

July 16, 2021



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Office of the Undersecretary for Domestic Finance  
Department of the Treasury  
1500 Pennsylvania Avenue NW  
Washington, DC 20220

RE: Interim Final Rule to Implement the Coronavirus State Fiscal Recovery Fund and the Coronavirus Local Fiscal Recovery Fund established under the American Rescue Plan Act

Dear Undersecretary,

Thank you for the opportunity to provide input to the implementation of the Coronavirus State and Local Fiscal Recovery Funds under the American Rescue Plan Act. The American Rescue Plan provides \$350 billion in emergency funding for eligible state, local, territorial, and Tribal governments to respond to the COVID-19 emergency and bring back jobs. The Fiscal Recovery Funds are important and necessary programs that will build on funds already provided through the Coronavirus Relief Fund (CRF).

XBRL US is a nonprofit standards organization, with a mission to improve the efficiency and quality of reporting in the U.S. by promoting the adoption of business reporting standards. XBRL US is a jurisdiction of XBRL International, the nonprofit consortium responsible for developing and maintaining the technical specification for eXtensible Business Reporting Language (XBRL). XBRL is a free, open, nonproprietary data standard widely used in the United States, and around the world, for reporting by public and private companies, as well as banks and government agencies.

We support the distribution of the Fiscal Recovery Funds to help government entities and those who rely on them during these challenging times. As a data standards organization however, we urge the U.S. Treasury to establish a reliable, consistent approach to tracking and monitoring funds disbursed and the impact of this program. The most cost-effective approach is by implementing a data standards program. This approach will result in machine-readable data, and will reduce the reporting burden on governments receiving funds, bring down the cost of data collection and analysis, and will result in more reliable, timely, useful data for policymakers, academic researchers and others who will need to monitor grantee compliance and understand the outcome of the plan.

This letter responds to question 33 in the Interim Final Rule, and explains why the adoption of data standards would benefit regulators and the government entities reporting to them.

## Reporting requirements in the Interim Final Rule

*Question 33: Discuss States' and territories' ability to produce the figures and numbers required for reporting under the interim final rule. What additional reporting tools, such as a standardized template, would facilitate States' and territories' ability to complete the reporting required under the interim final rule?*

The driver for any effective program that involves distributing and tracking funds, regardless of program size, is accurate, consistent, and timely data.

The Interim Final Rule calls for quarterly and annual Project and Expenditure reports through the end of the award period on December 31, 2026. Reports will need to be submitted by states, territories, metropolitan cities, counties, and Tribal governments; and will need to include financial data, information on contracts and subawards, as well as information on types of projects funded and how the funds were used. The number of reports that must be consumed multiplied by the number of reporting entities will be significant; and U.S. Treasury will be called upon to analyze, understand, and explain the outcome of the program in a timely fashion. This is a challenging and costly task in the absence of data standards. Only data standards can render all information received in the same consistent, computer-readable format.

The kind of data required to be reported is complex and involves multiple reporting entities. Every fact reported will have multiple characteristics such as data type (e.g., monetary, integer, string), units (e.g., dollars, square miles, acres, gallons), level of precision (thousands or millions depending on entity size), time period, definition, label, and potentially other dimensional features, such as whether the fact applies to a specific governmental fund or business segment. To capture this level of detail requires manual review and processing, or consistent, structured data standards that can unambiguously explain the data in such a way that each fact can be clearly understood by a computer.

The choice, therefore, is between manual data entry, vetting, and review; or digitization and automation of data preparation and analysis. We strongly support the latter approach to allow U.S. Treasury and all the entities reporting through this program to benefit through reduced workload, lower costs, and better data.

## How data standards improve the efficiency of government relief programs

XBRL is a free, open, nonproprietary language that provides the necessary structure to clearly and consistently define data. It is supported by a global nonprofit standards organization, XBRL International, that continually expands upon the technical specification to accommodate new technologies and formats, and to allow regulators to meet changing reporting needs. There are

over 180 government implementations<sup>1</sup> to track financial data for reporting by public and private companies, government entities, and banks. U.S. government agencies that use XBRL include the Federal Deposit Insurance Corporation (FDIC), the Securities and Exchange Commission (SEC), and the Federal Energy Regulatory Commission (FERC). Regulators worldwide rely on XBRL because it:

- Is an open data standard, with no associated licensing fees to ensure the lowest possible cost to regulators, reporting entities, and data users.
- Has a consistent structure that was developed to handle the complexities of financial data but can also consistently report other types of data, including string, text block, integer, energy, power, and volume information, among others.
- Can be used in existing data collection, reporting, and analytics applications; does not require supply chain participants to re-engineer their existing systems, or to purchase or build new ones.
- Enables changes to reporting requirements quickly and inexpensively. Government data collection programs can pivot quickly and efficiently when reporting needs change with minimal disruption and cost. Thus, data standards are a long-term solution which can adapt to changing needs over time.
- Is widely used, which not only means that there is a precedent for the success of data standards programs with XBRL, but it also means there is a robust market of commercial and open source tools that can be used to create, collect, and analyze data in this format.

Data standards programs work because they rely on a single data model called a “taxonomy” which consistently defines the items that are required to be reported, and the relationship of those items to other items that need to be reported. The taxonomy is a digital collection of terms that provides the “single source of truth” and is referenced by the government data collection system, by applications used by governments when preparing reports to submit, and by analytical tools used to query, extract, and analyze reported data. The taxonomy is managed by the government agency collecting the data and can be updated easily without IT involvement, when needs change.

## **Data standards in practice**

Data standards are widely used and have been shown to be effective in managing the disbursement and monitoring of relief funds. Two examples include the UK tax authority, Her Majesty’s Revenues and Customs (HMRC)<sup>2</sup> and the U.S. FDIC.

When the FDIC was called upon to implement CARES Act requirements to the thousands of banks under their jurisdiction, they were able to leverage their own data standards program which has been in place since 2005. Banks today access a single set of data standards through one of many commercially available applications. The standards, which are in the FDIC XBRL

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<sup>1</sup> XBRL International project directory: <https://www.xbrl.org/the-standard/why/xbrl-project-directory/>

<sup>2</sup> HMRC XBRL guide for business: <https://www.gov.uk/government/publications/xbrl-guide-for-uk-businesses/xbrl-guide-for-uk-businesses>

Taxonomy, tell the reporting application, which then tells the bank, what they need to report. When the FDIC received their instructions on which banks were able to participate in the CARES Act Paycheck Protection Program (PPP), and what additional information they needed to report, the agency could implement the program with ease and speed by making adjustments to the FDIC Taxonomy. Changes could be made by bank analysts, and did not require IT or technologist support. Banks instantly had their requirements and could comply without the need to track down, and then fill in, new forms or templates. And once the data was submitted, the FDIC could extract the data reported automatically - because it was machine-readable as soon as it was reported by the bank. Watch this [video](#) to hear from the FDIC about how they use XBRL in the CARES Act implementation and in other programs.

Similarly, when the UK implemented their own COVID-19 relief program, they were able to take advantage of their XBRL data standards program which has been in place since 2011. Millions of private companies report their tax data in XBRL format to the tax authority, the HMRC, including businesses as small as doctors' offices and drugstores. When the UK was called upon to administer a similar large relief program related to COVID-19, the HMRC was able to leverage their standards infrastructure because they already had much of the data that small businesses needed to report in fully machine-readable, consistent format.

## **How US Treasury could establish a program for Fiscal Recovery Funds Now**

Given that the Fiscal Recovery Fund program is moving ahead already, is it possible to set up a data standards program **now** that will have an impact on this program?

An XBRL data standard (taxonomy) can be built relatively quickly because of the numerous commercial and open source tools on the market today. Plus, the concrete structure of the XBRL standard makes it easy to ensure that the data standards capture all the needed metadata to render Fiscal Recovery Fund reports in machine-readable format. The taxonomy can be based on the quarterly and annual reports already planned for the program.

Once the taxonomy is complete, Treasury can generate an online form from the taxonomy to capture reported data from government entities that converts the inputs into machine-readable format. And commercial providers will step up to build additional applications that may simplify the process for reporting entities. The goal would be to give states, territories, metropolitan cities, counties, and Tribal governments, multiple methods to prepare their quarterly and annual reports. More options mean more flexibility, and better, more cost-effective tools to report. The options could range from a tool as simple as an Excel template to more sophisticated cloud-based reporting applications.

Treasury could provide a lowest cost (free) reporting option for those with simpler reporting needs and limited resources. The end result would be reduced costs for reporting entities and highly functional data reported that is usable as soon as it's submitted. Increased transparency into how and where funds are used, and most importantly, the impact of the programs funded, are significant wins that data standards will bring.

Setting up a data standards program today, to improve the efficiency of the Fiscal Recovery Fund implementation, will be substantially more cost-effective than distributing multiple reports or templates, or of building a database solution to manage this one specific reporting need. More importantly, establishing a simple data standards program today, will set up the U.S. government to handle similar funding programs for the long-term, reducing cost across stakeholders, and improving the timeliness and quality of data reported.

We appreciate the opportunity to provide input to this important topic. I am available to respond to questions or to discuss further how the XBRL standard is used today and how it can be leveraged to reduce costs and improve efficiencies in government relief programs like the Fiscal Recovery Fund. Please feel free to contact us if you have any follow up questions or would like to discuss. I can be reached by emailing [campbell.pryde@xbrl.us](mailto:campbell.pryde@xbrl.us) or at (917) 582-6159.

Respectfully,

A handwritten signature in black ink, appearing to read 'Campbell Pryde', with a large, stylized initial 'C'.

Campbell Pryde,  
President and CEO