



Transparency.gov 2.0

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

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By Phineas Baxandall, Dave Rosenfeld and Benet Magnuson

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OSPIRG Foundation. With public debate around important issues often dominated by private special interests pursuing their own narrow agenda, the OSPIRG Foundation offers an independent, articulate voice on behalf of the public interest. The OSPIRG Foundation, a 501 (c)(3) organization, works to promote consumer protection and good government in the state of Oregon. 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 19 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.

Given Oregon’s reputation as an innovator of ways to increase public participation in government, one might expect the state to be a leader in using the Internet for online budget transparency. And indeed, pockets of budget

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Transparency 1.0	Transparency 2.0
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Scattered: 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.	One-Stop: Citizens can search all government expenditures on a single website.
Tool for Informed Insiders: 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.	One-Click Searchable: 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.

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transparency are sprinkled throughout Oregon Government. But as more and more states upgrade their transparency systems, Oregon has fallen behind the emerging set of Transparency 2.0 best practices.

In light of both a staggering budget shortfall and an unprecedented windfall of federal stimulus funds, OSPIRG reviewed how Oregon could catch up to other states in using the Internet for public budget transparency to increase accountability, efficiency and improve taxpayer confidence. We found that Oregon is far behind many other states; but that significant benefits could be achieved through relatively easy-to-implement reforms that should cost little to no additional funds.

This report makes the case that 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 Oregon 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* – Three-quarters of voters (76%) believe that “creating a national website where citizens can see what companies and government agencies are getting the funds, for what purposes, and the number and quality of jobs being created or saved” would have an important impact on the impact of the Federal stimulus package, including 39% who believe its impact would be extremely important. Support for state transparency websites to monitor recovery funds received almost equally high marks, again from Republicans, independents and Democrats: Fully 75% of American voters said creating state level websites to track funds was “important,” and 34% said it was “very important.”

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 web-

site. 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* – The 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.

Oregon can become a leader of the Transparency 2.0 movement

Good first steps, but much room for improvement

- *Contracts* – The Oregon Procurement Information Network (ORPIN) website allows citizens to examine many statewide contracts. However, only some contracts are included, data is often incomplete, and the tool is designed for contractors, not the public, making it difficult for the public to use.
- *Tax expenditures* – The Department of Revenue's website hosts an annual (non-searchable) Tax Expenditure Report (TER) about the amount of revenue forgone by the state as a result of different programs that grant tax exemptions, tax credit, or other tax preferences. However, the reports do not identify compa-

ny-specific tax breaks and other subsidy programs, do not contain any evaluation of the effectiveness of tax programs, and information is not in a searchable database, making it difficult for taxpayers to easily find the information they want or spot trends over time.

- *Good lobbying and campaign contribution transparency needs to be linked* – Oregon ORESTAR program already offers good transparency websites about lobbying and campaign contributions. Integrating this information for entities that are awarded state contracts will be a useful check to ensure contracts are not provided as rewards or political favors.
- *Information is scattered* – Oregon 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 Oregonians with one-stop transparency.

New federal reporting requirements make this an opportune time to upgrade to Transparency 2.0

The federal stimulus package includes language that requires all recipients (including states) of recovery funds from a federal agency to report quarterly detailed information about how the funds are spent, consistent with the reporting standards of the Federal Funding Accountability and Transparency Act of 2006 (FFATA).

Since Oregon will already have to comply with the (stricter) federal transparency standards for federal recovery funds, it should broaden those standards for all state and local spending.

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.”

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 19 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.

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.

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. Meanwhile, Texas’s Comptroller reports her agency saved \$2.3 million by using its transparency website to make its administration more efficient.

Oregon has only barely begun to take full advantage of the benefits of online transparency for government expenditures. The state of Oregon maintains a website which allows the search of some government contracts online, it compiles a annual report on how much forgone revenue is lost each year by different tax incentive programs, and the state hosts a comprehensive, searchable site that reports on campaign contributions and spending. But Oregon still remains far behind the best practices of the leading Transparency 2.0 practices in other states.

Oregon needs to take the next step. The Beaver State has long been an innovator of ways to

increase public participation in government. Oregon was a trailblazer in vote by mail and direct public oversight of utility boards, for instance. We should be a natural leader of Web-based transparency and accountability; but we remain stuck in Transparency 1.0. 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 Oregon can upgrade to become a leader of the movement.

The stakes are high. Oregon faces recurring budget shortfalls and a host of challenges that require major public investment. Controversies related to the government contracts and subsidies for large corporations and development projects have sullied the public’s trust. The public outrage over the federal bailout is a warning sign that Oregonians 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.

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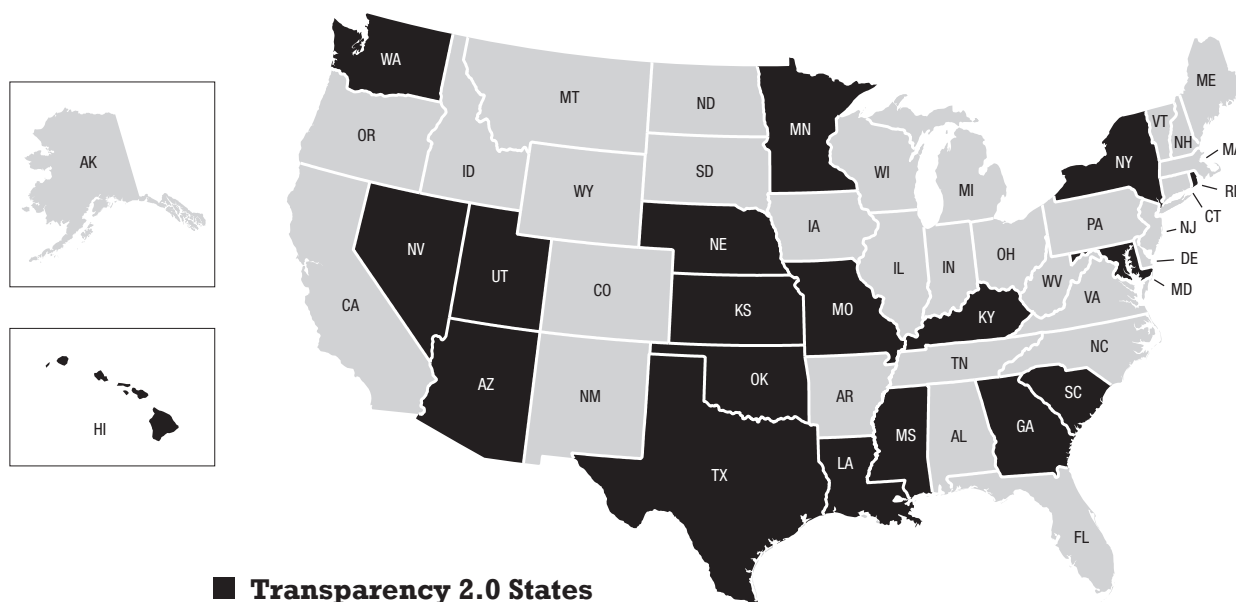
A Growing Movement:

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.⁵

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 2006.⁶ At the same time, a growing number of local and foreign governments have created transparency portals for their citizens.⁷ 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



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>

Transparency 2.0 initiatives enjoy broad, bipartisan support

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.⁸ Improved reporting is the most commonly cited way respondents say government can demonstrate greater accountability, especially through open disclosure and clear reporting.⁹ 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.¹⁰

A recent poll regarding Americans' attitudes towards the stimulus package found that three-quarters of voters (76 percent) believe that "creating a national website where citizens can see what companies and government agencies are getting the funds, for what purposes, and the number and quality of jobs being created or saved" would have an important impact on the package, including 39 percent who believe its impact would be extremely important. Support for state transparency websites to monitor recovery funds received almost equally high marks, again from Republicans, independents and Democrats: Fully 75 percent of American voters said creating state level websites to track funds was "important," and 34 percent said it was "very important."¹¹

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.¹²

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.¹³ Before the presidential race, opponents John McCain and Barack Obama co-sponsored the Strengthening Transparency and Accountability in Federal Spending Act of 2008.¹⁴ 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.¹⁵

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.¹⁶ The Texas spending website reported similar engagement¹⁷ Residents are eager to use transparency websites to learn more about public expenditures.¹⁸

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.¹⁹

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.²⁰ And, as the controversies over the Portland Tram, the Highway 20 construction project and many other projects show, 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.²¹

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.²²

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.²³

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.²⁴ Nebraska has spent \$38,000 for the first two phases of its website.²⁵ Oklahoma’s Office of State Finance created its transparency website with \$40,000 from its existing budget.²⁶

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.²⁷ 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 information** for each expenditure for con-
- 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.²⁹ And Washington State requires the disclosure of agency performance measures and audits.³⁰ Proposed legislation would also require disclosure of both the expected performance and past performance outcomes for each contract.³¹ 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.

tracts 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.²⁸ 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 **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.³² 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.³³
- 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.³⁴ Lawmakers in several states have also proposed legislation mandating local spending transparency.³⁵ Extending transparency to the county and municipal level makes sense given that the volume of spending by local governments equals that of state governments.³⁶ Several counties have independently created their own online transparency portals.³⁷
- Leading states disclose **all spending, without a minimum threshold**. Kansas³⁸ and Missouri³⁹ 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 \$1,000.⁴⁰ 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.⁴¹ 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.⁴²
- **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;⁴³ leading Transparency 2.0 states, like Missouri, link those procurement databases to the budget transparency portal.⁴⁴

- Subsidies: State and local governments allocate billions of dollars on subsidies each year, yet most governments still don’t disclose information about these expenditures.⁴⁵ 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.⁴⁶

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.⁴⁷ 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.⁴⁸ 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.⁴⁹ 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.⁵⁰ 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.⁵¹ Likewise Illinois discloses performance and accountability information in searchable format and annual progress reports online.⁵²

➤ **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.⁵³

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.

- **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.⁵⁴
- **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.⁵⁵ Minnesota goes further and requires notice and hearing for large subsidy grants.⁵⁶
- **Unified economic development budgets** are compiled and published by leading states, enabling decision mak-

ers 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.⁵⁷ Most recently, Rhode Island and New Jersey mandated the disclosure of its unified economic development budget online.

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 finances⁵⁸, 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.⁵⁹ 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.⁶⁰

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 subsidy as-

Transparency 2.0 Best Practices

✓ COMPREHENSIVE

Contracts, Grants, Subcontracts, And Discretionary Spending

- ▶ Purpose of each contract
- ▶ Location of businesses receiving contracts
- ▶ Subcontractor spending
- ▶ All government entities, including localities and independent agencies
- ▶ No minimum threshold for reporting
- ▶ Information updated regularly

Subsidies

- ▶ Detailed information on number and quality of jobs created
- ▶ Information on whether companies have relocated, and from where
- ▶ Purpose and performance of each subsidy
- ▶ Disclosure of performance connected to programs to recapture subsidies when promises not kept
- ▶ Includes all forms of subsidies including direct payment, tax benefits, and infrastructure assistance
- ▶ No minimum threshold for reporting
- ▶ Information disclosed before approvals are finalized
- ▶ Synthesized in a unified economic development budget

✓ ONE-STOP

Single website discloses comprehensive information on expenditures, including contracts, tax credits, and other subsidies.

✓ ONE-CLICK SEARCHABLE

Users can browse by broad, common-sense categories and make directed keyword and field searches

One-Click Searchable

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.

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 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.

sistance 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.⁶¹ Whether or not these amounts are excessive, making the information publicly available will improve decision making about subsidies in the future.

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.⁶⁸ 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.⁶⁹ As it enhances its website in the next year, Oklahoma similarly plans to enhance searchability by including more subcategories.⁷⁰

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,⁶² Illinois,⁶³ Iowa⁶⁴, New Jersey,⁶⁵ and Rhode Island.⁶⁶ 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.⁶⁷

Oregon:

Progress But Not Yet A Leader

Given Oregon's reputation as an innovator of ways to increase public participation in government, one might expect the state to be a leader in using the Internet for online budget transparency. And indeed, pockets of Transparency 2.0 are sprinkled throughout Oregon Government. The Oregon Procurement Information Network (ORPIN) is a searchable online database hosted by the Department of Administrative Services that allows potential contractors to search for both current contracts and requests for bids. The Department of Revenue's website hosts an annual (non-searchable) Tax Expenditure Report (TER) about how much tax revenue is forgone by different tax incentive programs each year. ORESTAR, Oregon's searchable campaign finance database, went online in 2007 and is housed within the Secretary of State's site. The Secretary of State's Audit Division hosts a searchable database of all financial audits of state agencies and local governments that goes back as far as 1997.

But as more and more states upgrade their budgets to Transparency 2.0, Oregon is falling behind. In particular, ORPIN and TER are good first steps, but lack important elements of comprehensiveness and user-friendliness. Moreover, all of the above mentioned services are scattered throughout different agencies, making it difficult for an average member of the public to easily find information.

This deficiency is part of a broader lack of open government when it comes to budgeting. A national report ranking states on the level of open

access to official records found that Oregon 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 Beaver State lacks penalties to ensure that officials actually comply with Public Record laws and there is no guarantee of a timely response to citizen information requests.

Based on the experience of other states and our own steps to date, Oregon can become a leader of the Transparency 2.0 movement with great benefit and relatively little expense.

Based on the experience of other states and our own steps to date, Oregon can become a leader of the Transparency 2.0 movement with great benefit and relatively little expense. A one-stop portal on government expenditures is an essential way to promote more efficiency, accountability, and greater faith in government use of tax dollars.

Moreover, since a framework already exists for many of these functions, it should be relatively less expensive to improve Oregon's transparency than if we were building it from scratch.

Finally, the federal stimulus package includes language that requires all recipients (includ-

ing states) of recovery funds (grants, loans, and contracts) from a federal agency to report quarterly the following:

- ▶ Total amount of recovery funds received from the agency.
- ▶ Amount of funds expended or obligated to projects.
- ▶ A detailed list of all projects for which recovery funds were expended, including: name and description of the project, evaluation of the completion status of the project, analysis of the number of jobs created or retained by the project, and detailed information on any subcontracts or subgrants, including data elements required by Federal Funding Accountability and Transparency Act of 2006 (FFATA) – that is, elements that are required to be reported on USASpending.gov.

These requirements are an excellent opportunity to bring all the areas of Oregon spending in line with these stricter federal reporting standards.

ORPIN: A first step toward tracking public contracts

The Oregon Procurement Information Network (ORPIN) is a good first step in disclosing comprehensive information on state contracts. ORPIN is a searchable online database hosted by the Department of Administrative Services that allows potential contractors to search for both current contracts and requests for bids. The database includes all three kinds of state contracts: professional services, goods and services and construction. Businesses can also post their services on the site and receive notifications when a request for bidding is issued.

Viewers can find the names of vendors receiving awards, the funding agency, official address of vendor, and the purpose of the contract.

While ORPIN functions well as an interface between government entities and contractors, it is not designed to provide oversight for the contracting process. The system is not integrated with departmental budgets to provide a birds-eye view on agency expenditures. ORPIN only houses contracts for agencies that directly report to DAS, leaving out the millions of dollars in contracts administered by other areas of government, such as the Department of Transportation's construction projects, the Oregon University System, and school districts and municipalities. The system does not archive information about past contracts, and – since the system is largely voluntary – it might contain incomplete information about contracts and contractors. Nor does the web portal allow search by functional categories based on what goods or services get ordered or where contractors are located.

In order to upgrade the transparency of the state'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. Past contracts should be archived and searchable so that

viewers can identify trends over time. Viewers should be able to see a birds-eye view of the number of contracts issued by agency, and the details of those contracts. Contracts should be 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.

Oregon's Tax Expenditure Report: In need of an upgrade

Oregon is among 35 states that make an annual Tax Expenditure Report (TER) publicly available. While Oregon's TER (published by the Department of Revenue) is an important step in the right direction, it remains a limited tool for the public.

Oregon's (TER) provides information about the cost of credits, deferments or exemptions in the Oregon tax code that reduce the amount of revenue taken in. However, the report does not include all forms of subsidies through all 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 TER 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. Finally, the reports are not presented through a searchable database. Instead, the public must dig through dense reports to find program information.

Upgrading ORPIN Information On Public Contracts:

- **Make disclosure mandatory for all state and local government agencies**
- **Make contracts searchable by agency, functional categories and the location of contractors**
- **Include the procedure for soliciting the contract**
- **Disclose actual (not prior estimated) contract costs**
- **Disclose information on the performance of contracts**
- **Disclose subcontractor spending on contracts**
- **Disclose any amendments made to a contract**
- **Identify which contracts are emerging businesses or women/minority-owned**
- **Archive past contracts**
- **Integrate information within larger data about government expenditures by department and locality**

The 2007 Legislative Assembly included a budget note to SB 5508 directing the Oregon Economic and Community Development Department (OECD) to report on the success of each program that receives support from

OECCD's funds. This kind of report is a good step in the right direction. It included helpful information about the economic impact of OECCD's programs and some examples of companies receiving tax funds. However, the report did not include comprehensive information of every company that received funds from an OECCD program, nor did it include every type of subsidy program administered by the state and local governments. Moreover, the report has limited value to the public because it is housed on a separate website than the TER, and equally important, not directly embedded into the TER's table of tax programs.

Upgrading the TER into a searchable database that includes all subsidy programs, company-specific information, and information about the relative economic impact of each subsidy will give the public greater tools to evaluate the relative value of these subsidies compared to other public needs.

The Need for a One-Stop Shop

Upgrading ORPIN and the TER's content and functionality on contracts in the ways outlined above would move Oregon significantly forward in becoming a true Transparency 2.0 leader.

In addition, Oregon should establish an OregonSpending.gov website – modeled off the Federal Government's USASpending.gov site – and consolidate the elements of ORPIN, the TER, ORESTAR, and the State Audits site into a one-stop shop for citizens. In particular, linking ORESTAR with the other systems will be a useful check to ensure that contracts and subsidies are not provided as rewards or political favors. To the extent it is impractical to house local spending data on the state website, there

Upgrading ORPIN: Bringing Public Contracts into the Sunlight

- **Convert into a searchable database.**
- **Organize the database so that expenditures may be tracked by agency, funding source and budget program.**
- **Include expenditures from previous years** so the public can search for spending trends.
- **Disclose all forms of subsidies from both state and local governments, including** subsidies to individual companies or companies within a particular industry or geographic area, direct payment, tax benefits, loans, and infrastructure assistance.
- **Track purpose and performance of each subsidy** to determine whether promises were fulfilled.
- **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.

should be links to all local spending sites from the statewide site.

Since a framework already exists for many of these functions, it should be relatively less expensive to improve Oregon's transparency than if we were building it from scratch.

Conclusion

Transparency 2.0 – a broad bipartisan movement for online government spending transparency – is growing. In the past two years, eighteen 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 faces a tremendous budget shortfall, and millions in federal stimulus funds,

budget transparency must become a high priority. With its long, rich history of smart frugality and vigorous public involvement, Oregon should be a natural leader in the Transparency 2.0 movement. Unfortunately, in many regards the state's transparency is stuck in the past. As more and more states upgrade their transparency websites, Oregon is falling further and further behind. Building on the success of ORPIN, the TER and ORESTAR, Oregon should adopt the best practices of Transparency 2.0 and provide its citizens with the best web-based budget transparency in the nation.

Appendix

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	www.kansas.gov/kanview
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	wwwprd.doa.louisiana.gov/latrac/index.cfm
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 ⁸⁸
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	mapyourtaxes.mo.gov/MAP/Portal/
Nebraska	Directive of the State Treasurer	nebraskaspending.com
Nevada	Executive Order, issued March 18, 2008	Under construction at open.nv.gov
New York	Directive of the Attorney General	Under construction at www.sunlightny.com
Oklahoma	SB 1, signed into law June 5, 2007	ok.gov/okaa
Rhode Island	Executive Order	http://www.ri.gov/opengovernment/DOA/ , www.ripay.ri.gov
South Carolina	Executive Order 2007-14, issued August 30, 2007	ssl.sc.gov/SpendingTransparency/BudgetTransparecnyMain.aspx
Texas	HB 3430, signed into law June 15, 2007	www.window.state.tx.us/comptrol/expendlist/cashdrill.php
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://orpin.oregon.gov/open.dll/open?sessionID=2341843>, <http://www.oregon.gov/DOR/STATS/statistics.shtml>, and <https://secure.sos.state.or.us/eim/jsp/CEMainPage.jsp>, respectively.
- 5 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
- 6 Pub. L. 109–282. The website is operational at www.usaspending.gov
- 7 For a local example, see Milwaukee County, Wisconsin’s transparency portal at 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). For a foreign example, see, Brazil’s transparency portal at 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/servelet/WDSContentServer/WDSP/IB/2004/11/03/000160016_20041103103505/Rendered/PDF/303320ENGLISH0Thinkin0out0loud0V.pdf%20.
- 8 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>.
- 9 <http://www.agacgfm.org/downloads/AGAHarrisFinalReport2008.ppt> slide 30
- 10 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.
- 11 Lake Research Partners and Topos Partnership, New Poll Shows Broad Support for Economic Recovery Package and Tough Government Accountability Measures, February 1, 2009, <http://static.uspirg.org/consumer/archives/2-4-09LRPMemoonTransparentRecovery.pdf>
- 12 <http://www.agacgfm.org/downloads/AGAHarrisFinalReport2008.ppt> slides 45 and 15.
- 13 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>
- 14 S 3077; the progress of the bill can be tracked at <http://www.govtrack.us/congress/bill.xpd?bill=s110-3077>.
- 15 Norquist and Nader, Joint Letter to Governors, available at http://www.atr.org/content/pdf/2007/july/070507lt-nader_norquist_govs.pdf
- 16 “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>
- 17 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” Statewise, Fall 2007, available at <https://fm.x.cpa.state.tx.us/fm/statewise/07/fall/money.php?style=print>
- 18 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.

19 “How Much Will Transparency Cost?” Sutherland Institute, available at 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.

20 “How Much Will Transparency Cost?” Sutherland Institute, available at 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.

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

22 www.comm-pass.com

23 2008 - S2661A and 2008 - H7953A

24 Americans for Tax Reform, according to their conversations with Ed Martin, former Chief of Staff to Missouri Governor Matt Blunt (he can be reached at the Institute for Transparent Government, 314-256-1776). The project manager for the

Missouri Accountability Portal, Carolyn Aggelar (based at the MO Department of Administration) reported in a conversation with the author that it took a total of 6400 work hours to complete the project (including contractor time).

25 Nebraska State Treasurer Shane Osborn, Letter to Maryland Senator Mooney, March 20, 2008, available at www.showmethespending.org/uploads/MD-NE_Letter.pdf.

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

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

28 HB 122

29 Texas HB 3430; HB 122

30 SB 6818

31 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>.

32 HB 122

33 Pub. L. 109-282 § 2(a)(1)(B)

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

35 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.

36 “State and Local Government Finances” US Census Bureau, available

at <http://www.census.gov/govs/www/estimate.html>.

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

38 HB 2730

39 Governor Blunt’s Executive Order 7-24.

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

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

42 www.comm-pass.com

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

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

45 Massachusetts’s economic development tax expenditures, for example, cost the state nearly \$1.5 billion a year. “Subsidizing the Stars” Commonwealth, 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.

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

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

48 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>
- 49 Minn. Stat. 116J.994. Reports available at <http://www.deed.state.mn.us/Community/subsidies/index.htm>
- 50 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>
- 51 Minn. Stat. 116J.994. Reports available at <http://www.deed.state.mn.us/Community/subsidies/index.htm>
- 52 <http://www.corpacportal.illinois.gov/ProgressReport.aspx>
- 53 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 <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.
- 54 ND Century Code 54-60.1
- 55 2008 - S2661A and 2008 - H7953A at <http://www.rilin.state.ri.us/BillText08/HouseText08/H7953A.pdf>
- 56 Minn. Stat. 116J.994.
- 57 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.
- 58 For example, Georgia's Secretary of State posts her own budget and ethics statements on financial disclosure at <http://www.sos.georgia.gov/tig/>.
- 59 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>
- 60 Interview with Ellen Bickelman, Massachusetts State Purchasing Agent, Operation Services Division, August 7, 2008.
- 61 "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>
- 62 <http://www.deed.state.mn.us/Community/subsidies/index.htm>
- 63 <http://www.corpacportal.illinois.gov/ProgressReport.aspx>
- 64 http://www.iowalifechanging.com/business/applications_reports.html
- 65 Passed in November 2007, the can be found at 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>.
- 66 <http://www.rilin.state.ri.us/BillText08/HouseText08/H7953A.pdf>
- 67 "1999 Minnesota Business Assistance Report" Minnesota Department of Employment and Economic Development, available at <http://www.deed.state.mn.us/Community/pdf/busar99.pdf>
- 68 <http://www.usaspending.gov/>
- 69 <http://mapyourtaxes.mo.gov/MAP/Portal/>
- 70 Personal correspondence with Lisa McKeithan, Oklahoma Office of State Finance, August 6, 2008. On file with author.
- 71 <http://orpin.oregon.gov/open.dll/open?sessionID=2341843>
- 72 <http://www.oregon.gov/DOR/STATS/statistics.shtml>
- 73 <https://secure.sos.state.or.us/eim/jsp/CEMainPage.jsp>
- 74 <http://www.sos.state.or.us/audits/index.html>
- 75 Better Government Association and the National Freedom of Information Coalition, http://www.bettergov.org/pdfs/foia_results_2008.pdf
- 76 OMB Watch, A Summary of the Transparency and Accountability Provisions in the Enacted Economic Stimulus Package, 2009, http://www.ombwatch.org/files/budget/OMB_Watch_ARRA_Transparency_v2.pdf
- 77 Oregon Economic and Community Development Department, Report on Agency-Based Incentive Programs, 2008, <http://econ.oregon.gov/ECDD/pubs/08incentiveReport.pdf>
- 78 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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