

Following the Money 2016



U.S. PIRG
Education Fund

Michelle Surka, Program Associate
US PIRG

Ally Fields, Policy Analyst
Frontier Group



- Educational Affiliate of the U.S. Public Interest Research Group (U.S. PIRG), with 27 state-based affiliates and a federal office, as well as hundreds of thousands of citizen members
- Non-profit and non-partisan
- Public interest advocates on a variety of policy issues

FRONTIER GROUP

- Think tank providing information and ideas to help citizens build a cleaner, healthier, fairer, and more democratic America.
- Issues experts and writers producing research and analysis that is accessible to the public, and applies insights from a variety of disciplines to generate solutions for pressing problems.

Topics

- Our approach to transparency
- Scoring Criteria for 2016
- Emerging issues and opportunities in transparency
- Timeline

Our Approach to Evaluating Transparency



Our Approach

- The Value of Transparency
- The Value of a Scorecard
- Which Site to Evaluate
- Obstacles to Sound Comparisons

The Value of Transparency

- Increases democratic accountability
- Improves effectiveness of spending and procurement
- Saves money
- Increases public engagement and trust
- Checks corruption and waste

The Value of a Scorecard

- Assist with spread of best practices
- Show progress over time
- Motivate for improvement
- Make comparison accessible to non-experts
- Benchmarks to identify patterns

Which Website Gets Evaluated

- Website: Transparency means online
- Accessibility means from a single portal
- We evaluate the best site

Trade Offs in Making Sound Comparisons

- Standardized protocols yield objective and consistent decisions; but alternative approaches should also be recognized to encourage innovation
- Evaluations of a state's transparency can often be mistaken as evaluating the office operating the website

Criteria for Following the Money 2016

- Basically unchanged from 2015, slightly different point allocations, bonus points, and partial credit.
- Four broad categories:
 - Contracts
 - Quasi-Public Agencies
 - Economic Development Subsidies
 - Tax Expenditure Reports

Following the Money 2016: Contracts

- Contracts
 - Checkbook-level
 - Searchability
 - Disclosure of Excluded Information
 - Bulk Downloadable
- Quasi-public Agencies
- Economic Development Subsidies
- Tax Expenditure Reports

Contracts: Checkbook-level

- What it is: Individual payments made to individual vendors
- Important: Allows public to act as watchdog
 - Ensures vendors deliver on contract agreements
 - Ensures taxpayers receive the greatest social benefit at the lowest cost
 - Allows public to participate in policy debates on spending priorities
- Full credit:
 - List or database
 - Not within individual contracts

Contracts: Searchability

- What it is: Users can make targeted searches on the payments made to vendors
- Importance: Makes websites user-friendly
- Full credit:
 - Name, keyword (or fund), and agency
 - Search by whole vendor name
 - Search function must be part of transparency website
 - Individual search boxes or dropdown options, bonus points available here

Contracts: Excluded Information Disclosed

- What it is: Statement about specific types of transactions and/or entities excluded from the checkbook
- Importance: Since disclosing all transactions may not be legal or appropriate, users should be able to know which types of expenditures or entities are missing from the data
- Not full credit:
 - Statements about general exclusions, such as “salaries” or “confidential information”
 - Statements that require insider knowledge, such as covered under certain regulation or platform

Contracts: Bulk Downloadable

- What it is: the complete checkbook can be downloaded for data analysis
- Importance:
 - Enables users to identify trends in spending
 - Enables users to calculate the total payments made to certain vendors
- Full credit:
 - Full checkbook for full year, quarter or month
 - Not piecemeal by department or vendor

Following the Money 2016: Quasi-Public Agencies

- Contracts
- Quasi-Public Agencies
- Economic Development Subsidies
- Tax Expenditure Reports

Quasi-Public Agencies

- What it is: Independent government corporations created through enabling legislation to perform particular service or set of public functions.
- Importance: Expenditures from “quasis” typically fall outside the official state budget and are difficult for the public to scrutinize
- Full credit: Expenditures from all quasis are included in the contract checkbook tool
- Best practice: comprehensive list of quasis

Following the Money 2016: Economic Development Subsidies

- Contracts
- Quasi-Public Agencies
- Economic Development Subsidies
 - Awards to Companies
 - Downloadable
 - Intended Public Benefits
 - Actual Public Benefits
 - Reclaimed Funds
- Tax Expenditure Reports

GASB Standards

- New GASB standards for tax abatement disclosures, finalized in August 2015, the requirements of the Statement are effective for financial statements for periods beginning after December 15, 2015 with earlier application encouraged.
- Our criteria still go beyond GASB standards, but having these requirements in place should enable even more states to hit our most basic criteria.

Economic Development Subsidies: Awards to Companies

- What it is: Individual subsidy payments awarded to individual companies
- Importance:
 - Many subsidy payments remain in the dark
 - Subsidies are not awarded through standard procurement processes
- Full Credit: Five largest subsidy programs (Four in a few states where no major programs exist)

Economic Development Subsidies: Intended Public Benefits

- What it is: Projected public benefits intended to be produced by individual recipients
 - Examples: number of new jobs, number of employees trained, increased property value, increase in wages
- Importance: Allows taxpayers and state officials to ensure that subsidies are a good use of tax dollars
- Full Credit: Five largest subsidy programs

Economic Development Subsidies: Actual Public Benefit

- What it is: Public benefits actually produced by individual private recipients of subsidies.
- Importance: Allows accountability for actual performance
- Full Credit: Five largest subsidy programs
- Best practice: Recouped funds listed

Economic Development Subsidies: Bulk Downloadable

- What it is: Subsidy amount, recipient, and other information downloadable.
- Full Credit: Data for largest subsidy programs all downloadable

Following the Money 2016: Tax Expenditure Reports

- Contracts
- Quasi-Public Agencies
- Economic Development Subsidies
- Tax Expenditure Reports

Tax Expenditure Reports

- What it is: Report that details a state's tax expenditures with the resulting revenue loss from each program.
 - Types of tax expenditures: Credits, deductions, deferments, and preferences
- Importance: prevents tax expenditures from escaping legislative oversight
- Full Credit:
 - Available from transparency website
 - Tax expenditures for several years

Cutting Edge Considerations and Innovations

- Disclosures about public-private partnerships
- Expanding the state transparency website to include city and town spending data
- More thorough disclosures about quasi-public agencies
- Better usability features and functionality
 - Auto-complete search functions, comparison features

Timeline

- January 13, 2016 – Preliminary grades and survey sent out
- January 27, 2016 – Responses due from states
- March 15, 2016 – Report release

Thank you. Questions?

Ally Fields, Policy Analyst

Frontier Group

ally@frontiergroup.org

Michelle Surka, Program Associate

US PIRG

msurka@pirg.org