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Municipal Finance Law Since 1971

[More and Better Uses Ahead for Governments' Financial Data.](#)

A new federal law will eventually make some data searches and comparisons easier, but implementation will be a challenge. Software vendors will be staking their claims, but public-sector finance associations should take the lead.

In its lame duck session last month, Congress tucked a sleeper section into its 4,000-page omnibus spending bill. The controversial [Financial Data Transparency Act](#) (FDTA) swiftly came out of nowhere to become federal law over the vocal but powerless objections of the state and local government finance community. Its impact on thousands of cities, counties and school districts will be a buzzy topic at conferences all this year and beyond. Meanwhile, software companies will be staking claims in a digital land rush.

The central idea behind the FDTA is that public-sector organizations' financial data should be readily available for online search and standardized downloading, using common file formats. Think of it as "an http protocol for financial data" that enables an investor, analyst, taxpayer watchdog, constituent or journalist to quickly retrieve key financial information and compare it with other numbers using common data fields. Presently, online users of state and local government financial data must rely primarily on text documents, often in PDF format, that don't lend themselves to convenient data analysis and comparisons. Financial statements are typically published long after the fiscal year's end, and the widespread online availability of current and timely data is still a faraway concept.

The primary rationale for this initiative has been transparency of data in the municipal bond marketplace, but a broader vision lies beyond the letter of this law. The last thing that the public finance world needs is yet another walled garden in which data structures are built to benefit a narrow group of industry analysts, muni bond fund managers and regulators. The ultimate benefits of data transparency should be far broader, at little or no cost to taxpayers, students and public agencies. Therein lies an opportunity for the nonprofit associations focused on public finance to take the lead rather than letting software vendors call the shots.

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