

# Transparency in Government Spending

## *Frequently Asked Questions*

### As a Taxpayer, Why Should You Bother?

#### It's Your Money.

The short answer is, because it is your money. It is your right to know exactly how government is spending your tax dollars.

Ultimately, every expenditure made by government is funded by taxpayers. Every publicly held company is required to disclose their expenditures to shareholders. In that sense, every taxpayer is a “shareholder” of the government, and as such, how much is spent on what should be disclosed. Governor Rick Perry of Texas, who unilaterally posted his own office’s quarterly expenditures online in the winter of 2006 and in doing so set off a tremendously successful movement toward greater spending transparency in Texas, made it very clear: “I have a simple philosophy about transparency in government: if the taxpayers are picking up the bill, they ought to be able to look at every item on the receipt.”

#### It's A Matter of Principle.

In a broader sense, requiring government to disclose its finances goes back to the notion of accountable government, which is one of the core principles of the Republican form of government – a notion that was well understood by the Founding Fathers.

It was Thomas Jefferson who said in 1803: “We might hope to see the finances as clear and intelligible as a merchant’s books, so that every member of Congress, and every man of every mind in the Union should be able to comprehend them, to investigate abuses, and consequently, to control them.”

And 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; or, perhaps both. Knowledge will forever govern ignorance; and a people who mean to be their own governors must arm themselves with the power which knowledge gives.”

The phrase “consent of the governed,” from which government was to derive its just powers, was understood to mean no less than “informed consent. In short, the precondition to holding government accountable is access to information.

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, DC or their state capital were at a disadvantage, since visiting the archives in the nation’s capital or the state capitol was the only way to obtain detailed information.

In today’s digital age, However, information exchange occurs over the Internet virtually in real-time. Consequently, the requirement to “disclose fully and truthfully our performance to those who are entitled to know,” as Maurice McTigue of the Mercatus Center defines “accountability” is not met, unless the information is made available online.

State Representative Tom Brinkman, sponsor of spending transparency legislation in his home state of Ohio notes that “information that is not available online is only nominally public.” 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.

## As a Taxpayer, What Can You Do?

There are many things you can do. Once you have established what is already available in your state (and for the state level, a good starting point is clicking on the State and Local Transparency tab on the website), you can begin reaching out to your elected officials at all levels of government.

Feel free to draw on the resources provided on this website for your communications.

Here are a few suggestions:

- Contact your state legislators and tell them to create a searchable website for government expenditures.
- At the local level, contact your local representatives and tell them to do the same.
- Attend a school board meeting and ask why the check register isn’t posted online.
- Write a letter to the editor or possibly even an editorial to your local newspaper.
- If you have your own blog or contribute to a blog, write about what other states and localities are doing.
- Urge party officials at the state/local level to incorporate language in support of transparency in government spending into the state/local party platform.
- If you are involved with a taxpayer group at the state/local level, ask if they are incorporating a question on spending transparency into their candidate questionnaire.

If you have sparked someone's interest, feel free to have them get in touch with us.

## Who Supports Spending Transparency?

Experience at the federal level, as well as the state and local level shows that there is a broad consensus that spans across party lines that taxpayers should be allowed to track their tax dollars at a mouse click.

The federal legislation was co-sponsored by Sens. Tom Coburn, arguably one of the most conservative members of the U.S. Senate, and Barack Obama, known to be one of the most liberal members. It enjoyed unanimous support (after a secret hold placed on the bill was removed) and inspired lawmakers from both sides of the political aisle at the state level to sponsor legislation creating similar websites like the one created by the federal bill.

Of the twelve spending transparency laws that were passed in the last two years, four were sponsored by Democrats, and eight by Republicans. Many of these bills passed with unanimous or almost unanimous consent. The bills were signed into law by five Democratic governors, and seven Republican governors (Gov. Lingle of Hawaii let the bill become law without her signature). And while all governors who issued executive orders to create searchable websites for government spending were Republicans, several of the state constitutional officers who created their own spending transparency websites are Democrats.

Transparency in government spending is not a Right – Left issue, it is a Right – Wrong issue, and the public supports it. Prior to passage of the Oklahoma legislation, a poll commissioned by the Oklahoma Council on Public Affairs found that 72% of Oklahomans favored the creation of a website that would allow taxpayers to track government spending. A similar poll conducted in Maryland, brought similar results: Overall, 83% of Marylanders polled were in favor such a website, with only 6% opposed and 11% undecided. Specifically, 80% of Democrats, 88% of Republicans and 85% of Independents support this legislation.

The reason that transparency in government spending can take hold in even in the most politically charged landscapes, is that it goes back to one of the most fundamental principles of American government – accountability. Regardless of our political beliefs, we all want government to be accountable. We may not agree on the size of government, or spending priorities, but we do agree that the appropriation of our tax dollars should not happen in a vacuum. Ralph Nader, who co-signed a letter with Grover Norquist, president of Americans for Tax Reform, to all governors urging them to emulate and go beyond the federal legislation – has called it the public’s “right to know.”

And it is indeed the public’s right to know, not only in principle, but legally. All of the information provided by government spending transparency websites is already public information, and subject to the federal Freedom of Information Act and/or its state peers.

## Who Opposes Spending Transparency

It is very difficult to oppose this concept of increased public scrutiny, because any resistance will ultimately trigger the question of “What have you got to hide?” Nonetheless, proponents of efforts to increase transparency in government spending have met with some resistance along the way, and some efforts have been derailed.

The cost of building such a spending transparency website has often been cited as a cause for objection, but, especially since there are several examples of spending transparency websites having been built at little or no cost to taxpayers, these cost arguments have been largely dismantled as red herrings (see more in the under What is the Cost of Spending Transparency?)

In some cases there has been some initial resistance coming from the bureaucracy and those having to implement spending transparency legislation. And a certain hesitance may be understandable to some degree, because it can be a daunting task to provide comprehensive spending information in a digestible format. Even OMB's associate director of administration and government performance, who oversaw the construction of USASpending.gov initially doubted whether the task given to him by Congress could be achieved.

However once OMB was able to purchase software from OMB Watch to build the site in the fall of 2007, the construction of the website was swiftly implemented and the site launched within four months. The good news is that several useful “templates” are now readily available, and experts from various states that have already implemented government spending transparency websites stand ready to assist their peers looking to do the same in their home states.

Some have argued that “this type of information is already out there” and “who would use these websites anyway?” However, while much of the information is already “out there”, and potentially even online, it is often not in a usable format, and dispersed over multiple websites with little contextual information. The goal of creating single searchable websites for government spending is to provide for one-stop-shopping for information.

As to the question of who would use these websites, one need to look no further than Missouri. The Missouri Accountability Portal hit its 10 millionth website hit after a little over a year of operation, and the numbers are climbing steadily.

# What is the Cost of Spending Transparency?

While there is no uniform answer to this question because the price tag will depend on various factors including the overall information technology infrastructure for the respective government, and the features sought after in the websites, what we have found is that the actual cost of building a comprehensive searchable website for government expenditures is in most cases far lower than the initial cost estimate.

## The Cost for [www.USAspending.gov](http://www.USAspending.gov)

[The Congressional Budget Office estimated](#) that implementing the Federal Funding Accountability and Transparency Act would cost \$4 million in 2007 and about \$15 million over the 2007-2011 period, assuming appropriation of the necessary amounts. After the Office of Management and Budget purchased the underlying technology for [USAspending.gov](http://USAspending.gov) from a third-party organization, OMB Watch, which hosts a similar website at [www.FedSpending.org](http://www.FedSpending.org), OMB was able to build the website for less than \$1million. The purchase price for the software was \$600,000. OMB Watch has since offered its software to interested parties for free.

## State Spending Transparency Cost

Missouri and South Carolina constructed their government spending websites at no cost to taxpayers, by reallocating existing resources and staff time. And while there has been a price tag associated with Comptroller Susan Combs's website in Texas (\$310,000), this site, too, was built within existing revenues.

In Oklahoma, the [fiscal note](#) for the legislation that created the spending transparency website estimated a total cost of \$300,000 - \$40,000 for construction and \$260,000 for maintenance and upgrades. The sponsor of the legislation has since reported, that the software was purchased for \$8,000, and the website was built and loaded by reallocating staff time at no extra cost.

Compared to these examples, some fiscal notes in other states, which run in the millions of dollars, such as in [Michigan](#) and [Arizona](#), have been extremely high. This was the case in Kansas, too, where opponents claimed the creation of the spending transparency website would cost \$40 million. However, \$40 million was the price tag for the overhaul of the complete accounting system, the entire financial management system, which had already been decided. Ultimately, the website construction was slipped into the bigger project, and the actual price tag for implementation was \$0.

## Estimated Cost vs. Actual Cost

	Cost Estimate	Actual Cost
Federal	\$19 million	less than \$1 million
Oklahoma	\$300,000	\$8,000 plus staff time
Kansas	\$40 million	\$0

## Local Spending Transparency Cost

There are not too many examples of comprehensive searchable websites for government spending yet, however one good example can be found in Wisconsin. CRG Network, a grassroots organization, built a searchable database for Milwaukee County expenditures at a cost of \$9,300. We will be happy to put you in touch with CRG Network.

## What are the Best Websites?

While the perfect website is not out there yet and improvements can be made to all existing government spending transparency websites, the most comprehensive and user-friendly websites at the state level are the [Missouri Accountability Portal](#), [Kansas KanView](#), and Texas Comptroller Susan Combs's [Window on State Government](#).

## What Should be Your Request?

Technically, you should have access to all information relating to government finances that is not subject to freedom of information laws. In today's digital day and age, information that is not available on the Internet is only nominally public. The request should be to create a single, searchable website detailing comprehensive information on all government expenditures.

On that website, you should be able to easily discern how your government is spending taxpayer dollars, meaning:

- How much?
- To whom?
- And on what?

True fiscal accountability is only possible when the following questions can be answered in the affirmative:

1. Is all legislation with a fiscal impact available online for public review before it is voted upon for at least a few days?
2. Are all votes on fiscal issues recorded and online?
3. Is there a website or database for government expenditures that:
  - incorporates all government expenditure categories (which should include all grants, contracts, purchase orders, task orders, expenditures made with government purchase cards, agency outlays like salary, and travel, bond payments, aid to local units of government if applicable);
  - provides detail on individual expenditures/transactions and not just aggregates;
  - is searchable by keyword and categories;
  - is easy to use;
  - is frequently updated;
  - provides access to the actual expenditure document;
  - provides structured data;
  - does not have a disclosure threshold?
  - *Note that some government officials may try to tell you that they post the budget, and that should be sufficient. However, the budget is the document that outlines what politicians say they are going to spend, and won't necessarily reflect what is actually spent.*
4. Does the government post an inventory of all held assets and lands?

## Are There Any Examples of Savings You Can Point To?

Yes.

Greater public scrutiny of government expenditures has the potential to eliminate the potential for fraud, waste, and abuse. Quantum physics provides a good analogy: Just like the observation of particles changed their behavior, more public scrutiny is likely to affect spending patterns. Certain expenditure decisions may be weighed more carefully now that they have to be made with the public's watchful eye in mind.

While it is too early for a full assessment of savings that can be realized through spending transparency because most websites are yet to be launched or have only been in operation for several months, we can already point to a handful of examples.

## Savings in Texas

Using information from the spending portal hosted by her agency, Texas Comptroller Susan Comb has identified \$2.3 million in savings in her agency alone. These savings break down as follows:

\$73,000	Consolidation of five different toner contracts into one
\$250,000	Not printing a duplicative study already done by another agency
\$130,000	Postage and print cost savings by putting publications online
\$457,000	Elimination of several IT contracts
\$100,000	Elimination of microfilm no longer needed
\$14,600	Pager disconnections

## Changed Spending Patterns in Kansas

As Kansas State Representative Kasha Kelley, the sponsor of the legislation that led to the creation of Kansas KanView, reports, Kansas legislators, for the first time in a number of years, limited the growth of government spending in the budget they passed in the 2008 legislative session to roughly 5 percent, rather than the roughly 8 percent of previous years. While we certainly can't prove a direct correlation, it can also not be rejected off hand, especially when lawmakers like Rep. Kelley have been pointing to the fact that expenditures will be online during the budget negotiations.

## Who Can Provide Technical Guidance?

We are now in the fortunate position to draw from experiences at various levels of government. Many people involved in the successful creation of comprehensive searchable websites for government expenditures are offering their expertise, and the Center for Fiscal Accountability would be happy to put you in touch with them.

[www.fiscalaccountability.org](http://www.fiscalaccountability.org)

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