

Transparency in Government Spending: An Idea Whose Time Has Come for Florida

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A movement to create single, searchable online databases for state government expenditures is sweeping the country in the wake of federal legislation passed in 2006. With the stated goal of achieving greater accountability through transparency, policy makers and activists have embarked on a mission to empower taxpayers to track their tax dollars virtually at a mouse click. These online databases are created through legislation or executive action and generally enjoy broad bipartisan support.

At a time when “bridges to nowhere” and indoor rainforests dominate the news landscape, this development provides a new and welcome tool to address and eliminate the fraud, waste and abuse all too common in public finance. These issues are not foreign to Floridians, with recent revelations that in the past five years alone, the South Florida Water Management District had spent more than \$219,000 on hotel rooms and receptions for meetings at resorts from Key Largo to Disney World and had used the agency’s turboprop plane and helicopters to travel to meetings and other events — including a district office barbecue — to the tune of \$800,000.¹

It is not surprising that the trend to empower taxpayers to become fiscal watchdogs has taken center stage in Florida, a state with a long-standing tradition of “Government in the Sunshine.”² In 2007, members of the Senate introduced three specific bills seeking to increase transparency in government finance.³ While none of the bills passed in 2007, the issue continues to dominate the debate, and Speaker of the House Marco Rubio cited it as one of the top issues for the 2008 legislative session in his letter to fellow House members.

He wrote: “As with any reform effort, accountability is essential to improvement. ... Bringing more transparency to government spending and putting it online for every Floridian to see will not only help hold Florida government leaders more

accountable but will also help build confidence in governments at all levels.”⁴

A Movement Is Gaining Steam

In 2006, Congress passed, and President George W. Bush signed, the Federal Funding Accountability and Transparency Act.⁵ This legislation, co-sponsored by Sens. Tom Coburn (R-OK) and Barack Obama (D-IL), mandated the creation of a single, searchable online database detailing comprehensive information on federal expenditures. Launched on December 13, 2007, the website, www.usaspending.gov, fulfills the first set of requirements of the law⁶ and allows taxpayers to search and browse information on all federal grants and contracts over the amount of \$25,000.

The passage of the Federal Funding Accountability and Transparency Act spurred a flurry of activity to emulate the legislation at the state level. In 2007, five states — Kansas, Texas, Oklahoma, and to a more limited extent Hawaii and Minnesota — passed “Taxpayer Transparency Acts” or similar legislation. These mandate the creation of searchable online databases detailing information on government expenditures including, but in the case of Kansas, Texas and Oklahoma not limited to, grants and contracts.

Several governors took executive action, among them Texas Gov. Rick Perry. In the fall of 2006, he began posting his own office’s quarterly expenditures online, and in early 2007 made transparency in government spending one of the planks of his Four Point Budget Reform Plan.⁷ The state’s Comptroller Susan Combs gradually rolled out and populated an online database for Texas government expenditures⁸ — implementing the letter of the legislation passed by the Legislature even before the ink was dry.

In Missouri, Gov. Matt Blunt created the Missouri Accountability Portal (MAP) by executive order on July 13, 2007.⁹ The

website, www.mapyourtaxes.mo.gov, initially allowed taxpayers to search expenditures only by category, contract ID, or vendor. It has been gradually improved since its launch and now includes additional search functions, information on manual checks, tax credits, and state employee salaries.

South Carolina's Gov. Mark Sanford issued an executive order on August 31, 2007, calling for the creation of a single searchable website for state expenditures including, but not limited to, grants, contracts, and subcontracts. Furthermore, he mandated that each Cabinet agency post its own specific agency expenditures, such as travel, office supplies and contractual expenditures of \$100 and over.¹⁰ Sanford's website launched on March 3, 2008, and is likely to be complemented by legislation this session.¹¹ Several statewide office holders in various other states also took steps to enhance online disclosure of government expenditures in 2007.¹²

The momentum of this movement has carried over into 2008. One of Louisiana Governor Bobby Jindal's first actions upon assuming office in January was to sign an executive order calling for increased transparency in government spending.¹³ The Legislature heeded this call in a special ethics session in February and passed legislation mandating the creation of a searchable website for government expenditures.

Gov. Sarah Palin of Alaska posted the state's check register online at the beginning of 2008.¹⁴ Legislation to make sure taxpayers enjoy this new level of spending transparency beyond her term in office is currently pending.¹⁵

In addition, at least 17 other states have spending transparency legislation pending. While bills vary in scope from state to state — some borrowing from their federal cousin, others emulating bills passed in Kansas, Texas, or Oklahoma and/or model legislation provided by the American Legislative Exchange Council¹⁶ — these states require at a minimum that a centralized Internet website be created that posts all contract and grant award information and is available to the public at no cost.¹⁷

Bridging the Accountability Gap

*"Accountability is that process that requires us to disclose fully and truthfully our performance to those who are entitled to know."*¹⁸

In January 2008, a poll commissioned by the Association of Government Accountants and conducted by Harris Interactive found that while "the public overwhelmingly believes government has the obligation to report and explain how the government generates and spends its money, ... government is not meeting expectations." "Improved reporting" and "providing open disclosure of spending" were among the most frequent answers to the question on how government could improve.¹⁹

As demonstrated by this poll, taxpayers perceive a lack of accountability on the part of government. When accountability — one of the cornerstones of a republican government — is missing, the actions of government lack legitimacy. As Founding Father James Madison wrote in 1822: "A popular government, without popular information, or the means of acquiring it, is but a Prologue to a Farce or a Tragedy."²⁰

The notion that information is the key to accountable government — especially in the area of government finance

— was probably most aptly summarized by Thomas Jefferson, who said: "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."²¹ The phrase "consent of the governed," from which government was to derive its just powers, was understood to mean no less than "informed consent."

As such, it comes as no surprise that the demand for accountability is a tradition in American politics, more so than in many other countries.²² Consequently, the American system of government has adopted a number of laws encouraging government transparency and accountability since the formative years of our Republic.²³ In 1966 Congress passed the Federal Freedom of Information Act (FOIA). In line with the aforementioned founding principles, the Freedom of Information Act gave Americans the "Right to Know" by creating procedures through which they could obtain the records of federal government agencies.²⁴

Prior to the advent of the Internet, full disclosure as required by the aforementioned definition of accountability might have been achieved by providing access to printed copies of government records after a formal request. However, the maturing of the Internet has changed the rules of the game and necessitates a review of some of the concepts that are required to achieve accountability, e.g. "disclosure," and ultimately "transparency." The technology to take the public's right to know to the next level has arrived. In the past, there was no alternative to submitting formal requests with government entities to receive information on government activities. Residents who did not live in close proximity to Washington, D.C., or their state capital were at a disadvantage.

In today's digital age, information exchange occurs over the Internet virtually in real-time. However, the requirement to "disclose fully and truthfully our performance to those who are entitled to know," as Maurice McTigue puts it, is not met, unless the information is made available online. Ohio's State Rep. Tom Brinkman, sponsor of a piece of spending transparency legislation in his home state, notes that "information that is not available online is only nominally public."²⁵ In other words, "transparency" in today's digital age is defined by full and easy online access to pertinent information — and only when this access is available, is true accountability possible.

Granted, even before the passage of the Federal Funding Accountability and Transparency Act of 2006, some first steps towards greater online disclosure were taken. For example, amendments to the Freedom of Information Act in 1996 — the so-called E-FOIA amendments — required government agencies to publish frequently requested documents on their websites. However, as Jerry Brito with the Regulatory Studies Program at the Mercatus Center at George Mason University points out, compliance with these requirements was still lagging in 2007.²⁶

In addition, although the expense and allocation of government revenues has a direct impact on taxpayers, since their tax liability is determined by the level of expenditures made, open records improvements in general did not extend into the area of detailed fiscal information. The data that can be found online is, in many cases, not in a truly useful or accessible format and is often dispersed over various websites or incomprehensible to

the layman lacking contextual knowledge.

True transparency in government finance means achieving exactly what the current spending transparency movement has set out to do: making comprehensive information available online in a single, searchable, structured database that is available to the public at no cost. Only with these websites in place can true accountability in government spending move forward.

The State of Government Transparency in Florida

Florida rightfully carries the nickname of “Sunshine State,” not only because of its sunny climate but also because of its long-standing tradition of “Government in the Sunshine.” This tradition began in 1909 with the passage of what has come to be known as the “Public Records” Law, Chapter 119 of the Florida Statutes, and was later complemented by the “Government-in-the-Sunshine” Law, Chapter 286 of the Florida Statutes.²⁷ Today — according to the University of Florida’s Brechner Center for Freedom and Information — Florida is one of only a few states that provides a Constitutional right of access to government meetings and records.²⁸

Realizing the existing discrepancy between the technologies available and their use as a means to open government operations to public scrutiny, Gov. Charlie Crist created the Commission on Open Government Reform through an executive order on June 19, 2007.²⁹ The commission’s meetings have effectively fueled the debate on greater transparency in government. Governor Crist has taken subsequent steps toward greater “online sunshine” by issuing Executive Order 07-242, which requires each agency to post on their website an Open Government Bill of Rights to provide easier access to public documents and meetings, and by requiring that state agency websites link to a website that will facilitate the process of accessing these documents.³⁰

In the area of transparency in government finance, taxpayers can take a first glimpse at government expenditures by peering over the state budget, which is posted online.³¹

The Department of Management Services, which operates the State Purchasing System (SPURS) and MyFloridaMarketPlace, is responsible for the procurement of services and commodities for the executive branch. However, a study conducted by the Legislature’s Office of Program Policy Analysis & Government Accountability (OPPAGA) found that fewer than 25 percent of state purchases were recorded in MyFloridaMarketPlace and that some agencies have their own separate purchasing systems.³²

The department keeps an inventory of all active state term contracts and allows access to the actual contract document. Yet, overall, the department’s website primarily serves a procurement-focused audience, and the dollar amount of the contract is buried in the actual contract document, preventing its use as a quick reference.³³

The Department of Financial Services is the custodian of the FLAIR subsystem of Florida’s financial management system, responsible for accounting and reporting. It is also the recipient of annual financial reports each local government determined to be a reporting entity is required to submit per Section 218.32 of the Florida Statutes.³⁴

While a comprehensive, single-searchable website detailing

information on all government expenditures — including grants, contracts, and individual agency expenditures — has not yet been established, efforts to increase the level of transparency in government spending are underway.

In March 2007, Attorney General Bill McCollum initiated a “Government Accountability Project” in cooperation with the Brechner Center for Freedom of Information at the University of Florida. The project, appropriately launched during Sunshine Week, is designed to have three phases.

- **Phase One:** Surveys of local government websites to determine the level of online disclosure, specifically as it relates to contracts, budgets and other spending information.
- **Phase Two:** Public forums across the state to gauge information needed by citizens to hold government accountable.
- **Phase Three:** Cooperation between project partners and local government entities to bridge the gap.³⁵

Phase One, which was completed over the summer of 2007, found that while 75 percent of the counties and school districts have public records available on their sites, only 30 percent of counties and school districts have summaries or overviews of their contracts, but not the actual wording of the contracts online. Furthermore, 57.5 percent of county sites and 51.5 percent of school district sites contain budgets or financial information.³⁶

In line with the Government Accountability Project, the Attorney General has created a separate site on his office’s website dedicated to information relating to his agency’s expenditures, such as contracts and the agency budget.³⁷

The Department of Financial Services under the leadership of Chief Financial Officer Alex Sink has also taken a step towards greater fiscal transparency by starting to post the data from the annual reports submitted by local governments on its website since February 2008.³⁸

Toward True Fiscal Accountability in Florida

Florida has been and continues to be a leader in the area of government sunshine, particularly as it relates to open records and meetings. In the area of transparency in government spending, certain steps have been taken that can and should be built upon.

Particularly in light of the fiscal challenges the state is currently facing, it is all the more important that Florida taxpayers take part in the political process.

As established previously, transparency defined as access to pertinent information is the only way for taxpayers to truly get involved. No serious conversation on how to best spend taxpayer dollars can be held unless all cards are on the table.

The benefits of true fiscal transparency have become even clearer thanks to experiences in other states. Texas State Comptroller Susan Combs has identified \$2.3 million in savings in her agency alone using information from the state’s new expenditure portal, for example, \$73,000 by consolidating five separate contracts for toner into one contract and \$250,000 by not printing a study that was already being printed by another agency.³⁹

Recommendations

Floridians would be best served by a single, searchable online database for state expenditures — including grants, contracts, and other government expenditures — that would

allow taxpayers to perform searches down to the individual transaction level while at the same time providing access to the actual expenditure document — the grant, contract, purchase order, check, etc.

Local government entities should also be required to disclose detailed information on their expenditures in the same format on their own website. This requirement should apply to all local government entities, but in case there are compliance issues with smaller districts, could be phased in. Ideally, a statewide portal would provide access to the state expenditure information, while at the same time serving as a clearing house for the local information.

At a minimum, the following information should be disclosed for each expenditure, both at the state and local level:

- The payment recipient, including the principal location or residence of the recipient;
- The payment amount;
- The date of the payment;
- The expending government entity;
- The purpose of the expenditure – clearly and concisely stated, while providing the most detail possible;
- The funding source, e.g. the fund title;
- A hyperlink to the actual expenditure document.

The Department of Financial Services serves as the chief agency in charge of accounting and reporting, and it already collects much of the local expenditure information. Thus, placing the task of constructing the website, while requiring cooperation from all agencies, under the auspices of the department's head, the Chief Financial Officer (CFO), is a viable option.

About the Author

Sandra Fabry joined Americans for Tax Reform in November 2003 and works on state budget and tax issues for the organization. As state government affairs manager, she focuses on transparency in government spending and other ways to increase accountability in state government. She is a contributing editor for Budget & Tax News, a monthly publication issued by the Heartland Institute, and Fabry's op-eds and letters to the editor have been published in various national and local publications. Fabry holds a Master's degree in political science from the University of Bonn.

Endnotes

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