



Montana Policy Institute

Policy Note 01-11

Creating a Free, Searchable Website of State Spending

Bottom Line Up Front

Lawmakers have the opportunity during the 2011 Legislative Session to address voters' concerns about government transparency, and whether or not those we entrust with our tax dollars will respect the people's constitutional right to know how their money is being spent. Proposals are in the works to create a budget transparency website that would place all state and local revenue and expenditure information online in a fully searchable format.

Many states are moving forward with this type of reform, and the majority of them are accomplishing it with little or no fiscal impact. Similar bipartisan proposals are long overdue here in Montana.

A searchable budget website would allow the public to find details on state spending, including how the money is spent and to whom it goes. Performance information for the spending could also be included, creating a more informed public and effective state government.

The Need:

At some point most citizens wonder, "Just how, when and where does government spend our tax dollars? What is the funding source? What do our elected representatives want to accomplish when they spend public money, and what results are actually achieved?"

Considering Montana lawmakers will spend billions of our dollars over the next budget cycle, these are basic questions to which any taxpayer should be able to get answers quickly and conveniently. This is especially true since modern technology makes accessing large amounts of information easier than ever. Unfortunately, the opportunity to learn these answers is currently limited and difficult to achieve. The information is *available*, but it is not *accessible* to the regular citizen.

The current lack of spending transparency is not the result of some deep conspiracy to hide budget information from the public. Instead it is simply a failure of government to keep up with the times by providing taxpayers with a free, easy-to-use website where people can find these details. Montana's state government has come a long way in making information about state programs and regulations accessible to the public, but there is still no single source that puts budget and expenditure information into plain English so all of us can see where our money is going, and how it gets there.

A solution to this lack of budget transparency problem is available. If the federal government can make this happen, then certainly Montana can, too.

Creating a Searchable Budget Website:

Former President Bush and others recognized the federal government's need to be more accountable to Americans for the nearly \$1 trillion Congress appropriates each year in discretionary spending. In 2006 he signed the bipartisan Federal Funding Accountability and Transparency Act. The Act was co-sponsored by senators Tom Coburn (R-OK) and Barack Obama (D-IL) and passed Congress unanimously.

That law created a free, easy-to-use, searchable, Google-type web site that allows citizens to track the recipients of all federal funds. The privacy of individuals is protected. For example, one cannot look up how much Social Security someone receives monthly.

This budget database was designed to enable citizens "to call up the name and location of entities receiving federal funds and will provide them with the purpose of the funding, the amount of the money provided, the agency providing the funding and other relevant information."

Transparency Reforms in Other States:

The American Legislative Exchange Council (ALEC), a nonpartisan association of state legislators, has created model legislation to implement state versions of the Federal Funding Accountability and Transparency Act. ALEC also adopted a model bill to require that the public have at least 72 hours to review tax and spending bills before they are voted on.

Many states are already moving forward with this type of reform. The following states have mandated some form of searchable budget websites for citizens, and more are in work:

- Georgia
- Hawaii
- Indiana
- Kansas
- Louisiana
- Maryland
- Mississippi
- Missouri
- Nevada
- Oklahoma
- South Carolina
- Texas
- Utah
- Virginia
- Washington

Similar proposals have been introduced as bills in the legislatures of other states. In addition, individual Governors have instituted effective transparency measures on their own by Executive Order. Only those who fear openness have stood in opposition.

Current State of Public Budget Information:

So what budget tools are currently available for state taxpayers?

Montana's open records laws are woefully inadequate and clearly do not meet the state's constitutional requirements for public access to public data. Data is theoretically *available* and Montana's online services have advanced dramatically. But because of the way information is organized and stored it is not *accessible* to someone without government or accounting experience who just wants to see how certain monies are spent and where they came from. In

addition, current law does compel state agencies to provide data in formats that are not already available. As an example, MPI has created a website to search and display state employee compensation by location, job, and many other variables. We are unable to populate the site because the Department of Administration does not currently have a programmed report that lists total actual compensation of all types for all employees, and they are under no obligation to create one – even at MPI’s expense – to fulfill our data request. Our site is currently built and ready to go with everything but actual data.

If the state had a searchable budget website, we would not be compelled to create one, and rather than having to dig through thousands of pages of budget documents, each item could be linked to a plain-English explanation of what it means and be further broken down by how the money is spent all the way to the program level. Performance information for the spending could also be included. That way, any citizen with internet access could go to a single source for public spending information at any level of detail.

Budget Transparency Reforms of Note:

Such websites are not merely theoretical. A comprehensive listing of states and localities with searchable spending sites is currently available at www.spn.org. Site capabilities range from static posting of contracts and expenditures to fully interactive databases searchable by keyword down to the checkbook expenditure level. The average cost for these sites is under \$500,000.

MPI has a school transparency website (www.schoolsopenmt.org) with comprehensive revenue and spending data for every district in the state going back over a decade. This site can search and compare district data across over 35 search criteria, and cost us about \$20,000 to produce. MPI’s state employee compensation site cost a similar amount, and we would love to make it available to the public if the state were able to report actual compensation data to taxpayers (or to itself for that matter).

Conclusion:

A free searchable budget transparency website will not cure all budget problems, but it would go a long way toward preventing waste and improving government performance.

Thomas Jefferson knew this long before the advent of the internet. In 1802 he wrote,

“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.” [1]

Enacting a comprehensive searchable budget website would also help to fulfill the expectation and spirit of our state’s open government Constitutional requirements.

Based on the experiences of other states, implementing this reform would not be expensive, and cost should not dissuade elected officials from moving forward with it. Improving citizen access to information about public spending will not only help improve the budget

decision making process of elected officials, but also help connect taxpayers with the spending decisions being made on their behalf. This reform is a win-win for everyone, except possibly for those who fear the cleansing power of sunlight and transparency.

The Montana Policy Institute is a 501(c)(3) policy research organization that equips Montana citizens and decision makers to better evaluate state public policy options from the perspective that policies based upon limited government, individual rights, and individual responsibility will result in the greatest common good.

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[1] Letter to Treasury Secretary Albert Gallatin, 1802