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Piercing the Fog: A Call for Greater Transparency in State and Local Government

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EXECUTIVE SUMMARY

“Whenever the people are well-informed, they can be trusted with their own government.”¹

– Thomas Jefferson

There are more than 87,000 local governments in the nation (639 of them in Arizona).² Therefore, the average voter and even the most dedicated researcher might be forgiven for not knowing what many governments are doing. Without more open government, voters will remain uninformed and government unaccountable.

This paper describes why today’s definition of open government, which consists primarily of open meetings and the Freedom of Information Act, is inadequate. It recommends that Arizona government entities go online to make themselves more transparent. It describes how other states are implementing open government, as well as a transparency model developed by the American Legislative Exchange Council (ALEC).

Lastly, this paper makes recommendations for Arizona. The surest, quickest, and easiest way to get to the heart of an enterprise is to open its check register and see how its money is being spent. The Arizona legislature recently passed a measure, Senate Bill 1235, that is a good first step, in that it requires the establishment of an online database for transactions involved in state contracts. But true transparency goes far beyond contracts. To understand how our state is performing, we need an online database of all government expenditures, performance metrics, and debt information, as well as contracts. Arizona should go even further than the ALEC model by including a state requirement that local governments post information, too.

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Introduction

In 2006, the Federal Funding Accountability and Transparency Act was signed into law by President Bush. It mandated the creation of a free, searchable website for all federal contracts and grants. Up and running right now, the website (www.USASpending.gov) provides information on payments greater than \$25,000.³

Currently, there are efforts by the federal government to detail all real property owned by the federal government, making the information available online. There are also plans to document and detail congressional budget earmarks for inclusion in an online database. And there are two websites devoted to federal agency performance (www.results.gov and www.expectmore.gov).⁴

States are also embracing the idea of open government, and reforms are being led by both political parties. Virginia posts individual expenditure data online (<http://datapoint.apa.virginia.gov/index.cfm>) as a result of Senate Bill (SB) 934, Republican-authored legislation passed in 2005. In Texas, a Democrat led the way to the posting of individual agency expenditures on a searchable database (<http://www.window.state.tx.us/comptrol/expendlist/cashdrill.php?id=view>), as mandated by House Bill (HB) 3430, passed in 2007. Oklahoma Republicans triggered the effort to post state expenditures ([\[www.ok.gov/okaa/\]\(http://www.ok.gov/okaa/\)\), as required by SB 1, passed in 2007. Democrats led the charge in Hawaii to pass a similar measure, HB 122, in 2007, although the website is not yet active.⁵](http://</p></div><div data-bbox=)

Just as movements toward greater transparency have been led by both Democrats and Republicans, so too have different branches of government taken up the cause. In Hawaii, Kansas, Minnesota, Oklahoma, Texas, and Virginia, the legislature has led. In Missouri, New York, and South Carolina, governors have issued executive orders to the same end.

These efforts represent some movement toward an ambition expressed by Thomas Jefferson, that “We might hope to see the finances of the Union as clear and intelligible as a merchant’s books, so that every member of Congress and every man of any mind in the Union should be able to comprehend them, to investigate abuses, and consequently to control them.”⁶ Jefferson clearly believed that transparent government was accountable government.

What Transparency Means

In the past, transparency in government meant that important decisions should be made in the open instead of in the proverbial smoke-filled back room. With this understanding, open meetings acts

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were passed at the federal and state levels. Video recordings of government bodies' meetings have been posted to the Internet for general public viewing, partly as a result of the realization that all such meetings are open to the public anyway.

The federal Freedom of Information Act (FOIA) and its state cousins have provided for an additional level of government transparency by requiring government entities to make documents available to anyone who requests them. Reporters, researchers, and legal activists make use of this tool on a regular basis, keeping tabs on everything from daily emails to credit card receipts to handwritten meeting notes.

While these forms of transparency are helpful, indeed essential, for an informed electorate to exercise control over the government, these measures have proved inadequate for gaining a full understanding of the activities of those in government. Open meetings are well and good, but most taxpayers are busy earning a living and do not have the time to assiduously monitor hearings. Government officials often discuss documents and other information not generally available to an audience, leaving even the most dedicated observers somewhat in the dark.

FOIA gives citizens the freedom to ask for information. Government officials are required to make that information available, but it does not mean that it is free. Time, and often money, are involved in gaining access to copies of government documents. Despite the time taken to carefully craft requests for information, it is possible for officials to interpret requests very narrowly

and thereby intentionally, but legally, hold back relevant information on a subject of inquiry.

Open meetings and FOIA were supposed to make government transparent. But because people have limited time and incomplete understanding of how to ask for information, government remains opaque, not transparent. Anyone who depends on open meetings and FOIA requests would be justified in feeling a bit hoodwinked. There are so many government entities to monitor, so many meetings to watch, so many processes that create documents, and so little time in the day that it seems only a slight exaggeration to say that government is able to operate in virtual secrecy in broad daylight.

Today, the technology is available to make government more transparent than ever. Even busy people have the time, if they have the interest, to investigate information on the Internet. It is simply a matter of requiring government to post the information. If some government entities initially have a hard time pulling the information together, it probably means that transparency will assist that government, since much of the financial information is critical to successful management.

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The Need for Greater Transparency

Clearly, government malfeasance or questionable activities exist, and greater transparency helps bring them light. Recently, city officials in Goodyear were

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discovered to have spent \$100 on a single bottle of wine and \$125 on a nail salon—all charged to the taxpayer.⁷ The state of Arizona subsidizes “wellness” classes for state employees, a use of taxpayer funds that many might question if they knew it occurred.⁸ But it would be better to prevent these improprieties in the first place. Some problems could be avoided if transparency were the rule rather than the exception. Transparency is not about the “gotcha.” It is about helping officials keep perspective, expanding the potential talent base for evaluating government efficacy, and focusing dollars where they are most productively expended.⁹

A very thorough oversight of government is needed for several reasons:

- First, government has the power to forcefully compel, a power in tension with our notions of liberty. That includes the power of taxation, and free individuals deserve to know whether their funds are being used in a way that benefits them.
- Second, even the most conscientious public servant serves the public in a knowledge vacuum. Profit and loss statements and market prices inform private enterprises of peoples’ preferences. There is no comparably efficient system for gaining knowledge in any form of government.
- Third, without a profit motive, government officials have a tendency to substitute their own preferences for everybody else’s, often because of the knowledge vacuum already noted. Government managers also lack the profit-motivated incentive to operate as efficiently as possible.

- Fourth, elected and appointed officials have limited time. The more people with the ability to oversee government, the more likely someone will identify waste and fraud quickly. Government is much bigger than it used to be. Those who work in it can be excused for needing some help.

For all the reasons discussed above, detailed information regarding government operations must be available. Budget documents can give us a clue, but broad categories of spending mounting into the millions and even billions of dollars can serve to obfuscate as much as inform. Arizona’s state budget is readily available online, as is a master list of state programs.¹⁰ But programs and spending categories in budget documents are unavoidably high-level titles for the sake of brevity and fail to fully describe how the funds are put to use. Consequently, these documents do not allow for thorough oversight. Money categorized as spent in the name of a worthy program may or may not have been spent to further the aims of that program as generally understood.

In short, today’s expanded understanding of transparency means putting every piece of information on the Internet that logistically can be. That includes contracts, contract performance evaluations, individual payments, performance data, performance evaluations, asset values, agency plans and missions, and any other pertinent information that would help taxpayers learn how and why their money is being spent.

Questions naturally arise concerning the amount of data that should be put on

the Internet, what form the data might take, how detailed the information should be, who should actually perform the work, and how often it should be updated. What seem to be right answers to these questions could turn out to be wrong answers later. Nevertheless, that should not keep information from being made available now. It just means that adjustments will probably have to be made later.

Implementing Transparency

Some state implementation efforts have been more comprehensive than others.¹¹ Rather than replicating summaries of other states' initiatives that are available elsewhere (see Americans for Tax Reform, www.ATR.org, for example), this paper focuses on the ideal to which Arizona should aspire.

Opening Government's Check Register

The surest, quickest, and easiest way to get to the heart of an enterprise is to open its check register and see how its money is spent. Just about every government entity's spending records are already subject to open records. The technology is available to post every transaction into a searchable database on the Internet and in downloadable data files. The cost of implementing a plan to post expenditures on the Internet is minor compared to overall spending, partly because most government transactions already generate electronic records.

If the information in an online spending database does not allow outside observers

to analyze spending with any depth, that information is often nearly useless. High-level financial information is already available. The best way to think about what information should be included is to think about one's personal finances and the pieces of information that are often required in personal finance software.

Information needed on a government expenditure database for each individual payment includes:

- the amount of the payment
- the date of the payment
- the last three digits of the check or warrant number
- to whom the payment was made, including business addresses
- what the payment was for, in simple descriptive language
- the budgetary authority for the expenditure
- to what functional expenditure category the payment was coded, as applicable
- a breakdown of sources of funds from which the expenditure was made
- links to the relevant contract under which the payment was made.

This list comes very close to matching a list in the American Legislative Exchange Council's model bill language, which includes items relating to agency and program performance (an issue addressed below). The information specified in the list above is intended to give watchdogs the ability to follow taxpayer funds, making sure that they are spent effectively and as intended. Consequently, very few exceptions for the requirement to report expenditures should be made. (A discussion

Because this information is complex, it should be posted in a spreadsheet format that can be easily downloaded and searched through a utility program on the Internet. A spreadsheet lends itself to browsing, sorting, and detailed statistical analysis in a way that a simple search utility cannot provide.

of appropriate exceptions follows.) With simple explanations of expended funds, coding issues can be checked for logical consistency, and errors can be spotted. Breakdowns on sources of funds allow observers to understand the full extent of potential savings for state and local taxpayers.

Because this information is complex, it should be posted in a spreadsheet format that can be easily downloaded and searched through a utility program on the Internet. A spreadsheet lends itself to browsing, sorting, and detailed statistical analysis in a way that a simple search utility cannot provide. Minor, accidental input errors such as misspellings can be spotted by the interested sleuth. As a result, efforts to frustrate transparency, such as checks being made out to different names for the same entity, are themselves more likely frustrated.

A risk also arises when public officials have credit cards. A credit card bill often aggregates many individual transactions that are sometimes for different purposes. Each transaction from a credit card invoice should therefore be reported. In some way, this should already occur within agencies. An issue that would have to be worked out logistically is how to get this level of detail posted to the Internet through a central portal.

Thus far, states generally have a single entity posting expenditures to the Internet for the entire state. In Texas, this responsibility lies with the Comptroller of Public Accounts; in Oklahoma, the Office of State Finance; and in Hawaii, the Department of Budget and Finance. Various individual

agencies of the state, however, will have to break down credit card information and make it available to the central authority responsible for disseminating the information through the Internet. Virginia posts individual transactions from credit card bills, although more detail on the origin of the purchase and the category to which it is coded is needed.¹²

Maintaining a central repository for transparency data is wise. It keeps interested individuals from having to fish through information that they are not interested in or that is irrelevant for their purpose. Agencies generally build websites as a customer service interface, not as research resources. If agencies are left to post transparency data, some might be very upfront and display links to the data prominently on their main webpage; others might make transparency a much lower priority and keep this type of information buried.

It also makes sense to give responsibility for disseminating spending information to an agency headed by an elected official. This ensures that public pressure will play a part, because the tendency of the public is to press for more transparency rather than less. Multiple checks and balances should be put in place, as well. Another elected or appointed official should be put in charge of auditing the database. The Kansas statute created the Public Finance Transparency Board with members appointed by various state-level policymakers to help determine the content and format of information made available. This type of blue ribbon body is worth considering as a further check on the quality of data. Such a board might also be given its own audit authority.

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Besides a few state governments, school districts have taken the lead in posting government check registers, especially in Texas, where two-thirds of locally financed spending is now online. This is, in no small part, a response to one activist, Peyton Wolcott, who has dedicated her efforts to school district spending transparency even beyond Texas. A lawsuit against the state by Texas school districts prompted some people to press for ready access to their check registers. A few districts preemptively posted their registers in response to an executive order by the governor that 65 percent of funding flow to the classroom. A rule implementing the order made check register posting an exception to the requirement. As of this writing, 168 school districts in 14 states, though mostly in Texas, are known to post their check registers. Unfortunately, none of these is in Arizona.¹³

Disclosing Debt Information

One type of information that can be particularly difficult to come by for state and local government is detailed information on long-term debt. Even though it is fairly straightforward to get information on total debt for most governmental entities, this information is often of limited value. At any given time, a governmental entity's debt might be the result of several bond issues. Some bonds are closer to maturity than others. Debt administration can be quite complex, but this does not exempt government from making information available.

Currently, the Arizona Department of Revenue publishes a report on state and local debt, which is a good first step. For

many states, it is difficult to get total state and local debt figures except to consult Census data, which lags badly. So Arizona deserves commendation for this step. Nevertheless, the Arizona report lacks detail, showing only current principal owed and the amount of principal repaid on outstanding bond issues over unspecified periods, by various types of entities within each county and by various state agencies.¹⁴

Comprehensive debt information should be available for every debt-issuing governmental entity while the state maintains its high-level debt report. Information on debt should include:

- current total principal owed
- a breakdown of each outstanding bond issue, including when and how it was authorized, initial principal, outstanding principal, current interest, and total interest cost over the life of the bond
- a list of projects and purchases for each bond issue, including information to allow cost comparison (e.g., building cost per square foot)
- histories of bond package renegotiations
- bonding authority that is outstanding
- information on the buildup of reserves to pay off maturing bonds.

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Opening Government Contracts

Minnesota thus far has required only contracts and state grants to be posted on the Internet. Although that may sound trivial, it is not. Many expenditures result from contracts, and access to

those contracts is helpful for watchdogs interested in making sure that their money is well spent. A single vendor, for example, might enter into a number of contracts with different agencies. A contract database can help agency administrators check into past vendor performance more effectively. The same is true for watchdogs monitoring “sweetheart deals” or even the competence of contract negotiators.

Many individual expenditures are tied to specific contracts. These expenditures should be linked in the online expenditure database to the contracts, or at least contain a reference to the contract with a notation regarding which part of the contract the remuneration is compensating.

Arizona is already ahead of the times with a fairly comprehensive contract database. For each contract, summary information is made available, including the amount of contract, an identification number, the agency involved, and dates. Even the contract itself is often available. Unfortunately, the piece of information most often excluded in the summary is the value of the contract. Statutory requirements could standardize the information that is made available to the outside observer. The current system is aimed at contract administrators within state government, not citizens.¹⁵

A copy of the actual contract should be available. As part of the summary section, the value of the contract should be included with a short synopsis of deliverables and a payment schedule. Clearly, the contracting agency and party contracted should be separately listed, along with principle contacts of the contracted party and the

principle individual contract administrator of the contracting agency.

The passage of SB 1235 during the 2008 legislative session strengthened the contract transparency laws in Arizona. The bill requires posting of much of the information itemized above, but only with respect to government contracts. It also requires the posting of individual payments into a database searchable by agency, contractor, and program, as well as descriptions of the transactions, including their purposes.¹⁶ It is unclear, however, just how comprehensive this measure will be. It is quite possible that many transactions will be missed, since the bill focuses exclusively on contracts.

Opening Government Performance

Because government does not face competition and has no profit motive, it is especially important that the aims and objectives of government agencies be clearly stated. Concrete goals and objectives must be spelled out, and measurable performance data must be gathered. All of this information should be made readily available. Unfortunately, this information is largely unavailable and appears to receive little attention from government agencies. Even when there are strategic plans, other types of performance information are not available. The Arizona Department of Environmental Quality, for example, has a four-page strategic plan with no specificity.¹⁷

The requirement to post agency performance and planning data on the Internet might discipline agencies into practicing more effective management. Having agency performance metrics, or lack

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thereof, in full view of the interested public can have the effect of focusing attention on what really matters. If the legislature firmly defines performance metrics, agency personnel will be forced to look at their own performance in the same light.

What constitutes objective performance measures, mission parameters, goals, and objectives is beyond the scope of this paper.¹⁸ Nevertheless, it would be both instructive and constructive for whatever such measures exist to be posted to the Internet. Strategic plans, many of which are already available on the Internet but not always easy to find, should be prominently posted, along with links to current performance metrics and results. Hopefully, statutory specifications would be such that the strategic plans would be more substantive than the lengthy sales tracts they often tend to be. When expenditures are posted with their explanatory programmatic information, there should be easy linkages to performance metrics. Taxpayers might actually be of assistance in tightening performance measures.

Current performance levels and performance measures are of little use, though, without some historical context. In order to see trends and to determine the efficacy of government programs, 10 years or more of historical data are required. Some programs appear to have an even longer-term horizon, which means that historical data must be available for a longer period of time.

Unfortunately, one of the great failings of government has been a lack of evaluation for effectiveness, as well as efficiency. This is another area in which transparency can exercise a positive influence.

Increasing Awareness of Government

The state is not the only level of government that needs more transparency. As already noted, there has been movement toward greater transparency at the federal level. Efforts are being made for greater school district transparency around the nation, as well. But there is a host of other entities in Arizona that need to post their activities and finances on the Internet. These include counties, cities, school districts, hospital districts, fire districts, Maricopa County's Tourism and Sports Authority, and others.

Many of these entities already have websites on which information important to taxpayers is often posted.¹⁹ There is an ongoing effort by local governments in Arizona, as well as other states, to keep in touch with their constituents through the Internet. Some are more user-friendly than others, and there is little standardization of the information available or how it is accessed.

Nevertheless, Arizona could create a website that lets users instantly find every governmental entity with jurisdiction over a particular address, along with links to those entities. MapQuest and Google have already demonstrated that the technology is available to map any given geographic area. Many states, including Arizona, already have utilities available that allow an individual to type in an address or zip code and find out which state and congressional districts the address is in.²⁰

Each local governmental entity should have to post the following information with prominent links on its website:

Arizona could create a website that lets users instantly find every governmental entity with jurisdiction over a particular address, along with links to those entities.

- A map of the entity's jurisdiction, with sufficient detail to allow a constituent to identify whether or not neighbors' homes lie within the jurisdiction
- Information on governance, including:
 - names and contact information of individuals on the governing body
 - description of how the governing body is selected
 - length of individual governing board member terms and how long each has served
 - election date or appointment information, as applicable
 - history of the entity (e.g., when and how it was first constituted)
 - the same financial, contract, and performance information as that listed for the state above.

A statewide elected official should be given the task of checking the websites for accuracy and completeness, as well as auditing the completeness of financial information.

Finally, a statewide elected official should be given the task of checking the websites for accuracy and completeness, as well as auditing the completeness of financial information. Local governments are required to have themselves audited. However, there should be outside, independent confirmation that the information made public is completely accurate. This could be done at a reasonable cost through random audits by a state entity or a private firm contracted by the state.

Transparency Caveats

With any good idea, there are always complications and exceptions. Transparency is certainly no exception to this rule. Issues have been raised concern-

ing privacy, ownership and control of data, and costs. None of these issues is difficult to overcome. However, in responding to the concerns raised, policymakers can render transparency increasingly opaque, to the point that it becomes ineffective as a tool for watchdogs and taxpayers.

Data Ownership and Control

Some believe that government will be most transparent when a private entity posts government information. This vision of transparency would entail a regular series of FOIA requests to a number of agencies, possibly every agency in a state, then inputting and arranging the data. The requester would own the data, with the advantage that politics are less likely to play a big role in a watchdog's activities. The chief disadvantages include a lack of expertise in dealing with the vagaries of government, understanding and anticipating games that can be played with data, and a very real risk of lack of continuity on the part of the organization gathering and posting the data.

A good spending database requires development by individuals with inside knowledge, years of experience, and ready access to data. These characteristics describe career people already in government. Continuity is ensured by a legal requirement that financial detail be made available by the government, which has an infinite life. Redundant checks and balances involving elected officials and career bureaucrats ensure accuracy and fullness of reporting.

Privacy Concerns

To the greatest possible extent, there

should be no exceptions to posting expenditure data. There should be no transaction too small to post, and no recipient of taxpayer funds should have the right to receive the funds in complete anonymity. But of course, there are always exceptions to this rule. For example, when a taxpayer overpays a tax bill, the refund should not be made public. The purpose of putting the government's check register online is to make expenditures more transparent, but the refunds sometimes associated with receipts should not be listed. Because of a host of privacy concerns and the coerced nature of such transactions, individual tax payments to the government should not be made public.

Other justifiable exceptions are difficult to conceive, although there is no end to calls for exemptions when expenditure transparency is proposed. Understandably, individuals want to keep their incomes private, along with other financial information. Government employees, however, do not have this luxury. Employee salaries are subject to FOIA requests. As a result, there is little justification in withholding individual employee salary information in an expenditure database. Government expenditures for some governments are not transparent at all if payroll is exempted. For example, aggregate employee salary information is of little use when investigating whether or not schools are wasteful, since about 85 percent of school costs are in personnel.

Costs of Access

Thus far, where transparency measures have been implemented, access to the information is available free of charge. This

is how it should remain. In the days when a taxpayer would have to sit down and pore through paper ledgers, it was understandable that the ledgers were not readily available. With the advent of copying technology, it was understandable that someone could be charged for copies. Taxpayers could hardly be expected to foot the bill for fishing expeditions, and government bookkeepers had to be able to do their jobs without constant interruption.

Today, the Internet and computer technology have changed the expense involved in making information readily available. With transactions already being electronically processed, it should not be that difficult to program computers to direct the information into a database that can be made public for observation on the Internet and for download. Once the programming is done, much of the work can be automated. The same is true for contract and performance data. Managers need this information anyway to judge their own effectiveness.

The example of school districts shows that government can and should post its check registers with minimal costs. School districts have not asked for extra funds to do so, nor should any other agency at any level of government have to do so. In fact, cost savings could result from fewer FOIA requests once information is readily available online.

Of course, there are costs involved, although they are frequently absorbed by current budgets. In Virginia, the spending database was developed internally by the Auditor of Public Accounts. Much of the data were readily available as a result of

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past audits, and the staff already had the necessary skills. Four to five staff were required. In addition to their salaries, there were software and hardware costs involved.

a lot to gain from increased government transparency.

In short, there are initial start-up costs and ongoing costs as well.²¹ However, these costs, which might have been as high as \$1 million in the first year of development, and could be as high as \$500,000 on an ongoing basis, should be mitigated over time as processes improve.

At the federal level, the nonprofit OMB (Office of Management and Budget) Watch won the bid to develop the federal database for \$600,000. Development is ongoing, but that database has exceeded expectations.²² As time goes on and expertise grows, costs of developing transparency websites will likely fall.

Conclusion

There is no excuse for any citizen to be left in the dark regarding government activities if an individual wants to make an effort to look into them. Nevertheless, it is often difficult to get information and to know the right questions to ask when requesting it. The solution is to require government to be more transparent with its activities and expenditures by posting this information online in a standardized format. Government officials are likely to be more circumspect and taxpayers less suspicious. Additionally, more brainpower applied to government issues can make it more efficient. There is nothing to lose but

Appendix A

Checklist for Spending Transparency

An expenditure database should include the provisions listed below. Logistically, it might not be possible to fully implement all provisions at once. These elements should be prioritized, and deadlines for their development determined accordingly.

- A. The following information should be included with each transaction:
 - 1. the amount of the payment
 - 2. the date of the payment
 - 3. the last three digits of the check or warrant number
 - 4. to whom the payment was made, including business addresses
 - 5. what the payment was for, in simple descriptive language
 - 6. the budgetary authority for the expenditure
 - 7. to what functional expenditure category the payment was coded, as applicable
 - 8. a breakdown of sources of funds from which the expenditure was made
 - 9. links to the relevant contract under which the payment was made.
- B. The information should be available on the Internet without charge.
- C. The information should be downloadable in a spreadsheet format.
- D. The information should be searchable on the Web by agency, recipient, budget category, and functional category.
- E. Each expenditure should be linked to contracts and agency performance information, where applicable.
- F. Provision should be made for breaking down the detail of credit card transactions.
- G. Tax refund payments should be exempted from inclusion.
- H. There should be few exemptions to requirements that transactions be posted.
- I. A statewide elected official should be in charge of the database.
- J. Provisions for auditing the database should be made.
- K. There should be a database of local governments allowing access to
 - 1. A map of each local jurisdiction
 - 2. Governance information, including
 - a. names and contact information of governing body
 - b. information on governing body selection
 - c. schedules of regular elections
 - d. notice of governing body elections and selections
 - e. entity history
 - f. financial information.

Appendix B

The model legislation below is a product of the American Legislative Exchange Council (ALEC). This is an excellent piece of free-standing transparency legislation. It can serve as an advanced starting point for drafting legislation in states without preexisting transparency statutes and can be modified to include the additional ideas contained in this paper.

Taxpayer Transparency Act An ALEC Model

Intent Section

The Legislature finds that taxpayers should be able to easily access the details on how the state is spending their tax dollars and what performance results are achieved for those expenditures. It is the intent of the Legislature, therefore, to direct the [state budget office] to create and maintain a searchable budget database website detailing where, for what purpose and what results are achieved for all taxpayer investments in state government.

Short Title

This Act shall be known and may be cited as the “Taxpayer Transparency Act.”

Definitions

- (1) “Searchable budget database website” means a website that allows the public at no cost to search and aggregate information for the following:
 - a. the name and principal location or residence of the entity/and or recipients of funds,
 - b. the amount of funds expended,
 - c. the funding or expending agency,
 - d. the funding source of the revenue expended,
 - e. the budget program/activity of the expenditure,
 - f. a descriptive purpose for the funding action or expenditure,
 - g. the expected performance outcome for the funding action or expenditure,
 - h. the past performance outcomes achieved for the funding action or expenditure,
 - i. any state audit or report relating to the entity or recipient of funds or the budget program/activity or agency,
 - j. and any other relevant information specified by the [state budget office].

- (2) “Entity/and or recipients” means:
- a. a corporation,
 - b. an association,
 - c. a union,
 - d. a limited liability company,
 - e. a limited liability partnership,
 - f. any other legal business entity including non-profits,
 - g. grantees,
 - h. contractors, and
 - i. a county, city or other local government entity.

“Entity/and or recipients” does not include an individual recipient of state assistance.

- (3) “Agency” means a state department, office, board commission, bureau, division, institution, or institution of higher education. This includes individual state agencies and programs, as well as those programs and activities that cross agency lines. “State agency” includes all elective offices in the Executive Branch of government and the Legislature.
- (4) “Funding source” means the state account the expenditure is appropriated from.
- (5) “Funding action or expenditure” shall include details on the type of spending (grant, contract, appropriations, etc.). This includes tax exemptions or credits. Where possible, a hyperlink to the actual grants or contracts shall be provided.
- (6) “State audit or report” shall include any audit or report issued by the [state auditor or comptroller], legislative auditor, legislative committee, or executive body relating to the entity or recipient of funds or the budget program/activity or agency.
- (7) “Director” means the Director of the [state budget office].
- (8) “Shall” means the obligation or duty to perform; no discretion is granted.

Searchable Budget Database Website Created

By January 1, 20xx, the Director shall develop and make publicly available a single, searchable budget database website including the required data for the [most recent state budget].

Updates

Effective July 1, 20xx, the searchable budget database website shall be updated for each fiscal year not later than 30 days following the close of the fiscal year. In addition, the Director may update the searchable budget database website as new data becomes available. All state agencies shall provide to the Director all data that is required to be included in the

searchable budget database website not later than 30 days after the data becomes available to the agency. The Director shall provide guidance to agency heads to ensure compliance with this section.

By January 1, 20xx, the Director shall add data for the [previous budgets] to the searchable budget database website. Data for previous fiscal years may be added as available and time permits. The Director shall ensure that all data added to the searchable budget database website remains accessible to the public for a minimum of ten years.

Compliance with Act

The Director shall not be considered in compliance with this act if the data required for the searchable budget database website is not available in a searchable and aggregate manner and/or the public is redirected to other government websites, unless each of those sites has information from all agencies and each category of information required can be searched electronically by field in a single search.²³

NOTES

1. Thomas Jefferson to Richard Price, 1789, <http://etext.virginia.edu/jefferson/quotations/jeff1350.htm>.

2. As of 2002, there were 87,525 local government entities in the United States. See U.S. Census Bureau, "Federal, State, and Local Governments: Governments Integrated Directory," last updated April 21, 2005, <http://www.census.gov/govs/www/gid2002.html>.

3. Americans for Tax Reform, "State, Federal and Local Efforts to Increase Transparency in Government Spending," January 24, 2008, http://www.atr.org/content/pdf/2008/ot-trnsp_memo.pdf.

4. Americans for Tax Reform, "State, Federal and Local Efforts to Increase Transparency in Government Spending." See also Victor Joecks, "Congress Considering Searchable Budget Database," Evergreen Freedom Foundation, July 27, 2006, http://www.ewfa.org/main/article.php?article_id=1660.

5. Americans for Tax Reform: *Transparency in Government Spending: State Legislative and Executive Efforts, Collection of Enacting Documents*, Washington, D.C., 2007.

6. Thomas Jefferson to Albert Gallatin, 1802, <http://etext.virginia.edu/jefferson/quotations/jeff1330.htm>.

7. See Byron Schломach, Goldwater Institute, "Goodyear Officials Wine and Dine on the Taxpayer Dime," video from KPHO Channel 5, December 3, 2007, <http://www.goldwaterinstitute.org/aboutus/ArticleView.aspx?id=1951>.

8. See Arizona Benefit Services Division, "Wellness Classes," <http://www.benefitoptions.az.gov/wellness/classes.asp>.

9. See Peyton Wolcott's weblog at <http://www.peytonwolcott.com/CleburneISD.html> for another recent example of questionable spending from a school district in Cleburne, Texas.

10. See Arizona State Legislature, Joint Legislative Budget Committee, *FY 2008 Appropriations Report*, <http://www.azleg.gov/jlbc/08app/apprpttoc.pdf>. See also <http://www.azleg.gov/jlbc/prosumm.htm> for selected program summaries and Governor's Office of Strategic Planning and Budgeting, *Fiscal Years 2005-2007: The Master List of State Government Programs*, June 26, 2006, <http://www.ospb.state.az.us/documents/MasterList2005-2007.pdf> for a list of state government programs.

11. See Show Me the Spending Coalition at <http://www.showmethespending.org/> for the current state of transparency efforts.

12. See Virginia Auditor of Public Accounts, "Small Purchase Charge Card by Agency and College," http://datapoint.apa.virginia.gov/SPCC_agy_fy.cfm.

13. See Peyton Wolcott's weblog, <http://www.peytonwolcott.com>.

14. See Arizona Department of Revenue, "Bonded Indebtedness," <http://www.revenue.state.az.us/ResearchStats/Bondedindebtedness.htm>, for reports beginning with the 2002-2003 fiscal year.

15. See Arizona Department of Administration, "SPIRIT: Automated eProcurement System," <https://spirit.az.gov/Applications/SPIRIT/SR.nsf>.

16. See Arizona State Legislature, "SB 1235," http://www.azleg.gov/Documents/ForBill.asp?Bill_Number=sb1235, for a copy of the bill and a bill summary.

17. See <http://www.azdeq.gov/>. Under the same link on its website ("Budget and

Performance” under “About ADEQ”), the budget posted is for multiple years through 2004 and was prepared in December 2003.

18. For a discussion specific to Texas, see Byron Schlomach and Talmadge Heflin, “Demanding Performance, Part II: Outcome and Efficiency Measures,” Texas Public Policy Foundation, September 2006, <http://www.texaspolicy.com/pdf/2006-08-PP-demandperformanceII-bsth.pdf>.

19. See Arizona State University, “ASU Libraries: Arizona Special Purpose Governments,” http://www.asu.edu/lib/hayden/govdocs/local/sp_purp.htm, for a list of links to various special districts in Arizona.

20. See Arizona Independent Redistricting Commission, “Interactive District Maps,” <http://azredistricting.org/mapping/default2.asp?tname=Interim.2004.Legislative.Map&service=ircmaps&Layer4=on&Layer1=on&action=zoomin&ActiveLayer=16>.

21. April C.V. Gunn, CPA, CISA, Director, Data Analysis, Auditor of Public Accounts, Commonwealth of Virginia, email correspondence, January 10, 2008.

22. Elizabeth Williamson, “OMB Offers an Easy Way to Follow the Money,” *Washington Post*, December 13, 2007, p. A33, <http://www.washingtonpost.com/wp-dyn/content/article/2007/12/12/AR2007121202701.html>.

23. Please contact Jonathan Williams, ALEC’s Tax & Fiscal Policy Task Force Director, at jwilliams@alec.org or (202) 742-8533 if you have any questions or concerns.

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