Interest Action Code and the Disaster Emergency Fund Code are applied consistently to all related
Federal spending reporting has major loopholes that must be closed to give the public a complete picture of where taxpayer money is going and what it accomplishes.

All federal agencies should be required to report federal awards (such as contracts, loans, and assistance) into the same central system. Congress should also require detailed reporting on corporate use of tax expenditure programs instituted to accomplish policy goals such as job retention. Public reporting on the use of these tax breaks is the only way to determine whether these programs accomplish their intended public benefits and whether they are equitably distributed. Finally, agencies should be required to proactively post award documents or summaries online so researchers and investigators can immediately review the details of any questionable awards without extended delays for records requests.

Step 3: Track New Data Points

The federal government also must expand data collection, so Congress and the public have the information necessary to effectively evaluate the impact and reach of federal award programs.

There are several important points of information that agencies successfully collect and report for contracts but have never been collected for assistance awards. Congress should establish clear requirements that agencies collect demographic data (like race, ethnicity, gender, and veteran status) about business owners receiving federal assistance, allowing policymakers to accurately measure the equity of assistance distribution. Congress should require agencies to collect information on the industry sectors of businesses receiving assistance, enabling us to understand which sectors are most aided and whether any are being overlooked.

Agencies should also be required to begin collecting entirely new data points that we know are vital to understanding federal awards. Agencies should collect information on the number of jobs each federal award helps support, or at least how many people are employed at the businesses receiving these awards. These numbers would provide an important insight into the economic impact of federal spending. Standardizing quantities that are reported for federal awards would allow us to better compare the efficiency and impact of different programs. Similarly, requiring agencies to develop a methodology to estimate the number of people benefiting from each award would provide a key data point to evaluate awards. Finally, agencies should report data on the lenders involved in guaranteed loan programs to ensure that their implementation of the loan programs can also be evaluated and that taxpayer-backed aid is as efficient, accountable, and equitable as possible.

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