



September 13, 2018

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To: Whom It May Concern

RE: Request for Information - Establishing a Government Effectiveness Advanced Research (GEAR) Center

We appreciate the opportunity to provide input to the Federal Government's proposed public/private partnership, the Government Effectiveness Advanced Research (GEAR) Center. XBRL US is a national, nonprofit consortium for the international standard for digital reporting of financial, performance, risk and compliance information. It is a member-driven organization that represents accounting firms, software companies, academics, other nonprofits, data intermediaries, and service providers. The mission of XBRL US is to encourage the use of financial information in a standardized format, to improve reporting between business, government, and the public. XBRL US is the U.S. jurisdiction of XBRL International, a global organization that is responsible for maintaining the technical XBRL specification. XBRL is a nonproprietary, open standard designed specifically for financial data. It is currently in use in 60 countries, by over 10 million companies, and has been adopted by over 100 regulators.

We are supportive of the goals of the GEAR Center to improve the way that citizens interact with federal, state and local governments. As a data standards organization, we recognize that transparent, accurate, timely information is necessary to drive efficiencies in the deployment of services, as well as improved decision-making by businesses and investors, and policy setting by government agencies. Therefore, we believe that standards should play an important role in the GEAR Center.

This letter addresses specific questions raised in the Request for Information (RFI), and how standards are necessary to meet the goals of the GEAR Center.

Informing the GEAR Center

Question from the GEAR Center RFI:

1. *Given the mission of the GEAR Center, what should be:*

- *Its strategic approach and operating objectives?*
- *Specific areas of innovation and practice to prioritize? The process to identify and prioritize additional new areas on an ongoing basis?*

The goals of the GEAR Center, “*re-imagining possibilities for how citizens interact with the Government; rethinking the delivery of citizen services and data; reforming core processes (e.g., procurement, budget, IT investment and capital allocation)*” speak directly to the importance of data as a strategic asset, for federal, state, and local government entities. Data enables the identification of historical trends, and the monitoring of current activity. Data is collected and used by government, to set policy, and deliver services. Data collected and published by government is used by businesses and investors, to make decisions and offer products. Accurate, timely, granular data is needed to help citizens efficiently interact with government agencies, to enable government to cost-effectively dispense services, and improve the efficiency of government activities related to procurement, budgeting, investment in information technology, and the appropriate allocation of capital and operating funds.

Information collected by government can be compliance-related for reporting entities, or it can be data collected in order to fulfill government services, such as citizens applying for permits or licenses. Government collection of information at the federal, state, and local level, is conducted today through a myriad of mechanisms including online forms, paper documents, as PDFs, or in other formats.

Different state governments may collect the same information from citizens in different formats, with different data models and different tools. For example, the departments of motor vehicles (DMV) in California and Idaho use the same online tool to allow citizens to renew their driver’s license. The Rhode Island DMV, however, has a different online system and form that must be filled in to renew a driver’s license. The information collected in these disparate systems should be largely the same. A single set of standards applied to these similar data collection processes would generate enormous efficiencies across state, local, and federal government by standardizing the experience for residents obtaining the service, and the process for governments collecting information.

Similarly, compliance-related data is collected from state and local governments to monitor the financial health of municipalities. This data is useful to municipal bond investors, state governments and federal agencies administering grants. About one-third of the 90,000 state and local governments in the United States produce audited financial reports. Today, there is no consistency in how this financial statement data is reported. Due to the lack of standards for these reports, the ability to aggregate data and compare financial performance of governmental entities is limited. A single standard should be used for all government financial reporting.

In March 2018, Florida Gov. Rick Scott signed legislation called HB 1073¹, which establishes the Florida Open Financial Statement System, and enables the state CFO to build XBRL standards for state, county, municipal, and special district financial filings. XBRL US has established a

¹ Florida House Bill 1073: <http://www.flsenate.gov/Session/Bill/2018/1073/BillText/er/PDF>

working group² to develop financial data standards that can be used by every state and local government in the preparation of their financial statements. These standards will vastly increase the efficiency of reporting and make municipal financial data more timely, consistent, accurate, and easier to consume.

Given the importance of these goals to the proposed GEAR Center, a core strategy should be the development and implementation of government-wide standards for processes and data collected, financial and non-financial.

Effectively implemented standards will benefit all stakeholders:

- Government. Standardization can enable automation and economies of scale across multiple state and local agencies, reducing the cost of data collection, transfer, and analysis, and improving the accuracy of analysis.
- Businesses. More timely, accurate data available from government will enable better decision-making. More efficient government will mean better services provided to local businesses.
- Citizens. Standardization can improve the timeliness and efficiency of the deployment of services to residents and reduce the need to repeatedly collect the same information.
- Investors. Standardization can improve the ability to collect, aggregate, and analyze municipal data for investment purposes.

Developing standardized processes and data collection methodologies across government agencies will require:

- Education and training: the Federal workforce needs to have a solid understanding and the appropriate tools to effectively build and implement standards.
- Stakeholder involvement: cross-agency collaboration and partnership; industry engagement from technologists, standard setters, software providers, businesses, investment, and accounting firms.
- Ongoing government oversight: an effective standards strategy should involve designating a single federal agency to have oversight over the standards developed, coordinating the work of other agencies and businesses involved. Although the objective of the GEAR Center is to diminish the role of the government over time, substituting industry for “*long-term administration, staffing, and operational management*”, it is important that Federal, State and Local government be represented in ongoing oversight roles to ensure that the needs of government agencies are met, and to encourage participation by businesses.

Question from the GEAR Center RFI:

3. What models of public-private partnership should inform the GEAR Center:

- *What sectors, stakeholders, types of expertise, and networks or programs should be involved?*

² XBRL US State and Local Government Working Group: <https://xbrl.us/home/government/state-and-local-government/>

- *What should a governance structure look like or include?*
- *How should the GEAR Center maintain mission focus without the Federal Government being responsible for ongoing administration, staffing, and operational management?*

Government must continue to have an oversight role in the GEAR Center, although that participation need not take the form of operational management. Government involvement is needed to represent government needs, and to encourage participation from the market.

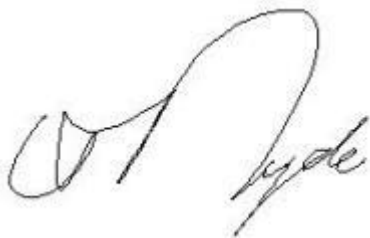
To maintain effective data standards that can evolve with changes in industry, technology, and consumer need, also requires oversight and input from non-government organizations including: nonprofit standards bodies; academic institutions and researchers; individuals, organizations and trade associations that represent both data creators and users; and accounting firms and software providers that serve these communities.

Conclusion

Standards are a proven method to achieve greater efficiency and scalability in government processes, and in the interaction between business and government. A real-world example of how standards can dramatically improve government efficiency can be seen in Australia, where a government-wide standards program called Standard Business Reporting³ has effectively reduced data processing costs for government and business by an estimated \$1.1 billion annually⁴. This kind of improved efficiency, implemented in the United States, can serve to not only reduce information processing costs, but enable government to better serve citizens, provide investors with more timely, actionable information for investment decisions, and provide businesses and government better information to make decisions and set policy.

We appreciate the opportunity to provide our recommendations and are available to respond to any questions. I can be reached at campbell.pryde@xbrl.us or (917) 582-6159.

Sincerely,



Campbell Pryde
President and CEO

³ Australia, Standard Business Reporting: <http://www.sbr.gov.au/>

⁴ IT News article: <https://www.itnews.com.au/news/tax-office-claims-1-billion-in-savings-from-sbr-432460>