

# The Panel

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# The FDTA Explained



# Evolution of Federal Government Digitizing Data

## FFATA

- The Federal Funding Accountability and Transparency Act (FFATA) signed into law on September 26, 2006
- Intent is to empower every American with the ability to hold the government accountable for each spending decision.
- The FFATA legislation requires information on federal awards (federal financial assistance and expenditures) be made available to the public via a **single, searchable website**, which is [www.USASpending.gov](http://www.USASpending.gov).

## DATA Act

- The Digital Accountability and Transparency (DATA) Act signed into law on May 9, 2014
- Mandates **structured data standards** for government with objectives to 1) establish government-wide financial data standards and increase the availability, accuracy, and usefulness of Federal spending information, 2) amend the Federal Funding Accountability and Transparency Act (FFATA), and 3) develop **Government-wide data standards to simplify financial reporting** and improve the quality of spending data.

## GREAT Act

- The Grant Reporting Efficiency and Agreements Transparency (GREAT) Act signed into law December 30, 2019
- Requires **standardization of data reported by grants recipients**. The GREAT Act aims to modernize reporting by grants recipients, reduce burden and compliance costs, and strengthen oversight and management of Federal grants.
- Standards had to be established within two years of enactment (by December 2021). Standards for audit-related information reported as part of the Single Audit, within three years of enactment (December 2022).

# S4295, Financial Data Transparency Act

**MEMBER ALERT**  
FROM GFOA'S FEDERAL LIAISON

New Financial Reporting Requirements for Governments Proposed in U.S. Senate: A Costly and Burdensome Unfunded Mandate

GFOA members should be aware of proposed legislation in the U.S. Senate that would mandate governments to report financial information using uniform reporting categories, or "data standards," which may require costly updates to financial systems or extensive workarounds.

Currently, U.S. Senators are considering including the bill (S. 4295) as part of the federal defense authorization legislation that must be taken up by the end of the year.

GFOA has long advocated for governments to demonstrate transparency and accountability by making financial information readily accessible to the public. Hastily passing this bill may create data standards that opens the door to directing the use of specific technologies for reporting government financial information.

This effort to create new universal reporting categories will have transparency efforts and would be a significant cost to state and local governments. This unfunded mandate would require extensive state and local government financial systems with the need for consulting resources and potentially risky updates to government financial systems.

GFOA urges you to reach out to your Senators and ask them to oppose including S. 4295 in the defense authorization bill.

Why would the mandate pose a challenge?

A mandate for utilizing a specific technology for governmental

appropriate. . .

5823. DATA TRANSPARENCY RELATING TO MUNICIPAL SECURITIES.

(a) In General.--Section 158(b) of the Securities Exchange Act of 1934 (15 U.S.C. 78o-4(b)) is amended by adding at the end the following:

“(B)(A) The Commission shall adopt data standards for information submitted to the Board.

“(B) Any data standards adopted under subparagraph (A) shall incorporate, and ensure compatibility with (to the extent feasible), all applicable data standards established in the rules promulgated under section 124 of the Financial Stability Act of 2010, including,

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to the extent practicable, by having the characteristics described in clauses (i) through (vi) of subsection (c)(1)(B) of such section 124.

“(C) <<NOTE: Consultation.>> The Commission shall consult market participants in establishing data standards under subparagraph (A).

“(D) Nothing in this paragraph may be construed to affect the operation of paragraph (1) or (2) of subsection (d).”.

(b) <<NOTE: 15 USC 78o-4 note.>> Rulemaking.--

(1) <<NOTE: Deadline.>> In general.--Not later than 2 years after the date on which final rules are promulgated under section 124(b)(2) of the Financial Stability Act of 2010, as added by section 5811(a) of this title, the Securities and Exchange Commission shall issue rules to adopt the data standards required under paragraph (8) of section 158(b) of the Securities Exchange Act of 1934 (15 U.S.C. 78o-4(b)), as added by subsection (a) of this section.

(2) Scaling of regulatory requirements; minimizing disruption.--In issuing the rules described in paragraph (1) that adopt the data standards described in that paragraph, the Securities and Exchange Commission--

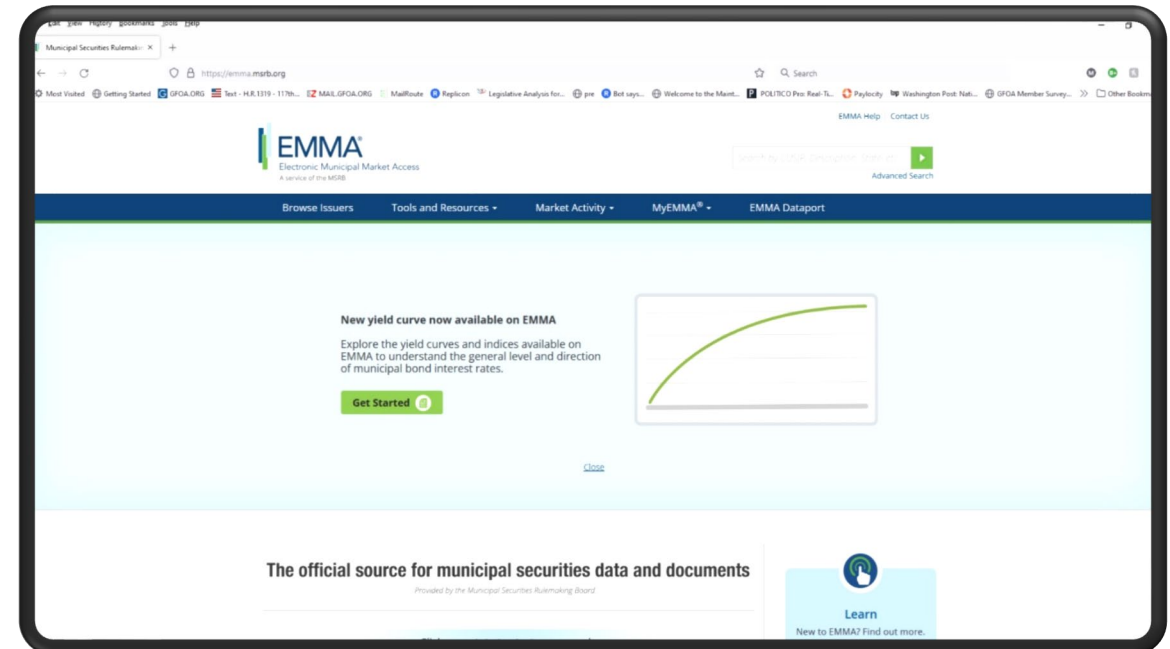
(A) may scale those data standards in order to reduce any unjustified burden on smaller regulated entities; and

(B) shall seek to minimize disruptive changes to the persons affected by those rules.

- Where did it come from?
- Who supported the legislation? Why?
- Who is paying attention to state and local government reporting?
- How did it pass?

# Who Will This Affect?

- Any municipal entities required to submit financial information to the Municipal Securities Rulemaking Board
  - All primary issuers – Frequent or Infrequent
  - All component units of primary issuers
  - Roughly 38,000 issuers in Electronic Municipal Market Access (EMMA)



# FDTA: When can we expect it to happen?

18           “(2) FINAL RULES.—Not later than 2 years  
19           after the date of enactment of this section, the heads  
20           of the covered agencies shall jointly promulgate final  
21           rules that establish the data standards described in  
22           paragraph (1).

7           (b) RULEMAKING.—  
8           (1) IN GENERAL.—Not later than 2 years after  
9           the date on which final rules are promulgated under  
10           section 124(b)(2) of the Financial Stability Act of  
11           2010, as added by section 5811(a) of this title, the  
12           Securities and Exchange Commission shall issue  
13           rules to adopt the data standards required under  
14           paragraph (8) of section 15B(b) of the Securities  
15           Exchange Act of 1934 (15 U.S.C. 78o-4(b)), as  
16           added by subsection (a) of this section.

**Two Years**



**Two Years**

# What is the Law?



# FDTA – Data Standards Sec. 101

- “(1) COMMON IDENTIFIERS; QUALITY.—The data standards established in the final rules under subsection (b) shall—
- “(A) include common identifiers for collections of information reported to covered agencies or collected on behalf of the Council, which shall include a common nonproprietary **legal entity identifier** that is available under an open license for all entities required to report to covered agencies; and
- “(B) **to the extent practicable**—
  - “(i) render data **fully searchable and machine-readable**;
  - “(ii) enable **high quality data through schemas**, with accompanying metadata documented in machine-readable taxonomy or ontology models, which clearly define the semantic meaning of the data, as defined by the underlying regulatory information collection requirements;
  - “(iii) ensure that a data element or data asset that **exists to satisfy an underlying regulatory information collection requirement** be consistently identified as such in associated machine-readable metadata;
  - “(iv) be **nonproprietary** or made available under an **open license**;

5  
1 “(e) DATA STANDARDS.—  
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17 documented in machine-readable taxonomy  
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19 the semantic meaning of the data, as de-  
20 fined by the underlying regulatory informa-  
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23 data asset that exists to satisfy an under-  
24 lying regulatory information collection re-  
25 quirement be consistently identified as





# FDTA – Municipal Securities Sec. 203

- (8)(A) The Commission shall adopt data standards for information submitted to the Board.
- “(B) Any data standards adopted under subparagraph (A) shall incorporate, and **ensure compatibility with (to the extent feasible)**, all applicable data standards established in the rules promulgated under section 124 of the Financial Stability Act of 2010...
  - (C) The Commission **shall consult market participants** in establishing data standards under subparagraph (A)...
  - (b) RULEMAKING.—
    - (1) IN GENERAL.—Not later than **2 years after the date** on which final rules are promulgated ...as added by section 5811(a) of this title, the **Securities and Exchange Commission shall issue rules to adopt the data standards** required ...
    - (2) **SCALING OF REGULATORY REQUIREMENTS; MINIMIZING DISRUPTION.**—(the SEC shall..)
      - (A) may **scale those data standards** in order to reduce any unjustified burden on smaller regulated entities; and
      - (B) shall seek to **minimize disruptive changes** to the persons affected by those rules.

3 SEC. 203. DATA TRANSPARENCY AT THE MUNICIPAL SECURITIES RULEMAKING BOARD.

4  
5 (a) IN GENERAL.—Section 15B(b) of the Securities Exchange Act of 1934 (15 U.S.C. 78o-4(b)) is amended  
6  
7 by adding at the end the following:

8 “(8)(A) If the Board establishes information systems  
9 under paragraph (3), the Board shall adopt data stand-  
10 ards for information submitted through those systems.

11 “(B) Any data standards adopted under subpara-  
12 graph (A) shall incorporate, and ensure compatibility with  
13 (to the extent feasible), all applicable data standards es-  
14 tablished in the rules promulgated under section 124 of  
15 the Financial Stability Act of 2010, including, to the ex-  
16 tent practicable, by having the characteristics described in  
17 clauses (i) through (vi) of subsection (c)(1)(B) of such sec-  
18 tion 124.”.

19 (b) RULEMAKING.—

20 (1) IN GENERAL.—Not later than 2 years after  
21 the date on which final rules are promulgated under  
22 section 124(b) of the Financial Stability Act of  
23 2010, as added by section 101(a) of this Act, the  
24 Municipal Securities Rulemaking Board shall issue  
25 rules to adopt the standards required under para-



# ‘Data Standard’

- The term ‘data standard’ means a standard that specifies rules by which data is described and recorded.

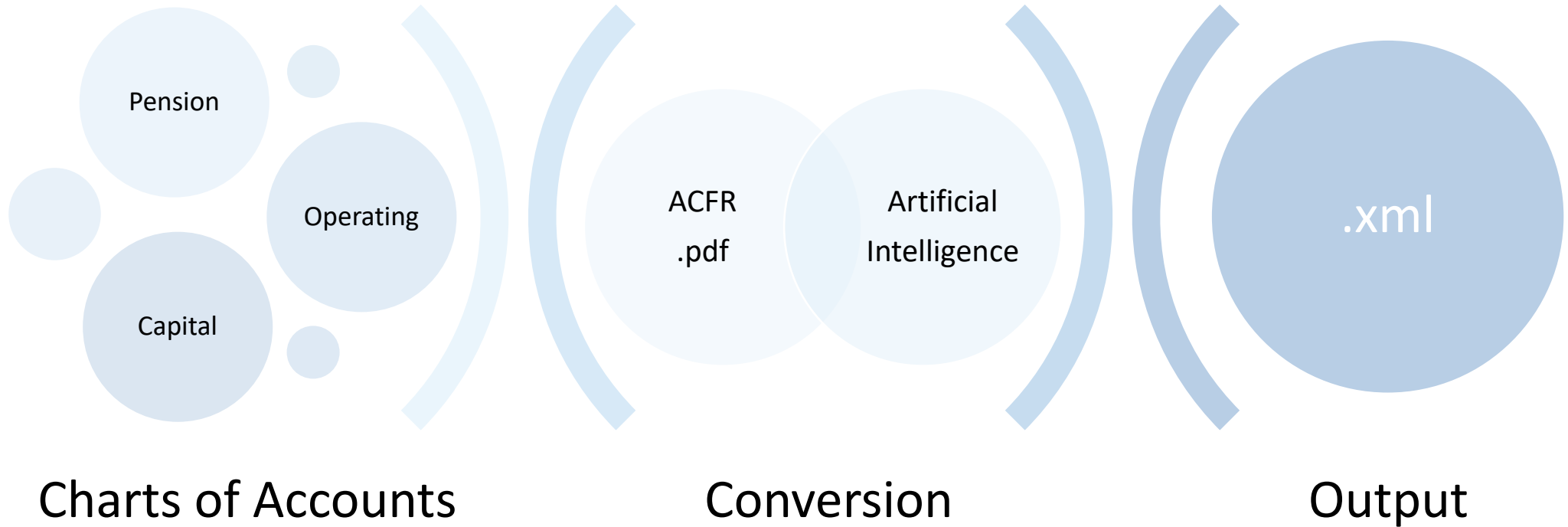
# Key Terms: Open Source (nonproprietary)

- Open Source

- The term open source refers to something people can modify and share because its design is publicly accessible.
- Some software has source code that only the person, team, or organization who created it—and maintains exclusive control over it—can modify. This is "proprietary" or "closed source" software.
- Open source software is different. Its authors make its source code available to others who would like to view that code, copy it, learn from it, alter it, or share it.



# Best Case: Process Might Look Like This



# Key Terms: Machine Readable

- Machine Readable

- Format in a standard computer language (not English text) that can be read automatically by a web browser or computer system. (e.g.; xml).
- Other formats such as extensible markup language (XML), (JSON), (XBRL) or spreadsheets with header columns that can be exported as comma separated values (CSV) are machine readable formats.
- It is possible to make traditional word processing documents and other formats machine readable but the documents must include “enhanced structural elements”

# Worst Case: Output Might Look Like This



Airports, Universities,  
Counties, States, Water  
Systems, Cities...



One Single  
Financial  
Report

# Financial Reporting Shakeup

F D T A

?? ??

# Panel Q&A





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