



Transparency.gov 2.0

**Using The Internet For Budget  
Transparency To Increase  
Accountability, Efficiency And  
Taxpayer Confidence**



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## Using The Internet For Budget Transparency To Increase Accountability, Efficiency And Taxpayer Confidence



By Phineas Baxandall and Benet Magnuson

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**MASSPIRG Education Fund.** With public debate around important issues often dominated by private special interests pursuing their own narrow agenda, the MASSPIRG Education Fund offers an independent voice on behalf of the public interest. The MASSPIRG Education Fund, a 501 (c)(3) organization, works to promote consumer protection and good government in the state of Massachusetts. We investigate problems, craft solutions, educate the public and offer citizens meaningful opportunities for civic participation.

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# Executive Summary

The ability to see how government uses the public purse is fundamental to democracy. Budget transparency checks corruption, bolsters public confidence in government, and promotes fiscal responsibility.

In the private sector, internet search technology has revolutionized the accessibility and transparency of information. We take for granted the ability to track deliveries online, to check cell phone minutes and compare real estate on the Web, even to summon—at the click of a

mouse—satellite and street-level views of any address. But until recently, when it came to tracking government expenditures online, we were left in the dark.

State governments across the country are changing that. A growing number of states are using powerful Internet search technology to make budget transparency more accessible than ever before. Legislation and executive orders around the country are lifting the electronic veil on where tax dollars go. At least 18

## Transparency 2.0 Is Comprehensive, One-Stop, One-Click Budget Accountability And Accessibility

Transparency 1.0	Transparency 2.0
<p><b>Incomplete:</b> Citizens have access to only limited information about public expenditures. Information about contracts, subsidies, or tax expenditures is not disclosed online and often not collected at all.</p>	<p><b>Comprehensive:</b> User-friendly web portal provides citizens the ability to search detailed information about government contracts, spending, subsidies, and tax expenditures.</p>
<p><b>Scattered:</b> Determined citizens who visit numerous agency websites or make public record requests may be able to gather information on government expenditures, including contracts, subsidies, and special tax breaks.</p>	<p><b>One-Stop:</b> Citizens can search all government expenditures on a single website.</p>
<p><b>Tool for Informed Insiders:</b> Researchers who know what they are looking for and already understand the structure of government programs can dig through reports for data buried through layers of subcategories and jurisdictions.</p>	<p><b>One-Click Searchable:</b> Citizens can search data with a single query or browse common-sense categories. Citizens can sort data on government spending by recipient, amount, legislative district, granting agency, purpose, or keyword.</p>

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states currently mandate that citizens be able to access a searchable online database of government expenditures. These states have come to define “Transparency 2.0”—a new standard of comprehensive, one-stop, one-click budget accountability and accessibility.

Massachusetts, consistently ranked as a top state for technology industries, should be a natural leader of the Transparency 2.0 movement. But as more and more states upgrade their transparency systems, Massachusetts has fallen behind the emerging set of best practices.

In anticipation of the state administration’s plans to significantly overhaul and improve the quality of the state’s Information Technology (IT) capabilities, MASSPIRG reviewed how the Commonwealth could catch up to other states in using the Internet for public budget transparency to increase accountability, efficiency and improve taxpayer confidence. We find that Massachusetts is far behind many other states; but that significant benefits could be achieved through relatively easy-to-implement reforms.

In August of 2008, the Office of Information and Technology posted for public comment a draft vision and plan for updating state government’s information technology in ways that will improve residents’ quality of life. The Governor and the

Office of Information Technology deserve praise for their commitment to make government more accessible through this three-year plan laid out in the IT vision. The legislature wisely approved \$500 million towards achieving this vision in the Government Bond Bill on July 31<sup>st</sup>.

This report makes the case that in the course of upgrading government IT systems we must seize the opportunity to catch up with a nationwide movement of state and local government to enhance budget transparency and thereby increase efficiency, accountability, and public trust. The report documents the accelerating trend toward budget Transparency 2.0 in other states. It examines the benefits of this improved transparency, highlighting best practices and offering suggestions for how Massachusetts can catch up.

### **Nationally, The Movement Toward Government Budget Transparency 2.0 Is Broad, Bipartisan, And Popular**

- *A nationwide wave*—In just the past two years, legislation and administrative rules in eighteen states have given citizens access to a searchable online database of government expenditures. State initiatives also mirror a new federal program.
- *Bipartisan efforts*—Transparency legislation has been championed by legislatures both Republican and Democratic, with federal legislation to strengthen web-based budget transparency cosponsored by Senator McCain (R-AZ) and Senator Obama (D-IL).
- *Large public support*—More than 80 percent of Maryland citizens supported the creation of a budget transparency portal for their state, with similar support in Oklahoma.

## Transparency 2.0 Saves Money And Bolsters Citizen Confidence

- *Increased civic engagement*—Citizens are eager to use transparency websites. Houston officials report improved public confidence after the launch of their transparency website. The Missouri Accountability Portal received more than six million hits less than a year after its launch.
- *Low cost*—Budget transparency websites can be inexpensive to create and maintain. The federal transparency website, which allows citizens to search over \$2 trillion in federal yearly spending, cost less than \$1 million to create. Missouri’s website, which allows its citizens to search over \$20 billion in state annual spending and is updated daily, was created with already-existing staff and appropriations.
- *Big savings*—Transparency websites can save millions through more efficient government operations, fewer information requests, more competitive contracting bids, and lower risk of fraud. In Texas, the Comptroller reports \$2.3 million in saving from more efficient government administration following the launch of their transparency website. Utah estimates millions in savings from reduced information requests. The largest savings may come from the deterrence of waste or abuse of public funds because public officials or contractors know that decisions are open to scrutiny.
- *Better targeted expenditures*—Transparency budget portals allow states to track how well subsidies and tax incentives deliver results. Funds from underperforming projects and programs can be reinvested in successful

programs. By tracking the performance of state subsidies, Minnesota and Illinois in particular have both been able to recapture money from numerous projects that failed to deliver promised results. Agencies can also more efficiently achieve affirmative action goals by identifying leading departmental practices and contractors that advance these goals.

- *Better coordination of government contracts*—Massachusetts’ State Purchasing Agent identifies four sources of savings for state procurement officers: sharing information with other public purchasers on good deals; avoiding wasteful duplication of bidding and contracting procedures through centralized processes; better enforcement of favorable pricing and contract terms; and focusing on cost-cutting where greater resources are spent.

## Other States Have Developed Best Practices

- *Comprehensive*—Leading states provide more comprehensive information on a broader range of expenditures, including contracts and subsidies with private parties.
  - *Minimal thresholds or delays*—Disclose all expenditures big and small, direct and indirect, with information updated frequently.
  - *Local jurisdictions and authorities*—Disclose spending by all government agencies and entities, including independent authorities and, increasingly, municipalities.

- *Contracts*—Disclose detailed information for each government contract, tracking the purpose and performance as well as spending on subcontractors.
- *Subsidies*—Disclose detailed information, including the purpose and outcome of each subsidy. Compile a unified economic development budget to coordinate information about disparate programs. Link disclosure to automatic mechanisms to recapture subsidies if recipients don't deliver on their promises.
- *One-Stop*—Leading states offer one central website where citizens can search all government expenditures. In many Transparency 1.0 states, a patchwork of disclosure laws provides information about government expenditures – if citizens know where to look. But citizens must access numerous websites, go to several agency offices, read through dense reports, make formal information requests, and figure out complex bureaucratic structures to ascertain what is and isn't included. Transparency 2.0 states, by contrast, disclose all information about government expenditures on a single website, including comprehensive information about government contracts and subsidies.
- *One-Click Searchable*—Commercial internet vendors know that a few extra clicks make it far less likely that users will get to their destination. Leading states allow citizens both to browse broad, common-sense categories of government spending and to make directed keyword and field searches.

## **Massachusetts Can Become A Leader Of The Transparency 2.0 Movement**

- *Good first step on contracts*—Massachusetts's Comm-PASS website allows citizens to examine many statewide contracts and some contracts from independent government authorities and local governments. However, only some contracts are included and data is often incomplete. The tool is not designed to enhance citizen oversight.
- *Needs improvement on subsidy disclosure*—Although Massachusetts's economic development tax expenditures are expected to exceed a record \$1.5 billion this year, the commonwealth currently tracks and discloses very incomplete information about subsidies.
- *Lobbying and campaign contribution transparency needs to be linked*—Massachusetts already offers better-than-average transparency websites on lobbying and campaign contributions. Making it more user-friendly and integrating this information for entities that are awarded state contracts will be a useful check to ensure contracts are not provided as rewards for political favors.
- *Scattered*—Massachusetts government spending information is currently disclosed through a patchwork of websites and reports. Integrating existing government expenditure information on a single central website will go a long way toward providing Massachusetts citizens with one-stop transparency.



# Introduction

The ability to see how government uses the public purse is fundamental to democracy. Budget transparency checks corruption, bolsters public confidence in government, and promotes fiscal responsibility.

Poor transparency, on the other hand, corrodes democracy: When citizens are unable to access information about public funds, or when that information is difficult to scrutinize, accountability is severely hampered. As the Association of Government Accountants notes, “Without accurate fiscal information, delivered regularly, in an easily-understandable format, citizens lack the knowledge they need to interact with—and cast informed votes for—their leaders. In this regard, a lack of government accountability and transparency undermines democracy and gives rise to cynicism and mistrust.”<sup>1</sup>

In the private sector, internet search technology has revolutionized the accessibility and transparency of information. We take for granted the ability to track deliveries online, to check cell phone minutes and compare real estate on the Web, even to summon—at the click of a mouse—satellite and street-level views of any address. But until recently, when it came to tracking government expenditures online, we were left in the dark.

State governments across the country are changing that. A growing number of states are using powerful Internet search technology to make budget transparency more accessible than ever before. Legislation and executive

*“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.”*

–Thomas Jefferson, 1802

orders around the country are lifting the electronic veil on where tax dollars go. At least 18 states currently mandate that citizens be able to access a searchable online database of government expenditures.<sup>2</sup> These states have come to define “Transparency 2.0”—a new standard of comprehensive, one-stop, one-click budget accountability and accessibility.

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**Experience from the leading Transparency 2.0 states show that these websites are effective, low-cost tools that bolster citizen confidence, reduce contracting costs, and improve public oversight.**

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Experience from the leading Transparency 2.0 states show that these websites are effective, low-cost tools that bolster citizen confidence, reduce contracting costs, and improve public oversight. The popularity of these sites can

be seen in the millions of visits by citizens to Missouri’s Accountability Portal website and in the increased number of businesses bidding for government contracts on Houston’s transparency website.<sup>3</sup> Meanwhile, Texas’s Comptroller reports her agency saved \$2.3 million by using its transparency website to make its administration more efficient.

Massachusetts has only barely begun to take full advantage of the benefits of online transparency for government expenditures. The commonwealth maintains a website which allows the search of some government contracts online, it compiles an annual tally of special tax breaks, and the revamped budget website

now provides citizens with a birds-eye view of department appropriations.<sup>4</sup> But the commonwealth still remains far behind the best practices of the leading Transparency 2.0 practices in other states.

Massachusetts needs to take the next step. The Bay State has long been at the forefront of technological innovation, and should be a natural leader of Web-based transparency and accountability; but it remains stuck in Transparency 1.0.<sup>5</sup> This report documents the best practices developed over the past two years by states on the cutting edge of Transparency 2.0 and offers suggestions on how Massachusetts can upgrade to become a leader of the movement.

### **Transparency 2.0 Is Comprehensive, One-Stop, One-Click Budget Accountability And Accessibility**

<b>Transparency 1.0</b>	<b>Transparency 2.0</b>
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There is considerable momentum in the commonwealth toward such an upgrade. In July 2008, the legislature approved \$500 million in the bond bill toward government information technology upgrades. The Governor's information technology vision, outlined in the draft plan *IT Strategy for the Commonwealth FY2009-2011, Building a Foundation for the Future*, states that the commonwealth should have an IT environment that enables:

- Efficient and easily accessible services for all constituents
- Open and transparent engagement with citizens of the Commonwealth
- Accurate and timely data for policy making, service delivery, and results evaluation

Budget transparency is a critical component to achieving each part of that vision. It must be a priority and included in the plan to enhance the commonwealth's IT systems.

The stakes are high. Massachusetts faces recurring budget shortfalls and a host of challenges that require major public investment. Controversies related to the Big Dig and subsidies for large corporations and development projects have sullied the public's trust. Recent calls for a repeal of the commonwealth's income tax are a warning sign that Massachusetts citizens are finding it too difficult to trace the connection between government expenditures and the critical projects they fund. Budget transparency through the internet can be a big part of the solution.

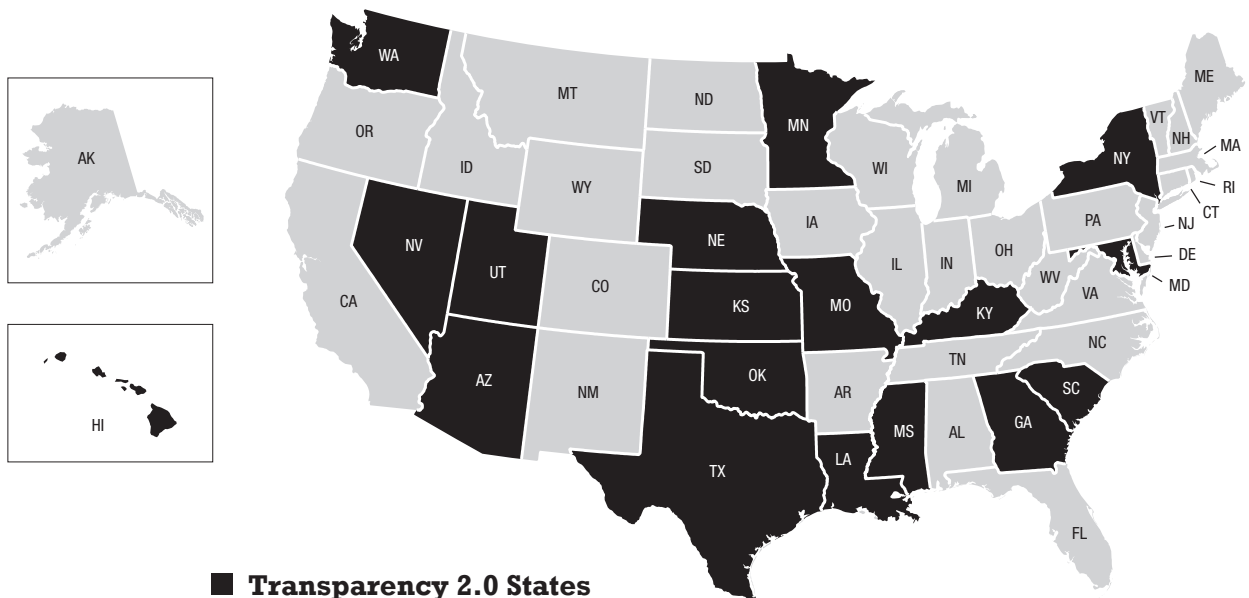
# A Growing Movement:

## State Governments Embracing Web-Based Budget Transparency

Thanks to recent state efforts, government spending is now more transparent than ever before. In the past two years, a nationwide wave of legislation and executive orders have brought Web-based budget transparency to citizens in Arizona, Georgia, Hawaii, Kansas, Kentucky, Louisiana, Maryland, Minnesota, Mississippi, Missouri, Nebraska, Nevada, New York, Oklahoma, South Carolina, Texas, Utah and Washington. [See Appendix A] These “Transparency 2.0” states provide citizens with access to a comprehensive, centralized, easily-searchable online database of state government expenditures.<sup>6</sup>

These state efforts have added momentum to the larger Transparency 2.0 movement, which now holds a broad-reaching, truly global strength. Already, citizens can monitor federal spending through a new government website created by the Federal Funding Accountability and Transparency Act of 2006.<sup>7</sup> At the same time, a growing number of local and foreign governments have created transparency portals for their citizens.<sup>8</sup> With each new initiative, the Transparency 2.0 movement moves closer to its goal of holding every government and its contractors accountable at the click of a mouse.

### Transparency 2.0 States



## Transparency 2.0 Initiatives Enjoy Broad, Bipartisan Support

Citizens of both political parties overwhelmingly support Web-based budget transparency. A recent poll of Maryland citizens, for example, reported that over 80 percent of Democrats, Republicans, and Independents favored legislation to mandate the creation of a comprehensive, searchable website of all state spending.<sup>9</sup> A poll in Oklahoma found similar levels of support.<sup>10</sup>

A Harris Interactive poll of online Americans found that an overwhelming majority – ninety percent – of Americans believe that they are entitled to transparent financial management information from government.<sup>11</sup> Improved reporting is the most commonly cited way respondents say government can demonstrate greater accountability, especially through open disclosure and clear reporting.<sup>12</sup> Fully seventy-three percent of Americans say that it is personally very or extremely important to have financial management information about their state government available to them.<sup>13</sup>

This is not some abstract desire. Nearly a third of people polled have tried to search the Web for information about how their state government generates and spends taxpayer dollars – searches that usually end in frustration.<sup>14</sup>

The bipartisan public support for these websites is reflected in the diverse political sponsorship of Transparency 2.0 initiatives. Elected officials across the political spectrum – from New York Attorney General Andrew Cuomo to Missouri Governor Matt Blunt – have championed Web-based budget transparency in their states.<sup>15</sup> Before the presidential race, opponents John McCain and Barack Obama co-sponsored the

## Citizens Are Eager For Transparency 2.0

### By The Numbers:

90%

Percent of Americans believe they are entitled to transparent information on how the government manages its finances.

5%

Percent of Americans believe their state government provides understandable financial information.

30%

Percent of Americans who have themselves tried to search the Web for information about the financial management of their state government.

Source: “Public Attitudes Toward Government Accountability and Transparency 2008” Harris Interactive, February 2008, available at <http://www.agacgfm.org/harrispoll2008.aspx>

Strengthening Transparency and Accountability in Federal Spending Act of 2008.<sup>16</sup> Divergent political figures Grover Norquist and Ralph Nader similarly came together in a joint statement to support more understandable and timely online information about government budgets.<sup>17</sup>

## Transparency 2.0 Is An Effective, Low-Cost Tool

*Citizens and business use these web portals:* Budget transparency websites have proven themselves to be exceptional tools of civic engagement. Less than a year after its launch, the Missouri budget transparency website received

more than six million hits.<sup>18</sup> The Texas spending website reported similar engagement<sup>19</sup> Residents are eager to use transparency websites to learn more about public expenditures.<sup>20</sup>

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**The savings come from sources big and small—more efficient government administration, fewer information requests, more competitive bidding for public projects, and a lower risk of fraud—and can add up to millions of dollars.**

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*Saves money:* In addition to improved public confidence, Transparency 2.0 states realize significant financial returns on their investment. The savings come from sources big and small—more efficient government administration, fewer information requests, more competitive bidding for public projects, and a lower risk of fraud—and can add up to millions of dollars. In Texas, for example, the Comptroller was able to utilize the transparency website to save \$2.3 million from a variety of efficiencies and cost savings.<sup>21</sup>

Estimates suggest that transparency websites save millions more by reducing the number of information requests from citizens and watchdog groups and by increasing the number of bids for public projects.<sup>22</sup> And, as the Big Dig shows, lack of prevention and early exposure of fraud can cost billions. When combined with “clawback” legislation designed to recoup money from businesses that do not produce promised results in return for subsidies, the added transparency in contracting can produce even greater savings.<sup>23</sup>

*Online transparency offers increased support of a range of indirect public policy goals, including affirmative action and community investment—*Community investment and affirmative action goals often stumble because public managers struggle to benchmark agencies, spread best practices, or identify contractors that advance these goals. Budget transparency portals allow states to better measure and manage the progress of public policy initiatives like affirmative action programs. Massachusetts Comm-PASS website, for example, allows tracking of which recipients of government contracts are women and minority-owned businesses.<sup>24</sup>

By providing a single one-stop face of public procurement, the system encourages more companies to bid on public projects. This improves quality, keeps prices down, and opens up the system beyond what could otherwise be an “old boy network” of usual bidders who know the system. Advancing similar goals, Rhode Island’s recently passed legislation requires subsidy recipients to describe their plans to stimulate hiring from the host community, training of employees or potential employees and to reach out to minority job applicants and minority businesses.<sup>25</sup>

*Online transparency costs little:* The benefits of transparency websites have come with a surprisingly low price tag. The federal transparency website – which allows citizens to search federal spending totaling over \$2 trillion a year—costs less than \$1 million to create. Missouri’s website—which is updated daily and allows its citizens to search state spending totaling over \$20 billion a year—was mandated by executive order and was created entirely with existing staff and revenues.<sup>26</sup> Nebraska has spent \$38,000 for the first two phases of its website.<sup>27</sup> Oklahoma’s Office of State Finance created its transparency website with \$40,000 from its existing budget.<sup>28</sup>

# Leading States Have Developed Best Practices

As leading states gain experience in Transparency 2.0 initiatives, they have produced a set of best practices. States at the cutting edge of Transparency 2.0 now offer transparency that is comprehensive, one-stop, and one-click:

## Comprehensive

Transparency websites in the leading states offer spending information that is both broad and detailed. In contrast to Transparency 1.0 states—which may offer only partial information about government contracts online—leading Transparency 2.0 states provide user-friendly search of a comprehensive range of government expenditures, including detailed information about government contracts with private providers, subsidies, and tax expenditures. Best practices of Transparency 2.0 states include:

➤ **Contracts, Grants, Subcontracts, and Discretionary Spending:** An increasing number of public goods and services are provided under contract by private companies. Many government agencies now spend well over half their budget on contractors.<sup>29</sup> These contractors are generally subject to fewer public accountability rules, such as sunshine laws, civil servant reporting requirements, and freedom of information requests. It is therefore particularly important that states provide comprehensive online transparency and accountability for all contract spending.

➤ Leading states disclose **detailed infor-**

**mation** for each expenditure for contracts with specific private companies and nonprofit organizations. Hawaii, for instance, requires that its transparency website disclose: the name of the entity receiving the award, the amount of the award, the transaction type, the funding agency, and the location of the receiving entity and the primary location of performance.<sup>30</sup> The ability to track the location of entities receiving government contracts gives important information about which legislative districts are receiving government contracts and how trends are likely to affect the future capacity to fulfill these contracts. All states exempt state and federal public assistance payments to individuals, as well as any information that is confidential under state or federal law.

➤ Leading states track the **purpose and performance** of contracts. Both Texas and Hawaii require that the purpose of each expenditure be listed on the website.<sup>31</sup> And Washington State requires the disclosure of agency performance measures and audits.<sup>32</sup> Proposed legislation would also require disclosure of both the expected performance and past performance outcomes for each contract.<sup>33</sup> Establishing goals and benchmarks allows public managers in leading states to drive improved contracting performance and allows the public to track patterns in the awarding of contracts.

- Leading states track **subcontractors** since these entities may perform most of the work and receive most of the profit as part of a government contract. Hawaii has mandated the creation of a pilot program to test the implementation of a sub-award reporting program across the state, and by January 1, 2010, all subcontracts must be disclosed.<sup>34</sup> At the federal level, the OMB is currently conducting a pilot subgrant reporting program; by January 1, 2009, all subgrants must be disclosed on the federal transparency website.<sup>35</sup>
- Leading states disclose spending by **all government agencies**. Nearly every Transparency 2.0 state requires all government agencies, including independent authorities and institutes of higher education, to disclose their spending.<sup>36</sup> Lawmakers in several states have also proposed legislation mandating local spending transparency.<sup>37</sup> Extending transparency to the county and municipal level makes sense given that the volume of spending by local governments equals that of state governments.<sup>38</sup> Several counties have independently created their own online transparency portals.<sup>39</sup>
- Leading states disclose **all spending, without a minimum threshold**. Kansas<sup>40</sup> and Missouri<sup>41</sup> both disclose spending to every entity, regardless of that entity's cumulative funding from the state. Oklahoma plans to enhance its transparency website in the next year by reducing its threshold from \$25,000 to \$1,000.<sup>42</sup> The Governor of Kentucky has promised that any expenditure information subject to the Open Records law will be on the website.
- Leading states disclose **timely information**. Missouri has set the standard for disclosure timeliness, updating its website's information daily.<sup>43</sup> Kentucky has promised to also update their information daily.
- Leading states disclose **all bids** for each contract. Disclosing all bids – rather than just the winning bid – for each contract allows citizens to have complete confidence in the awarding process. The Massachusetts Highway Department, for example, lists all bids that it receives for each of its contracts on the CommPASS website.
- Leading states disclose contract data that **tracks performance of public policy goals like affirmative action**. Government contracting agencies are expected to deliver performance in a variety of ways. Tracking and disclosing information about attainment of public mandates helps to ratchet up performance, identify trouble spots, and nurture best practices in contracting. Government agencies also benefit from more readily identifying minority-owned contractors. The Massachusetts' procurement website for statewide contracts labels minority and women-owned vendors with a special icon to allow citizens and agencies to quickly track this information.<sup>44</sup>
- **Active and past contracts** are disclosed in leading states, allowing residents, including state and local officials, to



## Tracking The Bottom Line: Tax Subsidies Are Expenditures

One way governments allocate resources is through “tax expenditures.” Special tax breaks have the same effect on budgets as direct spending because government must cut other public programs or raise other taxes to avoid a deficit. In order to increase transparency, Congress’ 1974 Budget Act established the practice of measuring proxy spending programs conducted through the tax code. Congress defined tax expenditure as:

“Revenue losses attributable to provisions of Federal income tax laws which allow a special exclusion, exemption, or deduction from gross income or which provide a special credit, a preferential rate of tax, or a deferral of tax liability.”

States similarly provide tax expenditures through new rules for special revenue reductions on state taxes. These include special breaks on sales taxes, property taxes, real estate transfer taxes, corporate income taxes, or payroll taxes.

track patterns in the awarding of contracts and to measure current contracts against benchmarks. Many states already disclose this information on their procurement websites;<sup>45</sup> leading Transparency 2.0 states, like Missouri, link those procurement databases to the budget transparency portal.<sup>46</sup>

► **Subsidies:** State and local governments allocate billions of dollars on subsidies each year, yet most governments still don’t disclose information about these expenditures.<sup>47</sup> Unmeasured, the performance of these subsidies remain unmanaged and unaccountable. Special tax breaks and credits are especially in need of disclosure because they typically receive much less oversight. Once created, these have the same bottom-line effect on public budgets as direct appropriations; yet they often escape oversight because they are not included in state budgets and do not require legislative approval

to renew. In the rare cases when unexpected audits of subsidy programs are conducted, they are often shown to fall short of promised results. For instance, a *Milwaukee Journal* investigative report in 2007 examined 25 Wisconsin subsidy deals that were awarded \$80 million in subsidies and found that, overall, the companies fell about 40 percent short on their job creation promises.<sup>48</sup>

Unfortunately, public incentives and subsidies to particular business too often get approved under the mantle of secrecy. Accompanying \$260 million in public subsidies in Lenoir, North Carolina, negotiations for a new Google facility required over 70 local officials to sign non-disclosure agreements saying they would not talk about the project.<sup>49</sup> Such arrangements short-circuit the democratic process because the public including local and state officials remain uninformed and cannot hold responsible representatives accountable.

Leading states offer best practices on providing transparency and accountability for all forms of subsidies, including tax benefits, direct grants, low-interest loans, infrastructure improvements, and other incentives.<sup>50</sup> Transparency for subsidies in leading states has a number of characteristics:

- **Detailed information** disclosed about each subsidy in order to guide future decision making and enhance accountability. For instance, Minnesota mandates the disclosure of: the type and amount of subsidies and the number of jobs created, as well as the hourly wage of each job created and the cost of health insurance provided by the employer. Thus, while states around the country often justify subsidies by the jobs they promise to create, Minnesota can evaluate how many jobs they actually do create, as well as the quality of those jobs. Minnesota similarly tracks information that helps determine whether subsidies are increasing the number of jobs in-state or merely to relocate within the state for higher subsidies. Minnesota mandates disclosure of: the location of the recipient prior to receiving the business subsidy; the number of employees who ceased to be employed by the recipient when the recipient relocated to become eligible for the business subsidy; why the recipient may not have completed a project outlined in a prior subsidy agreement at their previous location, and if the recipient was previously located at another site in Minnesota.<sup>51</sup> Likewise Minnesota mandates disclosure of the name and address of the recipient's parent corporation of the recipient, if any, and a list of all financial assistance from

all grantors of the project. This information makes it clear which companies are already receiving other public subsidies through their affiliates or through other agencies.

- **Purposes and performance** of each subsidy tracked. Public decision makers can only manage what they can benchmark or otherwise measure. Rhode Island requires subsidy recipients to file reports on the status of their program each fiscal year, which are made available to the public. These include information on the number of jobs created, the benefits provided with those jobs, and goals for future job creation and retention.<sup>52</sup> Minnesota mandates the disclosure of the public purpose of the subsidy as well as the date the job and wage goals will be reached, a statement of goals identified in the subsidy agreement and an update on achievement of those goals.<sup>53</sup> Likewise Illinois discloses performance and accountability information in searchable format and annual progress reports online.<sup>54</sup>
- **Mechanisms to recapture subsidies from companies that do not deliver** on promises are connected to information about performance on agreed-upon goals. Such provisions provide a kind of taxpayer money-back guarantee to ensure that public monies paid to private entities achieve their public goals. Among the states with these "clawback" programs tied to public disclosure of subsidy performance are Illinois, and Minnesota, and with provisions for some subsidies are Arizona,

Colorado, Connecticut, Georgia, Iowa, Maine, Maryland, Michigan, Nebraska, Nevada, North Carolina, North Dakota, Ohio, Oklahoma, South Carolina, Vermont, Virginia, and West Virginia.<sup>55</sup>

- **Subsidies from a broad range of public sources** are disclosed. These may include local governments or independent authorities. North Dakota includes in its regulations subsidies from the state or any political subdivision.<sup>56</sup>
- **Information is disclosed before subsidies are granted.** Subsidy disclosure is most effective when citizens can use information to weigh in *before* subsidies receive final approval. Rhode Island's recent legislation requires the preparation and public release – prior to finalization of the agreement – of an analysis of the impact of the proposed subsidy on the state.<sup>57</sup> Minnesota goes further and requires notice and hearing for large subsidy grants.<sup>58</sup>
- **Unified economic development budgets** are compiled and published by leading states, enabling decision makers to see how subsidies are distributed from various public agencies between regions, industries, and companies. In the absence of such a unified view, decision makers can not target where subsidies will be most effective because they have no way to know how or where other subsidies from other programs get allocated.<sup>59</sup> Most recently, Rhode Island and New Jersey mandated the disclosure of its unified economic development budget online.

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**Transparency 2.0 states, by contrast, disclose all information about government expenditures on a single website. With one stop, citizens including local and state officials in these states can access comprehensive information on direct spending, contracts, tax preferences, and other subsidies.**

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### **One-Stop**

Transparency websites in leading states offer a single central website where citizens can search all government expenditures. In many Transparency 1.0 states, particular public officials volunteer to disclose information about their finances<sup>60</sup>, or a patchwork of disclosure laws gives citizens the right to obtain much information about government expenditures. But in order to exercise that right, citizens have to access numerous websites, go to several agency offices, read through dense reports, and perhaps make formal information requests.<sup>61</sup> Transparency 2.0 states, by contrast, disclose all information about government expenditures on a single website. With one stop, citizens including local and state officials in these states can access comprehensive information on direct spending, contracts, tax preferences, and other subsidies.

One-stop transparency can also produce big savings. For contracts, the centralized collection and disclosure of government spending data allows purchasing agents to find savings more efficiently. Massachusetts's State Purchasing Agent identifies four ways that centralized spending transparency improves coordination: state procurement officers know where the

most money is spent and can focus negotiation resources; purchasing agents can share information on good deals, harnessing the power of the market; purchasing agents can avoid duplication of procurement efforts; and purchasing agents can more easily enforce Most Favored Pricing and similar contract terms.<sup>62</sup>

One-stop transparency is perhaps most important in the oversight of subsidies. Subsidies come in a dizzying variation of forms – includ-

ing direct cash transfers, loans, equity investments, contributions of property or infrastructure, reductions or deferrals of taxes or fees, guarantees of loans or leases, and preferential use of government facilities – and are administered by countless government agencies.

Because many subsidies are not publicly reported at all, determining the total subsidy assistance a company receives can be nearly impossible. In order to determine the amount of

## Transparency 2.0 Best Practices

✓ <b>COMPREHENSIVE</b>	
<p><b>Contracts, Grants, Subcontracts, And Discretionary Spending</b></p> <ul style="list-style-type: none"> <li>➤ Purpose of each contract</li> <li>➤ Location of businesses receiving contracts</li> <li>➤ Subcontractor spending</li> <li>➤ All government entities, including localities and independent agencies</li> <li>➤ No minimum threshold for reporting</li> <li>➤ Information updated regularly</li> </ul>	<p><b>Subsidies</b></p> <ul style="list-style-type: none"> <li>➤ Detailed information on number and quality of jobs created</li> <li>➤ Information on whether companies have relocated, and from where</li> <li>➤ Purpose and performance of each subsidy</li> <li>➤ Disclosure of performance connected to programs to recapture subsidies when promises not kept</li> <li>➤ Includes all forms of subsidies including direct payment, tax benefits, and infrastructure assistance</li> <li>➤ No minimum threshold for reporting</li> <li>➤ Information disclosed before approvals are finalized</li> <li>➤ Synthesized in a unified economic development budget</li> </ul>
✓ <b>ONE-STOP</b>	
<p>Single website discloses comprehensive information on expenditures, including contracts, tax credits, and other subsidies.</p>	
✓ <b>ONE-CLICK SEARCHABLE</b>	
<p>Users can browse by broad, common-sense categories and make directed keyword and field searches</p>	

subsidy assistance received by Wal-Mart, for example, the organization Good Jobs First resorted to searching local newspaper archives and contacting numerous local officials directly. They tabulated well over \$1 billion in subsidies nationally from state and local governments.<sup>63</sup> Whether or not these amounts are excessive, making the information publicly available will improve decision making about subsidies in the future.

The scattered nature of subsidy expenditures makes coordination and oversight of these programs crucial. States that make comprehensive disclosure of all subsidies a high priority include Minnesota,<sup>64</sup> Illinois,<sup>65</sup> Iowa<sup>66</sup>, New Jersey,<sup>67</sup> and Rhode Island.<sup>68</sup> The experiences of these states show that the one-stop nature of budget transparency portals is successful at improving coordination of subsidies. When Minnesota began to require agencies to submit reports on the performance of subsidized projects, the reports revealed that numerous projects were receiving assistance from two or more funding sources – that is, Minnesota taxpayers were double and triple paying for the creation of some jobs. After the centralized publication of those reports, the double-dipping stopped.<sup>69</sup>

### **One-Click Searchable**

Transparent information is only as useful as it is easily accessible, which means easily searchable. Transparency websites in the leading states offer a range of search and sort functions that allow citizens to navigate complex expenditure

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**Transparency websites in the leading states offer a range of search and sort functions that allow citizens to navigate complex expenditure data with a single click of the mouse.**

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data with a single click of the mouse. In Transparency 1.0 states, citizens who don't already know government funding flows are stymied by inscrutable layers of subcategories, jurisdictions, and data that can't be readily compared. Transparency 2.0 states, by contrast, allow citizens both to browse information by broad, common-sense categories and to make directed keyword and field searches.

Best practices of Transparency 2.0 states include allowing citizens to browse expenditures by broad category and to make directed searches. At the federal budget transparency portal, for instance, citizens can browse spending by agency, contractor, legislative district, competition type, or product provided – and advanced search options allow citizens to make directed searches of each broad category.<sup>70</sup> Missouri's website allows citizens to browse spending by agency or purpose and to browse tax credits by legislative district or purpose – and citizens can make directed searches for specific vendors, contracts, or tax credit recipients.<sup>71</sup> As it enhances its website in the next year, Oklahoma similarly plans to enhance searchability by including more subcategories.<sup>72</sup>

# Massachusetts: Some Progress But Not Yet A Leader

Massachusetts has long been recognized as leader in innovative information technology. Among American states, the commonwealth has the highest level of educational achievement, along with some of the highest concentrations of information technology professionals and broadband telecommunications.<sup>73</sup> Along with world-class universities, Massachusetts has its own version of Silicon Valley around Route 128. The commonwealth's Mass.gov website is even regarded as one of the best in the country.<sup>74</sup> One might expect the state to be a leader in using the internet for online budget transparency.

ernment claim to be exempted from requirements to comply with the state's public record law.<sup>75</sup> A national report ranking states on the level of open access to official records found that Massachusetts garnered a failing grade of "F." According to the report, which was jointly produced by the Better Government Association and the National Freedom of Information Coalition, the Bay State lacks penalties to ensure that officials actually comply with Public Record laws and citizens are faced with fees for obtaining access to public records.<sup>76</sup> Less than half of cities and towns post annual budget information on-line, according to a tally by the Common Cause Massachusetts Campaign for Open Government.<sup>77</sup>

Based on the experience of other states and the Commonwealth's steps to date, Massachusetts can become a leader of the Transparency 2.0 movement with great benefit and relatively little expense. A one-stop portal on government expenditures must be specifically included in the Administration's IT vision plan as it promotes efficiency, accountability, and greater faith in government use of tax dollars.

## **Comm-Pass: A First Step Toward Tracking Public Contracts**

The Commonwealth Procurement Access and Solicitation System website is a good first step in disclosing comprehensive information on state contracts.<sup>78</sup> Comm-PASS allows citizens to find the names of vendors receiving awards, the estimated value of contracts, the funding agency,

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**Despite advances by the Governor's office in giving greater detail and context to the state's budget items, Massachusetts still lacks a searchable way to track individual spending items, contracts or subsidies.**

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But as more and more states upgrade their budgets to Transparency 2.0, Massachusetts falls behind. Despite advances by the Governor's office in giving greater detail and context to the state's budget items, Massachusetts still lacks a searchable way to track individual spending items, contracts or subsidies.

This deficiency is part of a broader lack of open government when it comes to budgeting. All three branches of Massachusetts gov-

official address of vendor, and the purpose of the contract. The program even includes some contracts issued by cities and towns.

Comm-PASS has not cost the commonwealth additional money.<sup>79</sup> On the contrary, the system has saved agencies and localities on countless contracts through identification of lower-cost contractors and leverage of the state's bargaining power as a consolidated purchaser of goods and services. Agencies that bid for goods or services are automatically informed if they could be included in a larger commonwealth-wide bulk bid that would likely have lower prices. Some local authorities have even made use of these efficiencies. The Boston Housing Authority, for instance, has used the system to obtain lower prices when purchasing goods such as appliances and office supplies, with higher-quality bids from about twenty percent more private contractors per bid. Using the system has also saved the authority between \$20,000 and \$40,000 per year on paperwork.<sup>80</sup>

While Comm-PASS functions well as an interface between government entities and contractors, it is not designed to provide oversight for the contracting process. Nor is the system integrated with departmental budgets to provide a vantage point on agency expenditures. The system includes only some contracts, does not archive information about past contracts, and – since the system is largely voluntary – often contains incomplete information about contracts and contractors. Nor does the web portal allow search by functional categories of what goods or services get ordered or where contractors are located. The system is more like a public sector Craigslist that spreads access to better prices and terms, but affords little perspective to observe trends or ensure accountability for private allocation of public money.

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In order to upgrade the transparency of the commonwealth's public contracting, full disclosure of information should be mandatory for all state agencies, local governments, and independent agencies. Contractors should be required to disclose information about significant subcontracting in completing these contracts. Actual spending amounts should be disclosed rather than just the estimated amounts at the outset of contracts.

The enhanced contracting information should be provided in ways that facilitate browsing by policy leaders, watchdog groups, and ordinary citizens. The information should be integrated into the state's budget web portal on the budget. Past contracts should be archived and searchable by geography and district, as well as through a menu of different kinds of functional spending categories (such as consulting services, stationary, road construction, maintenance, etc.). Such a system would enormously enhance public managers' ability to reduce contracting costs while also strengthening the public's ability to hold leaders accountable for spending decisions.

## **Massachusetts Tax Expenditure Budget: A First Step Toward Transparency In Need Of An Upgrade**

Massachusetts' state government has a large collection of subsidy programs that have accrued over time. Once created, these programs tend to receive limited oversight compared to other forms of public expenditure. A partial list includes:

- \$50 million a year in tax credits for historic rehabilitation constructions, awarded by the Secretary of State;<sup>81</sup>
- Tax credits for film companies equal to twenty-five percent of all payroll and production expenditures in Massachusetts, expected to soon cost over \$100 million a year;<sup>82</sup>
- Ten-year, billion-dollar package of subsidies for life sciences companies including investment and research and development tax credits, reimbursement for FDA fees, contributions of infrastructure, loans, grants, fellowships, and direct investments;<sup>83</sup>
- \$40 million of co-investment bonds administered by the quasi-public agency Massachusetts Technology Collaborative, available to broadband internet companies.<sup>84</sup>
- Special breaks for particular companies, such as the deal given to life science company Shire PLC when it threatened to in other states. Massachusetts offered over \$40 million and the town of Lexington put up \$7.6 million over 20 years. This total comes to over \$70,000 for each of the 680 promised jobs.<sup>85</sup>

### **Upgrading Comm-Pass Information On Public Contracts:**

- **Disclose actual, not prior estimated, costs**
- **Disclose information on the performance of contracts.**
- **Disclose subcontractor spending on contracts**
- **Make disclosure mandatory for all state and local government agencies.**
- **Archive past contracts**
- **Make contracts searchable by functional categories and the location of contractors**
- **Integrate information within larger data about government expenditures by department and locality**

The commonwealth has already taken a first step towards transparency for public subsidies through the yearly Tax Expenditure Budget published on the state's budget website.<sup>86</sup> Tax expenditure reports, which exist in at least 33 states in some form, show the budgetary cost of using the tax code to reward particular activities among individual and corporate taxpayers.<sup>87</sup> Massachusetts' Tax Expenditure Budget discloses the lost revenues that result from preferential tax policies in the personal income



code, as well as corporate excise and sales tax exemptions, deductions, and credits.

Providing a price tag on these programs can improve policy by making visible their otherwise-hidden budget trade offs they entail. The state tax credit for mandated repairs on septic systems, for instance, encourages septic modernization and cushions the impact of these new regulations for those who must comply with them, meanwhile costing \$18 million in lost budgetary revenue for FY 2009. A tax credit for medical device manufacturers will similarly cost \$0.4 million. Continuation of these programs means that those revenues will not be available for other public needs or must be paid for by additional taxes.

The Tax Expenditure Budget provides information about the cost of general provisions in the tax code. Unlike Rhode Island, Massachusetts provides no information about other forms of subsidies provided through other mechanisms. Nor does it provide information about subsidies targeted to individual businesses or how subsidies are allocated across industry, geography, or political district. More importantly, the TEB provides at best half the story for comparing costs to benefits because it provides no information about the public benefits of individual subsidies, much less whether subsidies fell short of their promised results.

## **Upgrading Massachusetts Transparency on Subsidies:**

- **Disclose detailed information about each subsidy, including:** the type and amount of individual subsidies; the number of jobs created, along with their wages and the cost of health insurance provided by the employer; the location of the recipient prior to receiving the business subsidy; the number of employees who ceased to be employed by the recipient if the recipient relocated to become eligible for the business subsidy.
- **Track purpose and performance of each subsidy** to determine whether promises were fulfilled.
- **Disclose all forms of subsidies from both state and local governments, including direct payment, tax benefits, loans, and infrastructure assistance.**
- **Disclose actions taken to recapture subsidies** from companies that fail to deliver on promises.
- **Disclose information publicly before subsidy agreements are finalized** to illicit public input.

# Conclusion

Transparency 2.0—a broad bipartisan movement for online government spending transparency—is growing. In the past two years, seventeen states and the federal government have upgraded their spending transparency websites, making them comprehensive, one-stop, and one-click searchable. Many of these states report already reaping the benefits of this greater transparency, saving millions of dollars and bolstering the confidence of taxpayers and businesses.

As the state moves forward in upgrading our IT systems and services, budget transparency

must be included as part of the plan. A hub of technology industries, Massachusetts should be a natural leader in the Transparency 2.0 movement, but in many regards the commonwealth's transparency, like other IT services, is stuck in the past. As more and more states upgrade their transparency websites, Massachusetts is falling further and further behind. Building on the success of the Comm-PASS website, Massachusetts should adopt the best practices of Transparency 2.0 and provide its citizens with the best web-based budget transparency in the nation.

# Appendix A

## Transparency 2.0 States

State	Authorizing Law	Website Address
Arizona	SB 1235, signed into law July 7, 2008	To be operational by January 1, 2011
Georgia	SB 300, signed into law May 12, 2008	To be operational by January 1, 2009
Hawaii	HB 122, signed into law May 1, 2007	To be operational by January 1, 2009
Kansas	First authorized by FY 2008 appropriations bill	<a href="http://www.kansas.gov/kanview">www.kansas.gov/kanview</a>
Kentucky	Executive order 2008-508 issued June 6, 2008	“Open Door Kentucky” to be operational by January 2009
Louisiana	Executive Order No. BJ 2008-2, issued January 15, 2008	<a href="http://wwwprd.doa.louisiana.gov/latrac/index.cfm">wwwprd.doa.louisiana.gov/latrac/index.cfm</a>
Maryland	HB 358, signed into law May 22, 2008	To be operational by January 1, 2009
Minnesota	HF 376, signed into law May 4, 2007	To be operational by January 1, 2008 <sup>88</sup>
Mississippi	HB 101, signed into law March 14, 2008	No operational date set. No site yet exists.
Missouri	Executive Order 7-24, issued July 11, 2007	<a href="http://mapyourtaxes.mo.gov/MAP/Portal/">mapyourtaxes.mo.gov/MAP/Portal/</a>
Nebraska	Directive of the State Treasurer	<a href="http://nebraskaspending.com">nebraskaspending.com</a>
Nevada	Executive Order, issued March 18, 2008	Under construction at <a href="http://open.nv.gov">open.nv.gov</a>
New York	Directive of the Attorney General	Under construction at <a href="http://www.sunlightny.com">www.sunlightny.com</a>
Oklahoma	SB 1, signed into law June 5, 2007	<a href="http://ok.gov/okaa">ok.gov/okaa</a>
South Carolina	Executive Order 2007-14, issued August 30, 2007	<a href="http://ssl.sc.gov/SpendingTransparency/BudgetTransparecnyMain.aspx">ssl.sc.gov/SpendingTransparency/BudgetTransparecnyMain.aspx</a>
Texas	HB 3430, signed into law June 15, 2007	<a href="http://www.window.state.tx.us/comptrol/expendlist/cashdrill.php">www.window.state.tx.us/comptrol/expendlist/cashdrill.php</a>
Utah	SB 38, signed into law March 14, 2008	To be operational by May 15, 2009
Washington	SB 6818, signed into law March 1, 2008	To be operational by January 1, 2009

# Endnotes

- 1 “Public Attitudes Toward Government Accountability and Democracy 2008,” <http://www.agacgfm.org/harrispoll2008.aspx>
- 2 Arizona, Georgia, Hawaii, Kansas, Kentucky, Louisiana, Maryland, Minnesota, Mississippi, Missouri, Nebraska, Nevada, New York, Oklahoma, South Carolina, Texas, Utah, and Washington.
- 3 See “Gov. Blunt’s Accountability Internet Site Eclipses Six Million Hits” April 29, 2008, available at <http://governor.mo.gov/cgi-bin/coranto/viewnews.cgi?id=EkpAulyFlknIHFthID&style=Default+News+Style&tmpl=newsitem> and “Bill Shines Light on Baltimore Contracts” *Baltimore Sun*, July 19, 2008.
- 4 See <http://www.comm-pass.com/>, <http://www.mass.gov/Ador/docs/dor/Stats/TEB/TEB2009.pdf> and [http://www.mass.gov/bb/gaa/fy2009/app\\_09/ga\\_09/hdefault.htm](http://www.mass.gov/bb/gaa/fy2009/app_09/ga_09/hdefault.htm), respectively. See also, Massachusetts Budget and Policy Center “A More Transparent Budget: Continuing the Progress” November 23, 2007, available at <http://massbudget.org/article.php?id=603>.
- 5 Massachusetts ranked first in the Milken Institute’s 2002, 2004, and 2008 State Technology and Science Indices, available at <http://www.milkeninstitute.org/tech/>. The Information Technology and Innovation Foundation also ranked Massachusetts first in its 2007 State New Economy Index, available at <http://www.itif.org/index.php?id=30>.
- 6 For a detailed description of state efforts, please see “State, Federal and Local Efforts to Increase Transparency in Government Spending,” a memo produced by Americans for Tax Reform, available at [www.atr.org/content/pdf/2008/ot-trnsp-memo.pdf](http://www.atr.org/content/pdf/2008/ot-trnsp-memo.pdf)
- 7 Pub. L. 109–282. The website is operational at [www.usaspending.gov](http://www.usaspending.gov)
- 8 For a local example, see Milwaukee County, Wisconsin’s transparency portal at [http://milwaukeecounty.headquarters.com/search\\_mke.aspx](http://milwaukeecounty.headquarters.com/search_mke.aspx). In Texas, over 150 school districts reportedly post online their check registries, which are reportedly already a matter of public record. And Collin County, Texas is reportedly the first county in the nation to do the same (See: [http://www.denverpost.com/opinion/ci\\_10548963](http://www.denverpost.com/opinion/ci_10548963)). For a foreign example, see, Brazil’s transparency portal at [www.portaldatransparencia.gov.br/english/](http://www.portaldatransparencia.gov.br/english/) For a detailed discussion of Latin America’s successes with transparency portals, supported by the Inter-American Development Bank, see Miguel Solana “Transparency Portals: Delivering public financial information to Citizens in Latin America” available at [http://www-wds.worldbank.org/servlet/WDSContentServer/WDSP/IB/2004/11/03/000160016\\_20041103103505/Ren-dered/PDF/303320ENGLISH0Thinking0out0loud0V.pdf%20](http://www-wds.worldbank.org/servlet/WDSContentServer/WDSP/IB/2004/11/03/000160016_20041103103505/Ren-dered/PDF/303320ENGLISH0Thinking0out0loud0V.pdf%20).
- 9 “Marylanders deserve government transparency” *The Examiner*, February 26, 2008, available at [http://www.examiner.com/a-1242109~Warren\\_Miller\\_\\_Marylanders\\_deserve\\_government\\_transparency.html](http://www.examiner.com/a-1242109~Warren_Miller__Marylanders_deserve_government_transparency.html)
- 10 “Oklahoma Voters Favor Transparency Website” Oklahoma Council of Public Affairs, February 1, 2007, available at <http://www.ocpathink.org/publications/perspective-archives/february-2007/?module=perspective&id=1470>
- 11 Only 4 percent believe the opposite. “Public Attitudes Toward Government Accountability and Transparency 2008” Harris Interactive, February 2008, <http://www.agacgfm.org/downloads/AGAHarrisFinalReport2008.ppt> slide 17. For more context on the survey, see <http://www.agacgfm.org/harrispoll2008.aspx>.
- 12 <http://www.agacgfm.org/downloads/AGAHarrisFinalReport2008.ppt> slide 30
- 13 Only 4 percent say it is not very or not at all important. Only 7 percent are satisfied with the information their state government currently discloses. <http://www.agacgfm.org/downloads/AGAHarrisFinalReport2008.ppt> slide 15.
- 14 <http://www.agacgfm.org/downloads/AGAHarrisFinalReport2008.ppt> slides 45 and 15.
- 15 See “And Cuomo Said, Let There Be Light” *nytimes.com* City Room blog, December 5, 2007, available at <http://cityroom.blogs.nytimes.com/2007/12/05/and-cuomo-said-let-there-be-light/> and “Blunt Shines the Light on State Spending With New Internet Site” July 11, 2007, available at <http://governor.mo.gov/press/MAP071107.htm>
- 16 S 3077; the progress of the bill can be tracked at <http://www.govtrack.us/congress/bill.xpd?bill=s110-3077>.
- 17 Norquist and Nader, Joint Letter to Governors, available at [http://www.atr.org/content/pdf/2007/july/070507lt-nader\\_norquist\\_govs.pdf](http://www.atr.org/content/pdf/2007/july/070507lt-nader_norquist_govs.pdf)
- 18 “Gov. Blunt’s Accountability Internet Site Eclipses Six Million Hits” April 29, 2008, available at <http://governor.mo.gov/cgi-bin/coranto/viewnews.cgi?id=EkpAulyFlknIHFthID&style=Default+News+Style&tmpl=newsitem>
- 19 In its first four months, the brand new site received 242,302 hits during 32,543 sessions. “People Behind the Scenes: Where the money goes” State-wise, Fall 2007, available at <https://fmxcpa.state.tx.us/fm/statewise/07/fall/money.php?style=print>
- 20 A 2008 survey found 71 percent of respondents who receive budget information or believe it is important to receive budget information would use that information to influence their voting decisions, 48 percent would respond by contacting their representatives, and 28 percent would attend a town hall meeting or other political gathering. “Public Attitudes

Toward Government Accountability and Transparency 2008” Harris Interactive, February 2008, available at <http://www.agacgfm.org/harrispoll2008.aspx>. Houston officials similarly report improved public confidence after the launch of their website. “Bill Shines Light on Baltimore Contracts” Baltimore Sun, July 19, 2008.

21 “How Much Will Transparency Cost?” Sutherland Institute, available at [http://www.sutherlandinstitute.org/uploads/How\\_Much\\_Will\\_Transparency\\_Cost\\_Policy\\_Brief.pdf](http://www.sutherlandinstitute.org/uploads/How_Much_Will_Transparency_Cost_Policy_Brief.pdf). The \$2.3 million dollars saved came from multiple sources, including:

- \* \$73,000 from combining multiple printer toner contracts;
- \* \$250,000 from not printing a duplicate study conducted by another agency;
- \* \$130,000 from posting publications online rather than printing and mailing;
- \* \$457,319 from eliminating information technology contracts;
- \* \$100,000 from eliminating microfilm no longer needed; and
- \* \$14,600 from disconnecting pagers.

22 “How Much Will Transparency Cost?” Sutherland Institute, available at [http://www.sutherlandinstitute.org/uploads/How\\_Much\\_Will\\_Transparency\\_Cost\\_Policy\\_Brief.pdf](http://www.sutherlandinstitute.org/uploads/How_Much_Will_Transparency_Cost_Policy_Brief.pdf). Houston’s city website has similarly reduced public records requests and increased bids. “Bill Shines Light on Baltimore Contracts” Baltimore Sun, July 19, 2008. The Boston Housing Authority reports that it receives approximately 20 percent more bids per contract since it began using Massachusetts’s Comm-PASS website and that the bids are of higher quality due to the increased competition. Phone interview with Dan Casals, Chief Administrative Officer, Boston Housing Authority, August 8, 2008.

23 See, e.g., Illinois’s recapture reports at <http://www.corpactportal.illinois.gov/RecaptureProvisions.aspx>

24 [www.comm-pass.com](http://www.comm-pass.com)

25 2008 - S2661A and 2008 - H7953A

26 Sandra Fabry, Testimony to the Maryland House of Delegates Health and Government Operations Committee Regarding H.B. No. 358, available at [www.atr.org/content/pdf/2008/feb/020508ot-](http://www.atr.org/content/pdf/2008/feb/020508ot-)

[testimony\\_md\\_trnsp.pdf](#)

27 Nebraska State Treasurer Shane Osborn, Letter to Maryland Senator Mooney, March 20, 2008, available at [www.showmethespending.org/uploads/MD-NE\\_Letter.pdf](http://www.showmethespending.org/uploads/MD-NE_Letter.pdf).

28 Personal correspondence with Lisa McKeithan, Oklahoma Office of State Finance, August 6, 2008. On file with author.

29 See, e.g., Stephen Goldsmith and William D. Eggers “Government for Hire” New York Times, February 21, 2005.

30 HB 122

31 Texas HB 3430; HB 122

32 SB 6818

33 See, e.g., “An Act Relating to Creating a Searchable Budget Database for State Spending; Model Language” Evergreen Freedom Foundation, available at <http://www.ewfa.org/pdfs/googlebudget.pdf>.

34 HB 122

35 Pub. L. 109-282 § 2(a)(1)(B)

36 See, e.g., Kansas HB 2730, Georgia SB 300, and Washington SB 6818.

37 See, e.g., Florida bills HB 181 and SB 392 of the 2008 session which require all government entities – defined as “a state agency, a political subdivision, a corporation created by and acting on behalf of a state agency or political subdivision, or a taxing authority created by a state agency or political subdivision” – to disclose their spending on a transparency website.

38 “State and Local Government Finances” US Census Bureau, available at <http://www.census.gov/govs/www/estimate.html>.

39 See, e.g., Milwaukee County, WI website at <http://milwaukeecounty.headquarters.com/> and Howard County, MD legislation, available at [www.co.ho.md.us/countycouncil/ccdocs/enrcb9-2008.pdf](http://www.co.ho.md.us/countycouncil/ccdocs/enrcb9-2008.pdf), passed in March 2008.

40 HB 2730

41 Governor Blunt’s Executive Order 7-24.

42 Personal correspondence with Lisa McKeithan, Oklahoma Office of State Finance, August 6, 2008. On file with author.

43 <http://mapyourtaxes.mo.gov/MAP/Portal/Default.aspx>

44 [www.comm-pass.com](http://www.comm-pass.com)

45 Good Jobs First “The State of State Disclosure” available at <http://www.goodjobsfirst.org/news/article.cfm?id=361>.

46 See links at <http://mapyourtaxes.mo.gov/MAP/Expenditures/Contracts/Default.aspx>.

47 Massachusetts’s economic development tax expenditures, for example, cost the state nearly \$1.5 billion a year. “Subsidizing the Stars” *Common Wealth*, Spring 2008. During its decades of expansion, Wal-Mart alone has received over \$1 billion in state and local subsidies nationally. “Wal-Mart’s Expansion Aided By Many Taxpayer Subsidies” *New York Times*, May 24, 2004.

48 <http://www.jsonline.com/story/index.aspx?id=626798>

49 “Hush Money:” *Governing Magazine* (August 2008).

50 North Dakota regulates all “business incentives”, defined as any direct cash transfer, loan, or equity investment; contribution of property or infrastructure; reduction or deferral of any tax or any fee; guarantee of any payment under any loan, lease, or other obligation; or preferential use of government facilities given to a business. ND Century Code 54-60.1. For an analysis of state subsidy disclosure websites, see Good Jobs First, *The State of State Disclosure*, available at <http://www.goodjobsfirst.org/news/article.cfm?id=361>

51 Minn. Stat. 116J.994. Reports available at <http://www.deed.state.mn.us/Community/subsidies/index.htm>

52 The Rhode Island law is 2008 - S2661A and 2008 - H7953A. See also Providence Business News, “R.I. posts \$54M in Tax Credits in FY2008” (Sept 11, 2008), available at <http://www.pbn.com/stories/34972.htm>

- 53 Minn. Stat. 116J.994. Reports available at <http://www.deed.state.mn.us/Community/subsidies/index.htm>
- 54 <http://www.corpacportal.illinois.gov/ProgressReport.aspx>
- 55 Illinois's reports can be found at <http://www.corpacportal.illinois.gov/RecaptureProvisions.aspx>. Rhode Island's recapture provisions were mandated in 2008 - S2661A and 2008 - H7953A. Minnesota's reports are available at available at <http://www.deed.state.mn.us/Community/subsidies/index.htm>. For a full analysis of state subsidy clawback provisions, see Good Jobs First, Clawbacks Chart, [http://www.goodjobsfirst.org/pdf/clawbacks\\_chart.pdf](http://www.goodjobsfirst.org/pdf/clawbacks_chart.pdf).
- 56 ND Century Code 54-60.1
- 57 2008 - S2661A and 2008 - H7953A at <http://www.rilin.state.ri.us/BillText08/HouseText08/H7953A.pdf>
- 58 Minn. Stat. 116J.994.
- 59 Tax expenditure budgets, such as Massachusetts, are often unable to provide this policy-making support. John L. Mikesell, "Tax Expenditure Budgets, Budget Policy, and Tax Policy: Confusion in the States" *Public Budgeting and Finance*, Winter 2002.
- 60 For example, Georgia's Secretary of State posts her own budget and ethics statements on financial disclosure at <http://www.sos.georgia.gov/tig/>.
- 61 See, e.g., Norman Leahy's criticism of Virginia's disclosure laws "So Much for Transparency" May 19, 2008, available at <http://www.baconsrebellion.com/Issues08/05-19/Leahy.php>
- 62 Interview with Ellen Bickelman, Massachusetts State Purchasing Agent, Operation Services Division, August 7, 2008.
- 63 "Shopping for Subsidies: How Wal-Mart Uses Taxpayer Money to Finance Its Never-Ending Growth" Good Jobs First, May 2004, available at <http://www.goodjobsfirst.org/pdf/wmtstudy.pdf>
- 64 <http://www.deed.state.mn.us/Community/subsidies/index.htm>
- 65 <http://www.corpacportal.illinois.gov/ProgressReport.aspx>
- 66 [http://www.iowalifechanging.com/business/applications\\_reports.html](http://www.iowalifechanging.com/business/applications_reports.html)
- 67 Passed in November 2007, the can be found at [http://www.njleg.state.nj.us/2006/Bills/PL07/200\\_.PDF](http://www.njleg.state.nj.us/2006/Bills/PL07/200_.PDF). The disclosure requirements are described for businesses at <http://www.state.nj.us/njbusiness/premierservices.shtml>.
- 68 <http://www.rilin.state.ri.us/BillText08/HouseText08/H7953A.pdf>
- 69 "1999 Minnesota Business Assistance Report" Minnesota Department of Employment and Economic Development, available at <http://www.deed.state.mn.us/Community/pdf/busar99.pdf>
- 70 <http://www.usaspending.gov/>
- 71 <http://mapyourtaxes.mo.gov/MAP/Portal/>
- 72 Personal correspondence with Lisa McKeithan, Oklahoma Office of State Finance, August 6, 2008. On file with author.
- 73 Information Technology and Innovation Foundation 2007 State New Economy Index, available at <http://www.itif.org/index.php?id=33>. The commonwealth ranked first in the Milken Institute's 2002, 2004, and 2008 State Technology and Science Indices.
- 74 [http://www.mass.gov/?pageID=itdutilities&L=1&sid=Aitd&U=fs\\_mass-gov\\_honors](http://www.mass.gov/?pageID=itdutilities&L=1&sid=Aitd&U=fs_mass-gov_honors)
- 75 Coleman Herman, "Paper Tiger: The state's Public Records Law is flouted by officials at all levels of government," *Commonwealth* (Fall 2008).
- 76 Better Government Association and the National Freedom of Information Coalition, [http://www.bettergov.org/pdfs/foia\\_results\\_2008.pdf](http://www.bettergov.org/pdfs/foia_results_2008.pdf)
- 77 Even more lack the previous year's budget for comparison. Available at <http://www.maopengov.org/#>
- 78 <http://www.comm-pass.com/>
- 79 Comm-PASS has been funded out of revenues from businesses that opt to \$275 per year for customized email notification of new bids rather than checking regularly at the website. For the first time, the fiscal 2009 budget includes \$541,000 to fund the Com-PASS system. [Personal communication with Joan Matsumota at Comm-PASS, Operational Services Division, August 7, 2008.]
- 80 July 2008 communication with Dan Casals, Director of Procurement, Boston Housing Authority.
- 81 Massachusetts Historical Commission, "Massachusetts Historic Rehabilitation Tax Credit", available at <http://www.sec.state.ma.us/MHC/mhctax/taxidx.htm>.
- 82 "Subsidizing the Stars" *Commonwealth*, Spring 2008.
- 83 "Governor Patrick Signs Ground-breaking Life Sciences Legislation" available at [http://www.mass.gov/?pageID=gov3pressrelease&L=1&L0=Home&sid=Agov3&b=pressrelease&f=080616\\_life\\_science&csid=Agov3](http://www.mass.gov/?pageID=gov3pressrelease&L=1&L0=Home&sid=Agov3&b=pressrelease&f=080616_life_science&csid=Agov3)
- 84 "Gov. Patrick signs broadband expansion bill" Boston Globe, August 4, 2008.
- 85 Greg LeRoy, "Working in the Dark," *Commonwealth* (Fall 2008).
- 86 2009 Tax Expenditure Budget available at [http://www.mass.gov/bb/h1/fy2009h1/tax2\\_09/hdefault.htm](http://www.mass.gov/bb/h1/fy2009h1/tax2_09/hdefault.htm)
- 87 John L. Mikesell, "Tax Expenditure Budgets, Budget Policy, and Tax Policy: Confusion in the States" *Public Budgeting and Finance*, Winter 2002. According to this source, the states with tax expenditure budgets were: Arizona, California, Connecticut, Delaware, Florida, Idaho, Iowa, Illinois, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, New Hampshire, New York, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, Tennessee, Texas, Washington, West Virginia, Wisconsin.
- 88 This deadline has passed, and the commissioner has not yet created the mandated website. See "A blogger's quest: Where's the database?" Minneapolis Star Tribune, May 15, 2008.





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