TEXAS FINANCIAL TRANSPARENCY:
OPEN AND ONLINE

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Texas: Open and Online

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EXECUTIVE SUMMARY

Texas has been widely recognized as a leader among states for its efforts to increase financial transparency. State officials are aware of the national momentum around transparency initiatives and are taking advantage of this momentum to further state level transparency.

One characteristic of transparent governance is the availability of accurate, accessible financial information online. Our goals in recommending methods to increase online financial transparency are four-fold: increasing efficiency, accountability, innovation, and citizen participation. Providing raw data to the public lays the framework for governments to engage their citizenry and to encourage the generation of applications by third-party users. Because individuals will be able to export raw data, efficiency will improve, since state agencies will need to respond to fewer information requests. Citizens and organizations will also be able to create applications—using their own time and resources—to mash and analyze government data in various ways.

We met with the Office of the Comptroller of Public Accounts, the Legislative Budget Board (LBB), the Department of Information Resources, and the Legislature to recommend ways to improve the accessibility of financial data on Texas websites. Our recommendations will enhance online financial transparency by increasing citizen participation within government and improving government efficiency. After reviewing and creating an inventory of current state financial websites, we provided The Office of the Comptroller and other state officials with feedback regarding increasing financial data transparency. We have identified six areas in which the LBB's websites and the Comptroller's websites, the *Window on State Government* and *Where the Money Goes*, could increase data accessibility:

- Comprehensive Annual Financial Reports (CAFR)
- Budget
- Revenue
- Contract
- Check register
- Stimulus fund and/or other emergency fund tracking

The Comptroller's Office is working on three different online projects as part of the roll-out of a new transparency website: refining *Where the Money Goes*, introducing *Where the Money Comes From* and creating the Open Data Center. The Comptroller's Office has been receptive to our feedback and has incorporated our suggestions into the new Open Data Center and changes to the Check Register.

Although Texas has increased the quantity of financial information available online, data remain largely inaccessible and unavailable for citizen analysis. Often, financial data are available in PDF format, which was designed for printing documents and not for data accessibility. We have identified several best practices on other government websites that provide data in formats allowing user analysis. Using these websites as models, the report provides state officials with recommendations on presenting financial data in a more accessible, engaging manner.

While Texas has been a leader in state-level transparency, financial transparency at the local government level has lagged. Enhancing the availability and accessibility of local financial data is a

crucial piece in strengthening overall state government transparency. If all local governments in Texas put their financial data online in an accessible, raw datum format, the state and stakeholders can use this information to improve the financial practices of the state as a whole. Local government financial transparency is also vital for accountability. Transparency allows constituents to track how their tax dollars are being spent, encourages citizen participation in government, and also promotes better fiscal practices.

The perceived challenges to increased local government financial transparency include concerns over technical capacity, financial and human resources, organizational commitment, and guidelines. We recommend that the Comptroller's Office distribute a web template to address these concerns. The template would address the issues of technical capacity of software, staff training, and a need for specific information technology knowledge. The template would require fewer human and financial resources because it would streamline the uploading process and have customization potential. The web template would also encourage organizational commitment by accelerating the momentum of governments joining the transparency movement and by providing a greater context for data to help mitigate misunderstandings by the public. Finally, the lack of guidelines for what should be posted has delayed many local governments from moving forward with transparency. The web template would provide a structure that is accessible for both the user and the provider and would ease the transition toward transparency should guidelines be introduced.

At the state legislative level, many parts of the budgeting process are open and transparent. However, when the appropriations bills are moving through the State Legislature, certain decisions can be difficult for citizens to follow because, among other things, documents used by legislators and staff are not released to the public.

We offer the following recommendations for increasing transparency of the budgeting process:

- *Release the subcommittee summary documents:* The Legislative Budget Board (LBB) prepares documents containing funding and background information for subcommittee members when they are considering an agency or program's budget. The committee works from this summary, or "markup document," which is not available publicly. The LBB could post these documents online to coincide with the beginning of the committee hearing so that the public is informed.
- *Release the subcommittee decision documents:* The LBB prepares a "decision document" with the funding figures recommended by subcommittees for the full appropriations committees. This document summarizes decisions made in the public hearing, but is not available publicly. The LBB could post these documents online as they are prepared.
- *Make committee video usable:* Video of committee meetings—appropriations and otherwise—is available online, but coordinating the minutes with specific bills or witnesses is difficult. We are investigating methods of tagging videos with bills or witnesses, but in the interim, minutes could be periodically time-stamped allowing videos to be more easily searched.
- *Consider appropriations database:* The LBB should study the feasibility of constructing a publicly accessible database that tracks the budget process from agency requests, through summary documents, decision documents and the conference committee reports. Such a database could lighten the workload at LBB and provide extensive information with a quicker turnaround to legislators and the public alike.

- *Publish the approved budget in an open format:* The LBB should consider adding a new online feature that makes the approved budget downloadable in an open format as one complete file rather than one page at a time.
- *Consider interim charges and select committees:* There are several standing committees or select committees that could further study these recommendations before and during the 2011 legislative session, including: House Select Committee on Government Efficiency and Accountability, House Appropriations Committee, Senate Finance Committee, Senate Committee on Government Organization and Senate Committee on Administration.
- *Add features that give context to the data, and keep features that are useful:* We do not wish to eliminate PDF documents; rather, we want raw data formats and contextual information added to what currently exists. Charts, graphs and reports that tell citizens why decisions were made help provide a framework for understanding the decision process.

INTRODUCTION

Financial transparency in state and local governments is predicated on the belief that all constituents should have greater access to usable financial data. Our goals in recommending methods to increase online financial transparency are four-fold: increasing efficiency, accountability, innovation, and citizen participation. However, we realize that different members of state and local communities might have different reasons for wanting increased access to state and local finances and the budgeting process.

To ascertain what aspects of financial transparency are most vital to the public, we consulted constituency groups across the political spectrum. One such group was the Freedom of Information Foundation of Texas (FOIFT), a non-profit organization based in Austin, Texas. Given that the organization's mission is centered on supporting the public's access to government records, the input provided by the FOIFT has been crucial to us, both as our main client and as a community organization. Other stakeholders also provided insight into the current state of local government transparency. Talmadge Heflin, Director of the Texas Public Policy Foundation's Center for Fiscal Policy and a former Chairman of the House Committee on Appropriations, explained that it was important to establish seamless links of government financial data down to the lowest government entity. Similarly, Victor Gonzalez, the Texas Comptroller's Chief Technology Officer, discussed the need for creating templates and guidelines to address local government transparency in small Texas communities. Eva DeLuna Castro, Senior Budget Analyst for the Center for Public Policy Priorities, advocated putting data in context for citizens. In addition to soliciting feedback from specific stakeholders, we also reached out to a broad range of interest groups—such as the Texas Municipal League, Texas State Teacher's Association, Public Citizen, and the Greater Austin Chamber of Commerce—and sent them all a questionnaire asking how state financial transparency affects their work and constituencies. (See Appendix I for the complete questionnaire).

Important feedback from the Texas Municipal League (TML) suggested that the greatest challenge local governments currently face in becoming more transparent is the prohibitive cost of a full-time staff tasked with the responsibility of posting financial information online. Given financial limitations, TML suggested that any outside efforts to assist local governments would help these organizations immensely in putting this type of information online. The majority of the constituency groups who responded to our questionnaire said that they thought the state should aid local governments' efforts to put financial information online.

Regarding the appropriations process, the vast majority of respondents considered it important for their organization or constituency to gain access to budget information before funding decisions are made. Given that the current constraints limit the availability of such budgetary information, this was a particularly notable finding. Finally, the responses indicated that availability of information alone is not enough. While there is certainly a lot of information currently available about Texas' finances, a majority of respondents were dissatisfied with the presentation of the information, and nearly a third of respondents were unaware that the information is even available. Our findings suggest that constituencies across Texas see significant opportunities for increasing financial transparency in the state, despite Texas' traditional high performance relative to other states.

Purpose

With all of the technological innovations during the past decade, we can increase financial transparency for constituency groups across the political spectrum and the general public. Hence, we can shift from the successful paradigm in Texas of e-government to a fully transparent, open and online Texas that involves citizens more in the financial decisions affecting their lives. Governments around the world are seizing the opportunities to increase transparency. From the work of Assistant City Manager Dustin Haisler in Manor, Texas, to the prioritization of national transparency in the Obama administration, the current momentum toward openness and accountability can be applied to both the state and local levels. With the following analysis and recommendations, Texas can use this momentum to again assume a leading role in government transparency.

Principles of Transparency Reform

In extensive discussions, community groups demonstrated strong support for transparency reform in general and along four general principles in particular. The principles are reflected in the policy recommendations made in this report for state, local and legislative transparency, and are useful guidelines for public officials and staff to promote transparency.

I. *Public means online[1]*

In the 21st century, the public has come to expect easy access to information, and the government should not be an exception to this rule. In a state as vast as Texas, information that is not accessible online is inaccessible to many, if not most. Accordingly, whatever information the government has, or commits to making public, the standard for "public" should include "freely accessible online." Specifically, governments should strive to ensure that:

- Documents published in physical form should also be published online; have a permanent, citable link; and be available at all times, free of charge.
- When documents are published physically, they should also be published online simultaneously.
- To reduce delays in publishing, information collected for publication (by agencies, officials or members of the public) should be collected through online forms and uploads.

2. *Data must be timely and usable and provide context and visualization options*

Data on the budget and spending are critical to accountability, participation and public education, but only insofar as they are usable. For this to occur:

- Data should be parsable (machine-readable) for analysis and visualization.
- Data should be published as soon as possible.
- Data should be searchable and usable (via Application Programming Interfaces (APIs)[2] and full downloads of databases).
- Data should be available permanently.
- Faulty or incomplete data needs to be corrected online when corrected internally, so citizens and government are working with the same information.
- Graphs, charts, and explanations should be provided whenever possible.

3. *Data must follow the money, everywhere*

Publishing budget and spending data online can unify citizens' understanding, evaluation and participation in government, but only if they are able to follow the state budget from the legislature to the governor to local and county governments and state agencies—to follow the money from receipts to expenditures:

- Any government entity—from local governments to agencies to school districts—receiving state funds should publish its budget, financial report, check register and other spending data online.
- The state government can help facilitate disclosures for local governments with limited IT resources by creating a web template for governments to upload financial data.
- Financial data should use common, interoperable, searchable tags (such as government account identifiers) to follow funds from the appropriations process to executive branch spending to local governments.
- Entities should continue to publish PDF reports, but also add raw data in various formats.

4. *Transparency enables participation, encourages collaboration, and increases efficiency*

The public should have access to easily understandable information about state and local finances. This would reduce requests for information and help citizens make more informed voting decisions. Real-time publication of financial information by the Legislature enables meaningful public participation in the appropriations process, which is currently limited to those who have the time to be at the legislature during session or those who have the resources to send people in their stead. Documents produced by legislative staff, with public funds, for *general dissemination among legislators* should also be made available to the public. Specifically, to facilitate public participation and reduce the number of information requests:

- The Legislature could make available all documents produced by legislative support offices that are *generally distributed to lawmakers* available to the public at the same time.
- It could also make all budget figures prepared by legislative support offices that are *generally distributed to lawmakers* available to the public as data, in searchable format.
- State and local governments could make data visually engaging and easily understandable with context, and provide mechanisms for public feedback.

Methodology

Our research included a review of state and local websites and interviews with individuals and organizations. The challenges of working towards greater state and local financial transparency became evident in discussions with government administrators and community organizations, including the Freedom of Information Foundation of Texas (FOIFT), the Center for Public Policy Priorities, and the Texas Public Policy Foundation. Other stakeholders also provided insight regarding local government transparency. Initial research focused on state financial transparency and the visualization of financial information. While conducting our research, we also explored local transparency efforts and the state legislative appropriations process.

Local research focused on minimum standards developed by the Texas Comptroller's Office, defined in the Texas Transparency Check-Up website, and the challenges that the City of Kyle faced in reaching these standards. To assess the level of support for financial online transparency, we conducted interviews

with various individuals, including the Texas Comptroller and her staff, City of Kyle administrators, and community leaders and constituents (see Appendix H for questions).

State research focused on best practices and compared government financial websites. The research examined budgets, annual financial reports, check registers, stimulus spending, state contracts, and state revenue. Specifically, our research focused on data organization, "searchability," exportability, and visual display.

Legislative research focused on reviewing the state's legislative appropriations process and on identifying opportunities for improved transparency. Specifically, our work focused on developing a more transparent process for writing the state appropriations bill. Additionally, we distributed a questionnaire as part of our outreach efforts to guide our principles of transparency reform. We sent the questionnaire to community groups such as the Texas Municipal League, Texas State Teacher's Association, Public Citizen, and Greater Austin Chamber of Commerce.

SUMMARY OF RECOMMENDATIONS:

Financial transparency is a crucial element of open and accountable government and can improve citizens' participation and trust in the political process. Improving transparency also increases efficiency: with more information online and usable, there will be fewer open records requests that take up time and staff resources. Contracts and bidding will be more competitive. With more people watching state functioning, the public will spot ways to cut costs and citizens will generate their own applications for the data, which the state will not have to pay to develop.

While Texas has been a leader in the early stages of online government financial transparency, state officials need to make continual improvements to stay on the forefront. Changes could come through several possible channels: executive orders, legislation, agency policy change, increased enforcement, or public demand.

There are several areas in which Texas can improve:

- State financial websites should be consolidated into an engaging "one-stop shop."
  - Data should be more organized, searchable, exportable, and clearly displayed.
  - Sites should facilitate engagement with, and participation by, various users, from the expert programmer to the curious citizen.
- Local governments in Texas should have readily accessible financial data online.
  - Develop and disseminate open-source and open standard data tools, such as a web template, to make data available in raw, real-time formats.
  - Present data in an engaging and visual way.
  - Address issue of database and software compatibility.
  - Upgrade the requirements for the Texas Comptroller's Leadership Circle.
  - Establish guidelines for local government entities to publish their financial data online.
  - Present data in a contextualized format.
- The legislative appropriations process should be opened up more to the public.
  - Certain background documents that are currently made available to legislators should be posted online.
  - Recommendations and changes made at subcommittee meetings should be documented and made publicly available.
  - The LBB should make a new budget database that is searchable and downloadable as a single file, instead of page-by-page.

STATE

Introduction & Background

 "One hope is to bring the people into the process—but in a way that represents everyone, under conditions where they can think about the issues constructively together. This is possible even under the most difficult circumstances."[3]
-James Fishkin, Stanford Professor of Communication/Political Science

With the increasing complexity of government, policymakers must provide open access to data in order to engage citizens and promote accountability and efficiency. But access goes beyond mere availability of the data. Citizens must know where to find the relevant data and must understand what is in front of them; therefore, organization, presentation, and context are key elements for effective transparency.

One notable example of federal transparency is the website Recovery.gov, which provides a portal and an interactive map for tracking federal stimulus funds. States are also beginning to reform their websites and create simple "one-stop shops" for citizens to access financial information.

Many cities and countries currently use new methods of sharing data that promote transparent governance. For example, the United Kingdom has a website that provides raw government data so that citizens can analyze them and make innovative findings. The home page of the website states, "this site seeks to give a way into the wealth of government data and is under constant development. We want to work with you to make it better."[4] Doing so not only improves citizen participation, but also reduces costs. According to TexPIRG Education Fund:

> Transparency websites can save millions through more efficient government operations, fewer manual information requests, more competitive contracting bids, and lower risk of fraud. In the two years following the launch of its transparency website, the Texas Comptroller reported $4.8 million in savings from more efficient government administration…The largest savings may come from prevention of waste or abuse of public funds due to enhanced public scrutiny—savings that are impossible to quantify but likely significant.[5]

In recent years, Texas has made significant strides in opening up government information, which has put the State among the leaders in online transparency. From the state check register to the new data download center, the state has taken the initiative in moving forward with the transparency agenda. We have reviewed Texas's various financial websites and compared them to those of other countries, states, and cities.

During the course of this project, we worked directly with the Office of the Comptroller as the staff was making changes to its website. Our feedback was used to make improvements to the Check Register and the organization of links and to implement the Open Data Center. However, we have identified several areas where Texas can continue to improve: data organization, "searchability," exportability, and visual display. We have organized the following section by financial data type, to target our recommendations to the data's particular function.

Research & Findings

Budget

All statewide budget information in Texas is currently housed at the Legislative Budget Board (LBB) website.[6] The main page is an array of active text links—to budgetary information and articles, to information about the LBB, to other agencies such as the Office of the Comptroller, and to formal reports. Additionally, the main page includes agency instructions for entering financial data, timelines, and necessary forms. On the LBB website, users can search for agency contracts, requests for proposals (RFPs), and pertinent reports. All financial information—other than the state budget—is housed within separate sites, which are linked from the LBB site. At first glance, the home page is an overwhelming collection of live hyperlinks to information.

Budget documents (sorted by section, chapter, or amendment) are downloadable in PDF format. Viewers cannot track the legislative process through which the budget resolution became an adopted budget (joint committee hearings, appropriations, riders/amendments). Texas Budget Source,[7] a report generator operated by the LBB, is one website that offers a solution by providing searchable budget data. However, Texas Budget Source remains difficult to navigate and almost impossible to cross-search. The user is not able to consolidate reports into one file before downloading them. In addition, much of the information lacks clear labels or descriptions of use.

The link on the LBB main page is also difficult to find...

FIGURE 1: LBB, "TEXAS BUDGET SOURCE"

…and the search results yield a static HTML file.
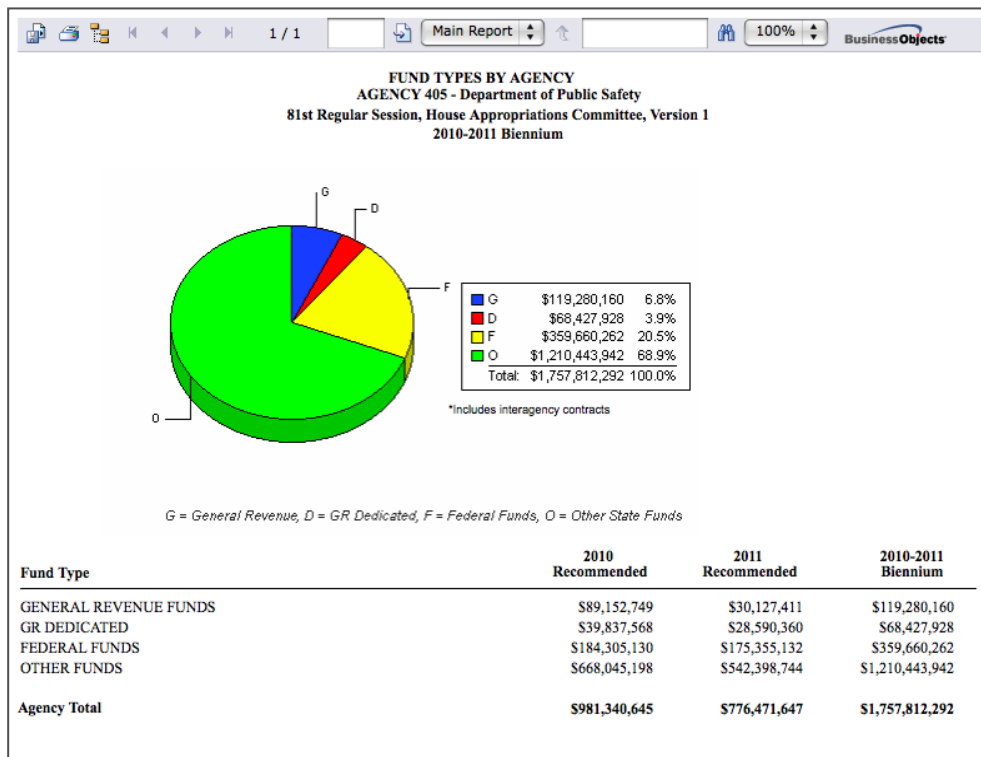
Upon closer examination, however, this file and others like it are exportable in Crystal Report extensions, Rich Text, Excel, Word, or PDF. Unfortunately, each page of the budget must still be downloaded individually and then consolidated for analysis. Many legislative staffers we spoke with were unaware of even this minimal capability.

Another concern is that the Texas Public Policy Foundation also operates a site called "Texas Budget Source."[8] This site appears as the first link when conducting a Google search for "Texas Budget Source," and it may lead citizens away from the official site or create confusion between the two.

In an ideal budget presentation website, all information would be accessible in multiple machine-readable, platform-independent formats, such as:
- PDF: easily readable and printable; not suitable for data mashing and multi-layered comparisons;
- XLS (Microsoft Excel): a very common spreadsheet software
- CSV (Comma Separated Values): used for the digital storage of data structured in a table of lists form; "often used for moving tabular data between two different computer programs (like moving between a database program and a spreadsheet program)."[9]
- XML (Extensible Markup Language): a set of rules for encoding documents electronically, XML emphasizes simplicity, generality, and usability over the Internet.[10]
- Others such as KML or KMZ (XML based): for geographic data

Raw data is necessary so that agencies, the general public, and reporters can analyze the data independently. The government should also publish the API for the website, so that users could develop

"widgets" or tools for analyzing and presenting the data independently. Sites such as the United Kingdom's data.gov.uk/home, City of San Francisco's datasf.org, and the federal government's USASpending.gov encourage the creation of such analytical tools.

The City of San Francisco, California, provides an Excel file with two fiscal years' worth of budget data (one dataset shows the proposed budget and one dataset shows the adopted budget).[11] Texas should do the same so that citizens can track how public money is allocated.

Furthermore, the ideal budget website should also provide a useful citizen guide to the budget process and terminology. The budget is important to everyone in the state, but very few people understand it. While the LBB currently provides a link to a report called "Budget 101: A guide to the Budget process in Texas,"[12] the link brings up an 81-page PDF report, which is hardly an intuitive, easily searchable guide. The Comptroller's Office also just added "The Texas Budget Process: A Primer" to its *TexasTransparency.org* website, but it only gives a general overview of the budgeting process.[13] A glossary or simple step-by-step guide to the budget process on the website itself would dramatically improve citizens' ability to access budget information.

Examples:
a. Glossary of key budget terms from Kentucky[14]

FIGURE 2: GLOSSARY OF KEY BUDGET TERMS FROM KENTUCKY

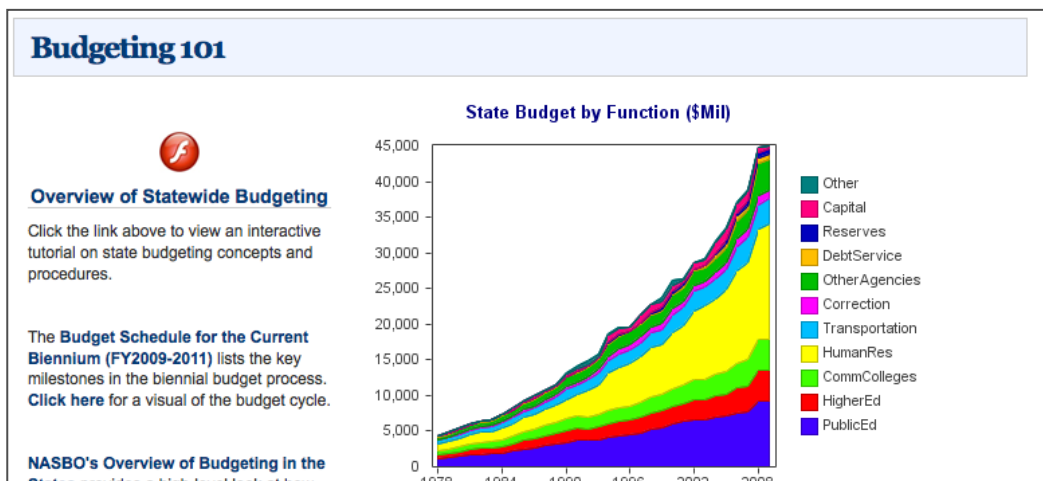b. Comprehensive budget guide from North Carolina[15]

FIGURE 4: BUDGETING 101 FROM NORTH CAROLINA

c. Informational links (presented as question marks next to each entry) from Alabama[16]

FIGURE 5: INFORMATIONAL LINKS FROM ALABAMA

To improve transparency, clear icons and web locators should be on the front page of a state's main website. Unfortunately, most primary state web portals (*e.g.,* TexasOnline.com) do not have readily apparent links to the state's finances or budget information. Many citizens are not aware of agencies such as the Legislative Budget Board or the Office of the Comptroller, nor are they aware of their functions. Since the websites of these agencies remain the primary source of state financial information, the connection should be made obvious.

Part of the mission of transparency is getting citizens more actively involved in government. We believe that when citizens have clear and accurate information, they are more likely to participate in and trust government. In a study by the Kellogg Foundation in Lansing, Michigan, a scientific sample of state residents was brought to a hotel for a weekend deliberation about the budget. By the end of the weekend, the participants overwhelmingly chose to increase taxes (state revenue) that directly affect the populace—*e.g.,* income and sales tax—while cutting taxes affecting the business community. This result demonstrated that the general public is able to make hard decisions without the usual preoccupation with re-election or political popularity. [17] Thus, citizens ought to be able to access information that will help inform their perspectives and voting behavior.

The City of Los Angeles, California also offers an example of an innovative new tool for budget policy. Through the use of its "Budget Challenge" website, the city explains the substantive portions of the budget, details the complex decisions that are required, and allows area residents to weigh in on their policy preferences. First, the "Budget Challenge" opens with an explanatory letter from Mayor Antonio Villaraigosa. The next screen allows the user to learn about the budgeting process, access pertinent organization flowcharts, and peruse frequently asked questions. Finally, the user continues to the budget survey.[18]

FIGURE 6: LOS ANGELES CITY BUDGET OVERVIEW AND BACKGROUND

Each screen outlines the choices that the city faces in the next budgeting cycle. To the right, the site provides background information (see Figure 6). When the user hovers over a bulleted choice, the right-side screen displays policy pros and cons (see Figure 7). At the bottom of the screen, the fiscal choices made throughout the "Budget Challenge" simulation are illustrated in real-time.
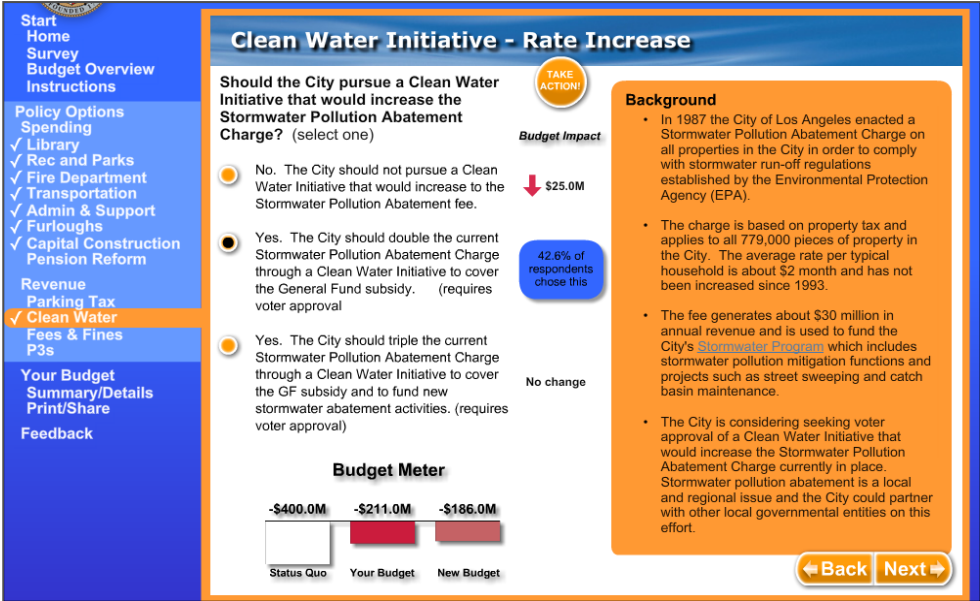
FIGURE 7: LOS ANGELES BUDGET CHALLENGE, FISCAL CHOICES
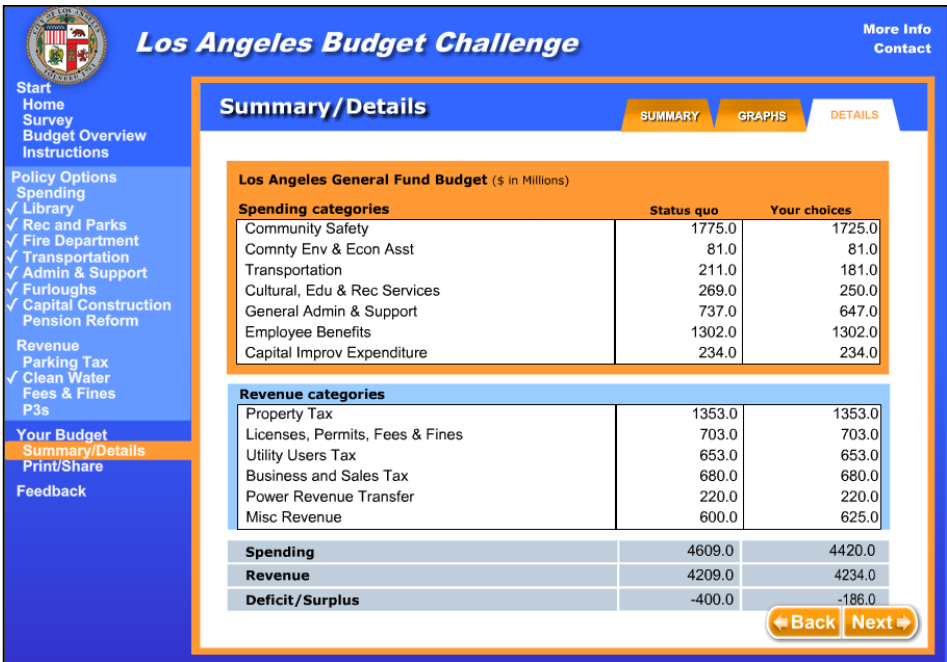
FIGURE 8: LOS ANGELES BUDGET CHALLENGE, COMPARISON WITH STATUS QUO

Last, the user can analyze his decisions—in comparison with the past status quo in LA—and can print his proposals or email them to friends (see Figure 8).

Not only must citizens be able to access and engage with the data in one sitting, they should also have an easy time tracking changes in data or decision-making. RSS feeds notify subscribers when there is new content on a website. This feature allows followers to monitor changes, updates, amendments, and riders. While Texas does have RSS feeds for legislation, including the budget bill, they are located on the Texas Legislature Online site.[19] Individuals searching for financial information may not know to go there for updates on the budget. The budget's RSS feed should be located on a financial "one-stop shop" portal (see example, Figure 9).
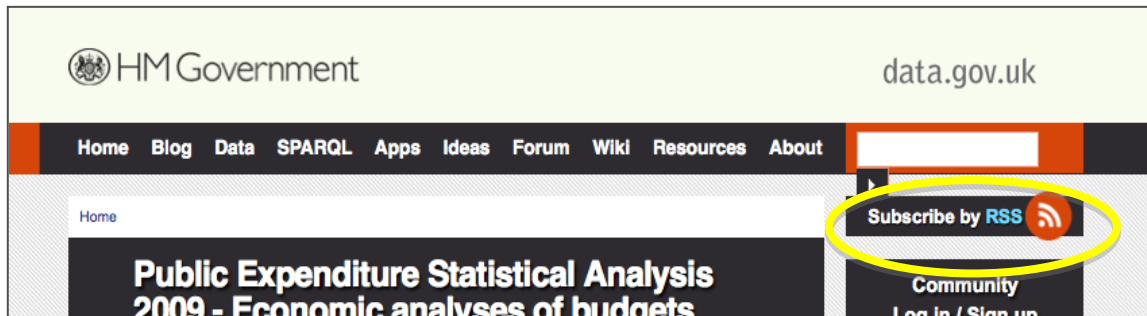
FIGURE 9: DATA.GOV.UK, EXAMPLE OF RSS FEED ON PORTAL

Stimulus Spending

One significant element of online financial transparency is stakeholders' ability to track state spending of stimulus funds. Stimulus funds are provided to states by the federal government as mandated by the American Recovery and Reinvestment Act (ARRA) for various economic development and infrastructure projects. Tracking these funds allows interested parties to analyze information and identify trends in the state's expenditures of ARRA funds. Of the $41 billion total funds awarded by the ARRA, Texas is scheduled to receive $12.4 billion. Texas residents, businesses, state and local officials, interest groups, advocacy groups, and members of the media all have a stake in tracking stimulus funds.

The Texas Comptroller's *Window on State Government* currently provides a summary of funds received, funds that state agencies and public colleges show as allocated or requested, awarded, received, obligated and disbursed, and federal stimulus money allocated or requested and amounts awarded from federal agencies to state agencies and public colleges.[20]

FIGURE 10: TEXAS COMPTROLLER, TEXAS STIMULUS TRACKING

As illustrated in Figure 10, these reports are updated weekly and presented for public viewing as electronic documents that load onto the screen and provide figures for each category within the stimulus fund-tracking database. Furthermore, individuals can find an analysis of the estimated stimulus impact in PDF format. This document provides a chart breaking down of stimulus expenditures. However, people cannot retrieve the whole database in its raw form. Users must download each page of a report separately.

The ideal form of stimulus data would include Excel sheets that document the breakdown of stimulus spending over months so that stakeholders could identify trends of stimulus spending by charting or otherwise analyzing the data. Moreover, it would be helpful for people to be able to access interactive maps that illustrate the geographic region to which stimulus funds are allocated so that they can easily compare financial data from different places.

The American Federation of State, County and Municipal Employees (AFSCME) has posted an interactive map that illustrates stimulus funding by state.[21] This map, like the interactive maps available on Recovery.gov, illustrates how web tools can be used to break down stimulus-spending data in a user-friendly manner. The ability to retrieve a snapshot of the amounts of stimulus funding by region is a useful analytical tool when conducting cross-geographic analyses.
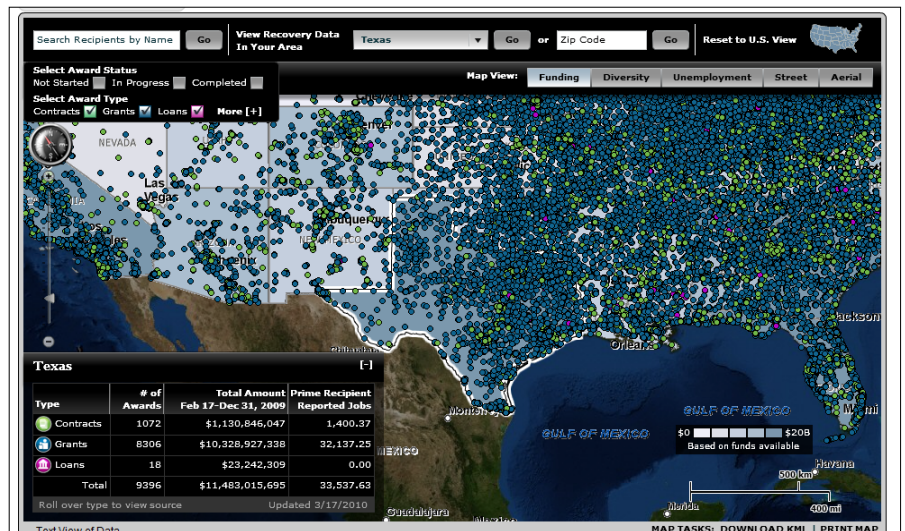
FIGURE 11: RECOVERY.GOV, MAP OF STIMULUS SPENDING

Colorado's official state web portal provides another excellent example of an online resource specifically dedicated to the mission of tracking stimulus spending. The section of its website entitled "Track the Dollars"[22] provides county reports, contracts awarded, maps and charts to

breakdown the use of stimulus funds. Specifically, the section that discusses maps links to an interactive map, which tracks the expenditure of stimulus funds by county.

FIGURE 12: COLORADO'S STIMULUS TRACKING, "TRACK THE DOLLARS"

State Contracts

Currently, there are two main sources for state contract information: the Legislative Budget Board and the Office of the Comptroller. Contract information is important for several reasons:

- Government to Government—Other states can compare the prices paid to contractors to get baseline for their own bids.
- Government to Citizens—Citizens are able to investigate the prices paid by state agencies and see which vendors are being given priority.
- Government to Business—The TPASS allows vendors to register on the Centralized Master Bidders List (CMBL) to receive bids from state purchasers. These vendors could also use the database to compare their bids with completed sales.

The LBB has statutory requirements to keep a contracts database. The statute requires the LBB to report only major state agency contracts, and lays out very specific criteria defining what constitutes a "major contract" and a "state agency."[23] The Texas Government Code requires the LBB to "make the information searchable by contract value, state agency, and vendor…[they] may make the information searchable by other subjects as appropriate."[24] The statute sets out the minimum requirements for display and usability, and the LBB meets those requirements.

FIGURE 13: LEGISLATIVE BUDGET BOARD, CONTRACT SEARCH

However, searches of the LBB website produce a confusing matrix of contracts:

FIGURE 14: LEGISLATIVE BUDGET BOARD, CONTRACT SEARCH, CONTINUED

The search matrix does offer the option to "Export to Excel," which duplicates the search matrix in Excel format. This option is useful because it allows the user to compare the total contract amounts and potentially convert the dataset into a more readily understandable graph or chart.

The Comptroller's Office also maintains a contracts database through the Texas Procurement and Support Services (TPASS). There is not an established definition for which contracts should be posted on TPASS, but the Comptroller's Office posts contracts as Term Contracts, Recycled Contracts, TXMAS Contracts, TPASS Managed Contracts, Food Schedules, and State Emergency Contingency Contracts. The TPASS website awards and manages hundreds of statewide contracts on behalf of more than 200 state agencies and 1,800 cooperative purchasing members. Finding records without previous knowledge or background information is difficult (they are organized by categories such as term contracts or recycled contracts). For example, the Term Contracts are organized by Numeric Index:

FIGURE 15: TEXAS COMPTROLLER'S OFFICE, TPASS SEARCH

This index is difficult to search for a particular contract or even arrange in a logical order (such as by subject matter or vendor name). It is also difficult to compare contracts without opening all of them individually. The actual contracts are available as PDFs. There is an HTML overview of the major components of the contract, but no readily available dollar values to compare. Finding actual numbers involves wading through 60-plus page PDF documents.

Making a state contract website more transparent should improve efficiency and save the state money by encouraging a competitive bidding process. A good example of a design for a contracts database is available on USASpending.gov. It offers a variety of search options for locating specific contractor information. Users can search by Contractor Name, DUNS Number[25], City, State, Congressional District, Zip Code, Contractor Type and Contract Description. The site also contains organized lists of contracts, so users can easily see the Top 100 contractors, contracts awarded by state, or contracts awarded by congressional district of contractor. Users can download data at a variety of levels of detail: Summary, Low (list of contractors), Medium (contractor profile), High (list of transactions), Extensive (detailed info), and Complete (all info).

Furthermore, USASpending.gov represents data in visually useful forms. For example, Figure 16 illustrates the State of Virginia's contracts, presented with colorful pie charts and Top 5 lists:

Fiscal Year: 2002
Total dollars: $32,963,996,715
The amount for this search is 12.7% of all awarded dollars for the fiscal year.
This state is ranked 2 among states for this year.
Total number of contractors: 4,955
Total number of transactions: 125,961
Get list of contractors
Get list of transactions

Extent of Competition ?

	Available for everyone for competition	$18,642,166,205
	Everyone could compete, but only one bid or offer was received	$2,785,725,832
	Competition within a limited pool	$4,195,730,315
	Actions necessary to continue existing competitive contracts for continuity (until the next one could be competed)	$149,623,467
	Available only for groups such as disabled persons, prisoners, and regulated utilities	$2,286,530,896
	Not competed for an allowable reason	$4,833,891,248
	Not identified, soon to be addressed	$70,328,752

Top 5 Products or Services Sold

Other ADP and Telecommunications Services (includes data storage on tapes, compact disks, etc.)	$3,851,104,576
Engineering and Technical Services	$1,959,130,218
ADP Systems Analysis Services	$1,708,140,446
Aircraft Carriers	$1,705,464,958
ADPE System Configuration	$1,114,819,516

Top 5 Contracting Agencies Purchasing from Contractor(s)

NAVY, Department of the	$8,785,896,762
ARMY, Department of the (except Corps of Engineers Civil Program Financing)	$4,266,149,248
Federal Technology Service	$3,357,694,104
AIR FORCE, Department of the (Headquarters, USAF)	$3,102,882,999
Defense Logistics Agency	$1,439,118,551

FIGURE 16: USASPENDING.GOV, VIRGINIA'S CONTRACTS

Users can download data in many different formats (*e.g.,* HTML, Comma delimited ASCII, Tab delimited ASCII, XML).

To provide the most informative data on contracts, the database should include information on subcontractors as well as primary contractors from the original bid. We recognize that this would add a layer of data collection and paperwork, but if implemented, the public would be able to track exactly where the government funds are actually being spent. Users should also be alerted to reporting policies—citizens may not know that only contracts above a certain minimum are being reported.

In terms of organization, users should be able to download the entire dataset at once, or at least in large chunks, and to have a variety of options for viewing the appropriate level of detail. These datasets should be offered in several formats of structured data (*e.g.,* CSV, XML, XLS).

To encourage a more efficient and clear bidding process, states should clearly display totals for individual contract orders, provide a way to sort the data by category or vendor, and show subtotals by categories, objects, or vendors. State websites should provide visualization aids, with appropriate graphs and charts showing trends, or maps of the locations of contractors and subcontractors illustrating where the main contracts are concentrated.

Checkbook Online

By making the online checkbook readily available in real time, state agencies can communicate to the public, researchers, press, and legislators how Texas' tax dollars are being spent. Providing a state checkbook or check register online is often considered a cornerstone to government transparency. A state check register, like a personal checkbook register, usually includes the date of transaction, a transaction number, the amount of money spent, and the name of the payee or payment recipient. Some checkbooks are more detailed in the information they report and can include facts like the agency or program from which the money came, the general type of expenditure (*e.g.*, salary, travel, payment for service, purchase of good), or a brief memo describing the exact expenditure (*e.g.*, four-day car rental, ten photocopy machines).

The State of Texas' checkbook is made available online by the State Comptroller of Public Accounts. It is located on the *TexasTransparency.org* website, embedded within its *Where the Money Goes* search engine.[26]

The online check register makes financial data available online using a software system called Business Objects. [27] The data on the site exists as summary-level data for the years 2001 – 2007 and as detail-level data from the year 2008 onward. Overall, the system is simple and effective and allows users to generate spending reports by category for various fiscal years. The *Where the Money Goes* page provides users the ability to examine the data in various ways. However, there are a few major shortcomings to the system.

One issue is the use of charts and graphs within the *Where the Money Goes* search results. While charts and graphs are positive features to include within search results, the pie charts on *Where the Money Goes* are only available for a small portion of the data—namely travel expenses. Also, the user cannot decide when the pie charts appear. They only appear within the first few layers of searching and are not displayed consistently. Aside from pie charts, there are no other visualization tools for summarizing or adding context to reports generated by searches. We recommend expanding the use of these pie charts and other visual displays to all the searchable data. Other types of graphs, such as bar graphs or line graphs, should also be available to show trends in spending or revenue over time.
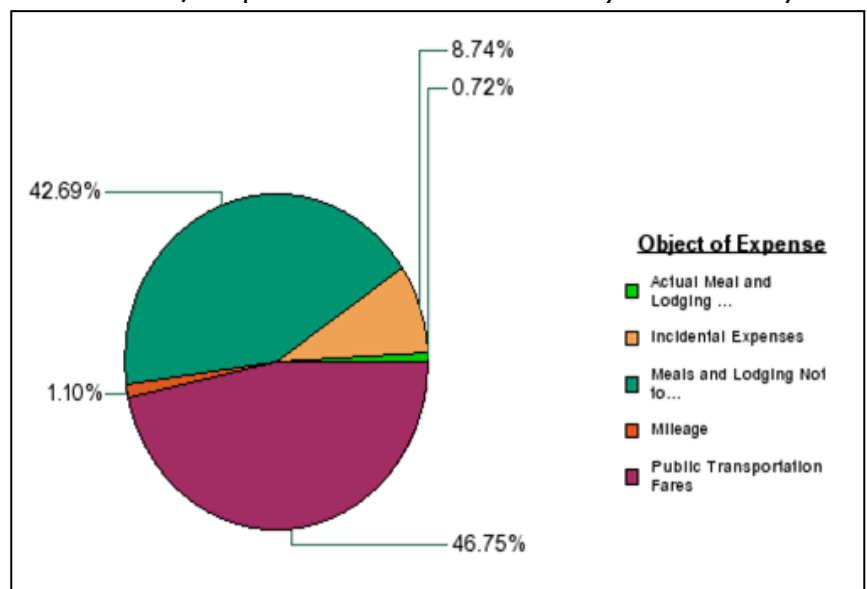
FIGURE 17: TEXAS COMPTROLLER, "WHERE THE MONEY GOES" INTERACTIVE GRAPH

Another problem is that the numerous search options are not located within a single simple search engine. If a user does not find all the data he needs with an initial search, the user must exit Business Objects altogether, return to the *Where the Money Goes* webpage, and begin all over again with a new search. Also, search results from this website produce different kinds of outputs. Some result in a simple table or an interactive chart, others in pages of financial information capable of being searched by the user at a more detailed level of information. Some of the searches allow the user to

select data by year and agency, others by year only or agency only. Instructions on the website should indicate whether a search will return an interactive query, an interactive chart, or a static spreadsheet. There is a serious roadblock to transparency when users have to spend excessive amounts of time experimenting with different searches, are ultimately unable to find what they are looking for, or simply give up.

An example of a clear, searchable online checkbook display comes from Kentucky: [28]

FIGURE 18: ONLINE CHECKBOOK FROM KENTUCKY

CAFR

A Comprehensive Annual Financial Report (CAFR) is an official annual government financial statement that reports revenues collected and amounts spent by a government or agency. CAFRs report the overall financial results of all agencies and departments for the current fiscal year. A CAFR consists of statements of activities, balance sheets, cash flow statements (to show the source of revenue and destination of expenses) and more. The Texas CAFR is divided into three major sections: the introduction, financial, and statistical sections. All states are legally required to publish their CAFRs annually. CAFRs for the state of Texas are available at the Comptroller's website. Data is available from fiscal year 2000 to 2008, but only in PDF format.

While it is important to continue providing PDF-formatted CAFRs, the CAFR's data should also be available in other structured data formats. Access to raw data would allow information to be easily searched, resorted, and analyzed at the user's discretion. A link on the CAFR page should make clear the connection between the full report in PDF form and the data used to create it. The Comptroller's Office has just added a new data download center to the *Where the Money Goes* website, but from the CAFR page, it is still not clear to laypeople which data were used for the CAFR. [29]

Revenue

State revenue is money that a state collects. The state can obtain revenue from several types of sources: various taxes, user fees, fines, investment income, and grants from the federal government. Citizens, media, government officials, and academics all benefit from knowing how much money the state collected, and where it came from.
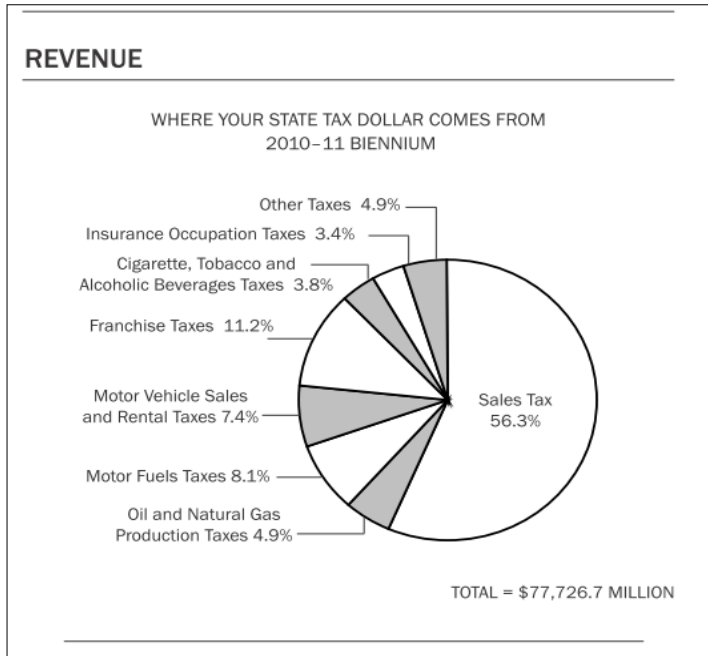
FIGURE 19: FROM TEXAS FACT BOOK, BY LBB

Most US state revenue websites are places to download tax forms or get help with paying state taxes. Very few make reporting on revenue a priority. However, the Texas Comptroller's Office recently redesigned its website to include a data download center and *Where the Money Comes From*. Both of these changes represent a step in the right direction for Texas financial transparency efforts.

Almost all of the revenue data for Texas are published by the Comptroller's Office, with one exception: the LBB publishes the Texas Fact Book, which includes some breakdown of revenues and projections of future revenue.[30] However, the Fact Book is only published in paper form and put online as a static PDF document, and therefore an interested researcher cannot use the data for automated analyses.

The Comptroller's Office provides revenue information in its *Where the Money Comes From* section of *TexasTransparency.org*. The Office also attempts to give a general overview of how and what funds flow into the state with this diagram of the "Flow of Major Revenues."[31] While this is somewhat helpful for a layperson, it still contains jargon and a user cannot click on an area to access the data that generates those estimates.
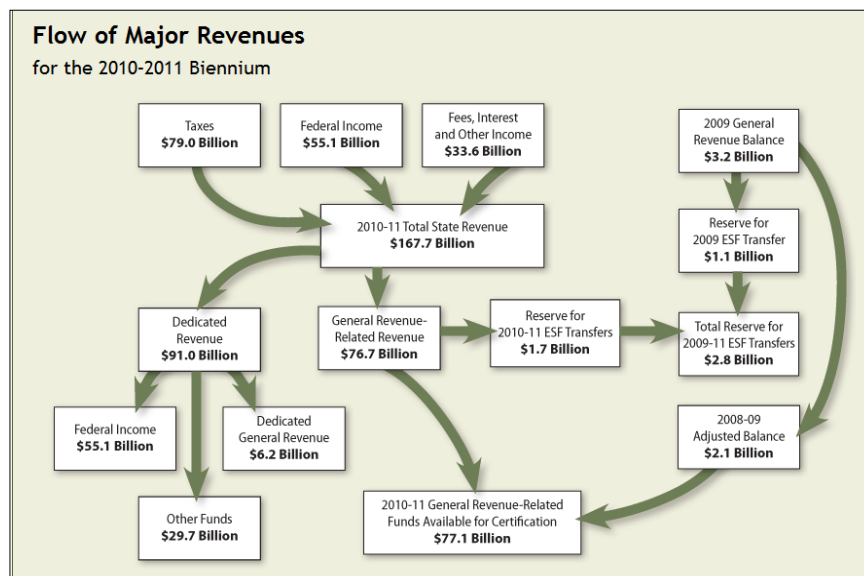
FIGURE 20: FROM TEXAS COMPTROLLER

SB 1, 81ST LEG., R.S., 2009 ‡

This report lists the General Revenue Dedicated accounts and balances that are potentially used for budget certification purposes according to

Each legislative session, the Comptroller's office provides the Legislature with revenue and balance estimates for these accounts as prescribed
cases, the Legislature appropriates more than the estimated biennial revenue for an account and then the balance of that account is used to fun
Legislature does not appropriate all of an account's revenue stream, or when revenue exceed the estimate, a balance will accumulate in the acc
Dedicated accounts are available for certification of General Revenue appropriations according to the terms of Section 403.095, Government

ACCT NBR	GR ACCOUNT TITLE	FY 2010-11 ESTIMATED REVENUE	FY 2010-11 APPROPRIATIONS	FY 2010-11 EST REVENUE IN EXCESS OF APPROPRIATIONS	FY 2010-11 APPROPRIATIONS IN EXCESS OF EST REVENUE
0009	Game, Fish, and Water Safety	240,882,750	245,593,014	-	(4,710,264)
0019	Vital Statistics	12,834,000	13,293,838	-	(459,838)
0027	Coastal Protection	32,511,000	25,511,205	6,999,795	-
0028	Appraiser Registry	240,000	240,000	-	-
0036	Texas Department of Insurance Operating	80,178,944	90,457,707	*	*
0064	State Parks	92,927,250	80,861,748	12,065,502	-
0071	Texas Highway Beautification	1,370,000	1,437,735	-	(67,735)
0088	Low-Level Radioactive Waste	3,211,200	3,769,583	-	(558,383)
0092	Federal Disaster	22,000	22,000	-	-
0096	Texas A&M University Mineral Income	5,202,000	9,698,616	-	(1,170,000)
0099	Operators and Chauffeurs License	46,006,000	79,410,438	-	(33,404,438)
0101	Alternative Fuels Research and Education	4,360,000	4,625,933	-	(265,933)
0102	Air Control Board Federal	-	-	-	-
0106	Scholarship Fund for Fifth-Year Accounting Students	1,400,000	4,214,000	-	(2,814,000)
0107	Comprehensive Rehabilitation	22,282,000	23,954,670	-	(1,672,670)

FIGURE 21: TEXAS COMPTROLLER, "REPORT ON USE OF GENERAL REVENUE DEDICATED ACCOUNTS"

Another current source of information from the Comptroller's Office is entitled "Report on Use of General Revenue Dedicated Accounts."[32] This report contains estimates for upcoming fiscal year revenues broken down by account and compares those revenues to appropriations to those accounts. While side-by-side comparisons of financial data are often helpful, this report is static (in PDF format) and also contains terms and names that are not clear to a layperson, such as an account labeled "Comprehensive Rehabilitation."

Another revenue report titled "Texas Sales Tax Collections, Retail Establishments"[33] breaks down retail sales tax by month from January 2009 – January 2010. However, the information is part of a static table that is not downloadable at all. It does not link to the underlying data to allow someone access to more detail, and it only presents the data from the past year, without pointing the user to where to find data on previous years. While the labels and presentation of this data are clear, the bigger picture of how this data relates to state revenue as a whole is lost. Several other tables report revenue information, but share the same problems (See Appendices B – E).

The new *Where the Money Comes From* section of the Comptroller's site finally provides a consolidated search engine for revenue data. However, the searches only allow a user to select one year at a time, so users cannot view one revenue category over several years for comparison. The new data download center somewhat addresses this problem, by allowing users to download state revenues by agency in one large spreadsheet file, instead of page by page from the search program. While both of these new features are important, they should be better integrated, so that if someone is searching and decides she would like to download the entire data set, she does not have to exit the search engine and go to another location to find it.

Texas Sales Tax Collections, Retail Establishments *(in millions of dollars)*	
Month	**Texas Sales Tax Collections, Retail Establishments**
January 2009	$868.14
February 2009	$855.88
March 2009	$778.13
April 2009	$789.25
May 2009	$890.08
June 2009	$811.00
July 2009	$758.86
August 2009	$885.30
September 2009	$731.90
October 2009	$718.90
November 2009	$890.30
December 2009	$920.50
January 2010	$817.30

Change from previous year: down 5.9%

Includes eating and drinking places.

Source: Texas Comptroller of Public Accounts

FIGURE 22: TEXAS COMPTROLLER, "TEXAS SALES TAX COLLECTIONS, RETAIL ESTABLISHMENTS"

The ideal version of a website for revenue data should have several features. All data used in displays should be clearly labeled, with explanations for jargon or any unusual numbers. Ideally the publishing entity would make its API public so that third-party developers could create applications with the data.

Displays should be logical and visually simple, but users should also be able to click on a particular entry to access more information. A great example of clear organization can be found on Utah's website.[34] Each category can be expanded to view individual transaction reports. Larger categories of information are on the left, and clicking on a link brings up the next most detailed level of data on the right side.
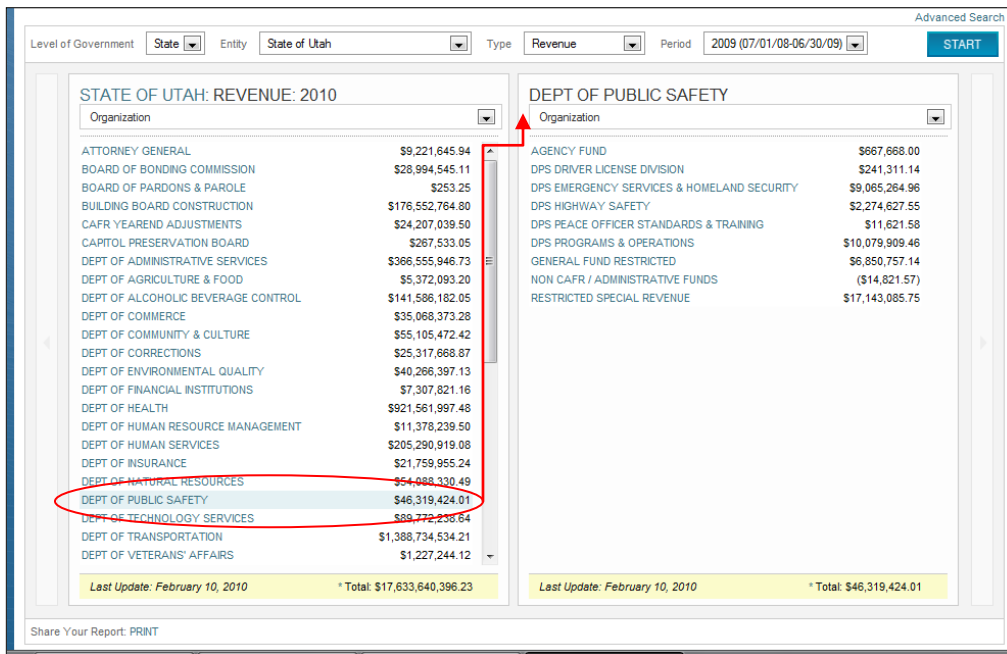
FIGURE 23: UTAH'S REVENUE

Data should be as close to real time as possible and should include the date of the most recent update. Putting numbers in context for citizens is also ideal. Charts and graphs showing trends or comparisons across years are helpful for the layperson that might not have a frame of reference for what typical revenues and expenditures are. These kinds of trend summaries can be found on Vermont Transparency (See Figure 24). The graph instantly communicates an overall trend of increasing taxes, and also that new categories were added over time. [35]
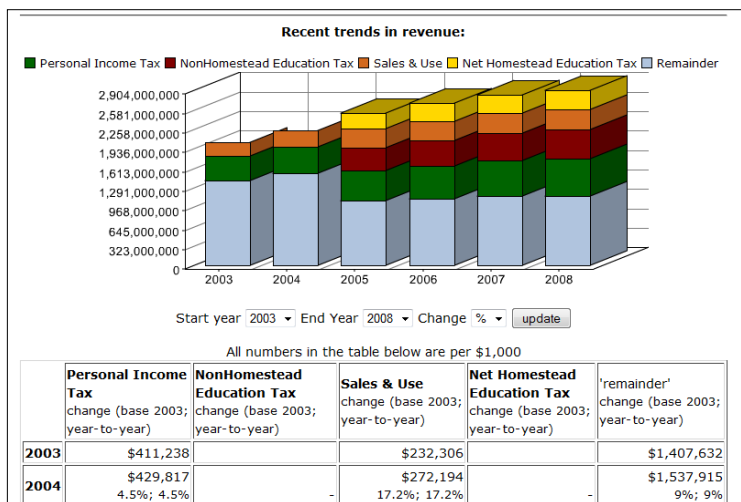
FIGURE 24: VERMONT TRANSPARENCY

Recommendations

To make state financial websites more transparent, Texas should focus on the following features:

1. **Improve data organization.** Texas should encourage and facilitate uniformity in submitting data so that they can be easily compared across agencies. All data should be accessible from one website, a "one-stop shop," which should be easy to find from the main state site and from a web search.

2. **Improve "searchability."** Data should be searchable by year, month, agency, category, vendor/payee, any other relevant fields, and every combination thereof. There should always be an option to select all years or all categories. Users should have some idea of what kind of report will be produced before they start a search. Once reports are generated, the results should be sortable by the various fields.

3. **Improve exportability.** Texas must continue expanding and improving the Open Data Center. Data should be available in several different structured data formats. Users should be able to run searches, and then easily download the overall dataset they are working with, instead of having to exit the search and find the dataset. Texas should also publish the APIs used for financial websites to enable the data to be analyzed and displayed by third-party developers.

4. **Improve visual display.** Charts and graphs should be available to communicate context, such as trends or proportions, for more of the data. Website layouts should also be clear and simple, and use color, icons, and appropriate headings to help both laypeople and experts find the data they are looking for.

Next Steps

The Comptroller's Office and the LBB should continue to improve their websites by incorporating the recommendations above. The state has recently hired NIC Inc. to manage Texas Online: The Official Web Portal of Texas.[36] NIC is an eGovernment consulting service that various states have contracted with to increase government transparency. State agencies ought to work with NIC to improve the visual display and accessibility of government data. The time is particularly ripe for Texas to take advantage of this partnership as various Texas agency websites are undergoing transformations toward open government standards.

Leadership to make these changes can come from a variety of people or agencies. For example, in Oregon, the state's Attorney General took the lead to improve transparency by enforcing existing laws, engaging the public, and creating a Government Transparency Counsel in the Department of Justice.[37] In Florida, the State Senate spearheaded efforts, and Senate budget staff worked directly on improving the budget website.[38] In Alabama, Governor Bob Riley championed transparency in his state and provided the resources and will to make improvements.[39] What matters most is that someone provides the vision and leadership to implement needed changes.

LOCAL GOVERNMENT

"We believe that what government does, how it is influenced, or how it spends our money are all things that are public information—and today, 'public' means that the government's data must be accessible by any citizen, at any time, from anywhere: online and in real-time."
-Jake Brewer, Sunlight Foundation Engagement Director

Introduction & Background

Online financial transparency among local governments is often limited by websites that are not conducive to data mining, interactivity or comprehension by the public. As the Internet continues to permeate daily life, increasing public engagement with local government finances will depend on user-friendly, efficient, timely, and meaningful online transparency. Enhancing local transparency is a crucial piece in strengthening overall government transparency and efficiency. However, not all local governments have adequate capacity, knowledge, or funding to dedicate to these transparency efforts.

The Internet has become an important tool enabling cities across Texas to more easily provide information and services to the public. Yet, while Texas has been a leader in state-level transparency, local government financial data transparency tends to be less advanced, particularly in terms of the publication of the major financial documents.[40] For the most part, financial documents are available only in PDF format. Typically, these entities do not post all three major financial documents, identified by the Comptroller's Office as the budget, check register and comprehensive annual financial report (CAFR). Frequently, websites are not user friendly and maintain information in static formats that are not searchable or easily understood by the general public. The availability and accessibility of this data varies among local governments, creating an incomplete patchwork of accountability. These perspectives on local government created interest in exploring the challenges confronting local government transparency.

In our partnerships with the Freedom of Information Foundation of Texas and the Texas Comptroller's Office, and its Local Government Assistance and Economic Development Division, we examined how online transparency can be improved among local governments in Texas. Although, local government includes cities, counties and school districts we specifically worked with the City of Kyle as a case study of the challenges local governments may face. The barriers to financial transparency are likely to vary between cities, which became evident in our discussions with the cities of Kyle and Tyler, as well as in thorough discussions with other stakeholders. Based on this feedback we have developed recommendations for best practices to enhance online financial transparency among local governments. The challenges are summarized below as the lack of:

- **Technical capacity.** Outdated and incompatible software makes sorting through financial data and generating reports that are accessible to the public, a knowledge and labor-intensive undertaking. Entities may not have staff trained in IT, and implementing transparency practices manually requires specific knowledge.

- **Financial and human resources.** Local government entities may not have sufficient resources to allocate to the regular disclosure of financial documents online. IT departments may be underfunded, understaffed, or nonexistent. The infrastructure can also be expensive.

- **Organizational Commitment.** Some public administrators have concerns about making these documents available online. One concern is the possibility that this data will be misinterpreted by the public or manipulated for political gain. Another concern is the potential for underutilization of this financial data.

- **Guidelines.** Currently the state does not provide guidelines as to how financial data should be published or significant incentives for entities to provide financial documents online.

We begin the case study by reviewing the recent government transparency initiative by the Comptroller's Office, the Leadership Circle, and its influence on the web-based financial transparency efforts of the City of Tyler, Texas. Next is a narrative of our partnership with the City of Kyle including the city government's concerns and suggestions, as well as insights provided by city administrators. Following this section, we provide feedback from a variety of stakeholders on the current and future elements of online financial transparency. Finally, we present our recommendations and ideas for future research steps.

Research & Findings

Texas Comptroller Survey

The Texas Comptroller distributed a survey to local government entities in the summer of 2009. Although the response rate was highest from independent school districts, the survey provides significant insights into the perceptions of local government entities that concern online financial transparency and the role of the Comptroller.

One of the survey questions asked who managed the entity's website. The majority of respondents, at 65%, had an internal IT department, followed by those who depend on internal non-IT staff trained to complete the task, at 33% (see Figure 25).[41] Local government entities also reported that major hindrances to financial transparency were related to funding. For example, among entities that had not posted their budget, 56% reported that the reason was insufficient staff (see Figure 26). While not the primary reason, those that had not posted their check register or financial reports, reported this as one reason for not posting these documents.[42] Additionally, most entities also reported that they had not posted these documents because they did not know it was mandated by statute. However, The Texas Local Government Code does mandate some financial postings for counties and includes documents such as the proposed budget and approved budget.[43] When asked what resource would be most helpful in improving transparency, 69% listed a template for publishing information online (see Figure 27).[44]

Figure 25: Management of Web Content

Who Manages Web Content?

Category	Percentage
Internal IT Department	65%
Internal Non-IT Staff	33%
Outside Contractor	5%
Web Host	2%
Other	10%
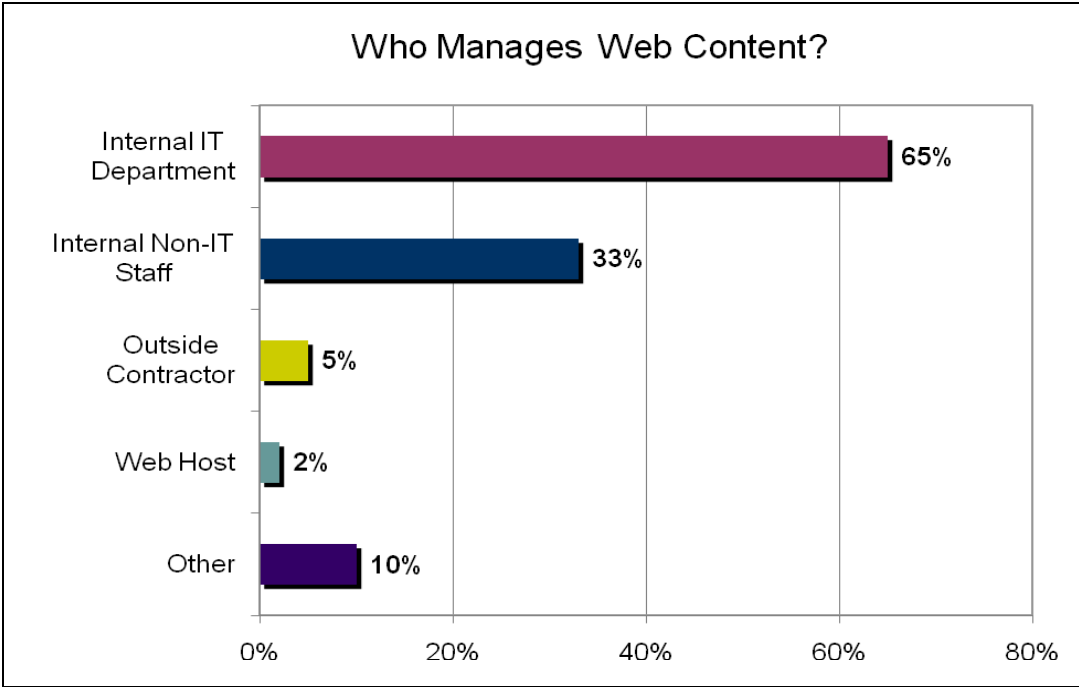
Figure 26: Reasons Budget is Not Online

Why Budget Is Not Currently Online

Category	Percentage
Lack of Trained Staff	9%
Financial Resources	3%
Staffing	56%
Software Limitations	9%
Not Mandated by Statute	47%
Other	16%
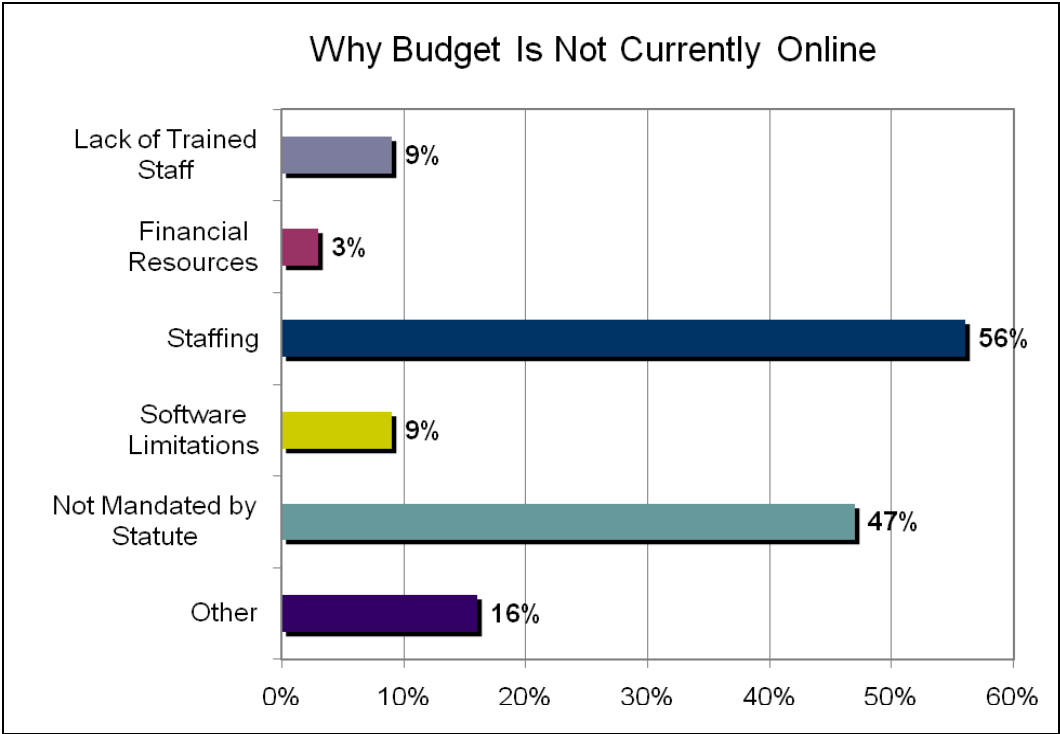
Figure 27: Helpful Transparency Resources
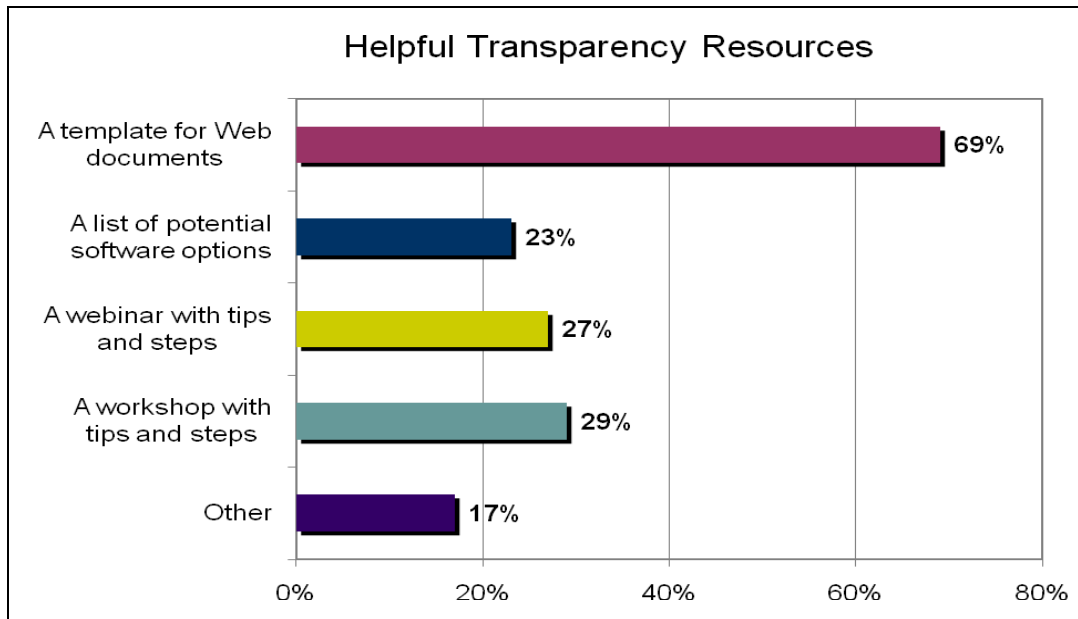
Following the survey results, Comptroller Susan Combs created the Leadership Circle in December of 2009, "to recognize local governments across Texas that are striving to meet a high standard for financial transparency online."[45] This project, part of the Texas Comptroller's Local Government Assistance and Economic Development Division, has three tiers for encouraging and recognizing local governments in Texas who are striving to "open their books to the public, provide clear, consistent pictures of spending, and sharing information in a user friendly format."[46] The tiers reflect the level of transparency achieved according to the Comptroller's standards, and points are awarded to determine which level—Gold, Silver or Bronze—has been achieved (see Appendix A). Entities are then awarded a digital "Texas Comptroller Leadership Circle" seal to post to their website for one year, in addition to being listed on the Texas Transparency Check-Up website.[47] Entities must reapply for this award annually. At the launch of the Leadership Circle in Tyler, TX, on December 2, 2009, the City of Tyler, Smith County, and Tyler Independent School District (ISD) all received the Gold level designation.

In discussing local government transparency and the Leadership Circle with the Comptroller and the Director of Local Government Assistance and Economic Development, Robert Wood, we learned that transparency has been a major component of Comptroller Combs' tenure, beginning in January 2007. Three days after she entered office, the Comptroller posted the Office of the Comptroller's expenditures online, and, under her leadership, the Comptroller's Office operates under the motto of "simple, smarter, faster."[48] A crucial component of spending money efficiently and effectively, as Comptroller Combs views it, is online transparency. Both Combs and Wood emphasized that improving transparency promoted a pro-citizen approach toward governance.[49] According to the Comptroller, governments should not have a problem sharing their information with the public. Although, the Comptroller's office did acknowledge that a few users may have malicious intentions, the Office believes on the whole that transparency will ensure trust between citizens and their governments. To address possible issues with citizens' interpretation of data, the Comptroller suggested that local governments hold workshops to explain the budget process to

citizens. The Comptroller further identified a couple of major challenges to local governments which included software compatibility and ease of website navigation.[50]

Despite these challenges, local governments' interest in the Leadership Circle is visible—Wood indicated that he has received two applications per day from various local government entities, including counties and independent school districts. Even though participation in the Leadership Circle is not mandatory, there has been steady interest and participation in the initiative.

Leadership Circle and City of Tyler
Located in Northeast Texas, the City of Tyler is rapidly growing with a population exceeding 87,000.[51] The City of Tyler has posted its budget and comprehensive annual financial reports (CAFR) online for the past several years. The Comptroller's support for "financial transparency at all levels of government," including best practices, which she discussed with Tyler Mayor Barbara Bass in early 2009, was a major impetus towards the city's greater transparency. A Tyler city official made clear that Mayor Bass has made transparency and public accessibility a priority since she was elected in May 2008.[52]

Bass's online initiatives are a citizen-focused approach to governance that is taking advantage of Tyler's web presence to engage the community. Tyler's transparency efforts feature Tylersurvey.com, where residents of the community can give instant feedback on neighborhood issues or present individual questions.

Per our conversation with a city official, financial transparency has seemed like a natural undertaking within Tyler, confronting no practical obstacles or negative feedback, with isolated incidences of malicious use. The city's website features its CAFR, beginning with fiscal year 2000 – 2001 and ending with fiscal year 2007 – 2008. Additionally, the city has published its budget from fiscal year 2004 – 2005 to the latest fiscal year, 2009 – 2010. Tyler began posting its weekly checkbook in April 2009. Other documents include investment reports, and the city's Standard and Poor's credit rating report.[53]

While the publication of these documents is laudable, they are only provided as PDF files. This is limiting for a number of reasons. For example, files do not facilitate searches for particular data, answer a specific question, or make a comparison. Explanations of why a vendor was paid for a particular service or good and how this is linked to the provision of specific government-funded programs are also not included in these files. In the future the city intends to make its website, including its financial documents, more engaging and user-friendly.

A Conversation with the City of Kyle
To properly reflect the perspective of a local government striving for improved transparency of financial documents, we sought out a realistic experience. Working with the Comptroller's Office, we chose a partner city based on the following criteria: a reasonable distance to Austin, mid-sized in population, mid-sized in budget, employment of a dedicated IT contact, and the city's general interest in the project. We partnered with the City of Kyle, a rapidly growing city approaching 30,000 residents located between Austin and San Antonio.[54] While we realize that no one city can properly represent every city in Texas, Kyle has many of the challenges that seem common to other Texas cities, including limited resources and an unresolved organizational commitment.

We interviewed several officials from the City of Kyle and while the definition of transparency differed among officials, most agreed that transparency was important. One official discussed the relationship between the public expectations and awareness, of how tax dollars are spent, and public confidence.

The official believes that public trust is vital to good government and emphasized the direct correlation between transparency and trust. [55] Most officials identified only few pieces of information, such as real estate transactions and personal identifiers like Social Security numbers, to which the public should not have access. City officials, however, did show concern about the public's potential to misunderstand the information due to a lack of context. An example of this is, if a constituent requests copies of checks without knowing which overall program these funds support. The officials agreed that the data are complex and need to be made comprehensible before being released publicly.[56]

Additionally, officials stated that context should be given relative to the entire city, not just relative to particular transactions. One official sees the value in being able to compare cities across Texas, and realizes that many citizens will do just that with the information. However, without understanding the circumstances and brief history of a specific city, these comparisons could be misleading. This person used the example of property taxes, which are often controversial in cities across the state. Without understanding the growth rates of the cities that are being compared, past spending habits, and per capita assessed value, property tax comparison is not really meaningful.[57] For example, Kyle's high growth rate would cause expenditures to appear higher when compared to other cities that do not have high growth. Regarding posting the checkbook, opinions were also expressed about the importance of posting the rules and regulations on bidding, contracts, purchasing, vendor selections, council decision-making criteria, and accountability. One Kyle official commented that fear of this possibility is not a reason to hold back information from the rest of the responsible public: "the facts are the facts, and you cannot change what the numbers say."[58]

Another concern was making the information user-friendly. Officials agreed that due to the range of needs and technical abilities of the citizens, finding a practical format would be difficult. While raw data may be better for more experienced users, this information should be provided as a complement to data that the city has compiled in a way to be meaningful to the citizens. However, officials also believe that the citizens of Kyle are probably not interested in this level of information. One official acknowledged that the demographics of the city have to be recognized and questioned the allocation of tight resources to a project that will not likely conjure much interest. Another official stated: "the average citizen won't give it a second thought."[59] Regardless of this reservation, the City of Kyle officials believe that transparency is important and should be pursued.

Kyle, upon our first meeting and introduction to the Leadership Circle, almost qualified for the Bronze Circle. Kyle currently posts its budget online, including revisions, and its current financial reports. It also has easily accessible documents, three or fewer clicks from the home page, city contact information is available from the home page, and names and contact information for local elected officials is on the site. The Finance Department has committed to adding a PDF document of the current check register, including date, payee and amount, which will put it at the Gold Circle level. While there may be disagreement over the possible obstacles weighed against the benefits of the Comptroller's Leadership Circle program, Kyle is expected to receive Gold Circle status without unreasonable investment of time or resources. This shows that through dialogue, local Texas governments can meet the Comptroller's minimum standards.

City of Kyle Feedback
The City of Kyle recommended that the web template prioritize context. Kyle recommended that a city-specific profile be included in the web template. Officials cited factors such as the growth rate and the average home assessed value, among others, as factors that should be considered when looking to compare cities' finances. Officials commented that citizens may not be able to make informed

comparisons between cities without this background information. Some officials also indicated that a feedback mechanism is crucial to the web template's success. They want to hear what individuals want, whether they have found it, and why they wanted it. The city also wants to be able to respond to people's concerns or questions. This information could be used to further educate citizens, and also to drive the data the city adds to its website.

Finally, one official discussed the lack of uniformity in local government databases and software, proposing that standardizing these would help significantly. Local governments in Texas each select their own software. This is often accomplished through vendors at conferences and discussions with other local governments. Hence, different software provides different formats and different possibilities for searches. Everyone using the same software, or software with similar specifications, would ameliorate many of the technical difficulties. Kyle officials suggested having the state offer a space for storage of these documents, as opposed to asking the local governments to house them. Supplying this storage would also provide uniformity.

Community Feedback

We interviewed various local government stakeholders in Texas, including members of the media and community organizations. Although these stakeholders have divergent objectives and interests, we detected common threads among their perspectives on local government financial transparency.

Generally, the stakeholders seemed to view government transparency as an integral component of governance. A comment repeated by several stakeholders was that transparency should be citizen-focused, to hold local governments accountable. For instance, one stakeholder commented that, "Transparency means readily accessible documents for the media and citizens."[60] Another stakeholder strongly perceives transparency as critical to Kyle's economic well-being.[61] This perspective on transparency is reflected in the work of Assistant City Manager and Chief Information Officer of Manor, Dustin Haisler, who has played a key role in enhancing Manor's financial transparency. Haisler's work has centered on making Manor's financial data accessible to the citizenry, as is evident in the city's budget, which is available in PDF and Text format, and can be shared through the social media sites of Facebook and Twitter.[62] The Manor City Manager explained that open records requests are time-consuming and costly, as did other community members;[63] however, he also explained that these transparency efforts would reduce these costs.

There is also general acknowledgement that local financial transparency can face significant challenges. One of these challenges is the role of political interests. A community stakeholder explained that local leadership has a major impact on transparency. In the stakeholder's view, opposition within local executive branches of government places "shackles on the success" of government transparency plans, particularly if they fear the political costs of disclosing the actual performance of their administrations.[64] However, the stakeholder does acknowledge that certain information—such as a security issue that could "put citizens at risk," or the publication of personal addresses—should not be provided.[65] Similarly, a member of the media explained that many local governments view transparency as a mechanism, used largely by the media, to distort information that could be politically costly.[66] Future initiatives will also face the challenge of limited resources; one stakeholder identified resource constraints as a major challenge for the City of Kyle and a Tyler city official commented that other cities in Texas may be constrained by limited human resources to implement transparency efforts.[67] A member of the media also mentioned that local governments tended to have high staff turnover and "outdated data systems" that undermine financial transparency.[68]

Reiterating concerns expressed by Kyle's city administrators, several stakeholders recognized that a major challenge confronting local financial transparency is citizen engagement. Nonetheless, it was

reported that current and prospective businesses regularly access the city's financial documents. Businesses use this information to gauge the city's financial well-being, including tax and hotel revenue, and expenditures relevant to the businesses' needs.[69] This was also reflected in an interview with a Kyle resident who expressed his opinion that the average Kyle citizen was unlikely to be interested in city expenditures. Even so, this Kyle resident speculated that perhaps those "who are really concerned" or more educated about the political process would be more likely to be interested in this information.[70] Likewise, citizens in Tyler seem more interested in other types of government information; the city of Tyler provided data that shows its most popular web pages in 2008 included homepages for the library, police department and planning and zoning department, and e-government transactions, such as the payment of water bills.

Furthermore, nearly all of the interviewees emphasized the challenge created by the interpretation of financial data by citizens. Tyler city officials indicated that there is "no benefit to throwing out [posting to a website] data sets," without putting them in an understandable context, as this fails to "help the average citizen."[71] Providing a context for financial data would help stakeholders, including one constituent who described having trouble accessing and understanding city data, considering that this data is typically compiled in a way that cannot address specific questions. This constituent suggests that raw data should be available in addition to generated reports. This could potentially address the range of needs and abilities of those accessing the data.[72]

Recommendations

By and large, stakeholders articulated their interest in local governments making financial data available in usable, engaging, user-friendly, and contextualized formats. Based on the challenges confronting local financial transparency, we offer these recommendations for policymakers to consider as the State of Texas strives to remain a leader in online financial transparency:

1. Develop and disseminate open-source and open standard data tools to make data available in raw, real-time formats. In line with our transparency principles, a web tool that works toward true transparency would be dynamic, work in real-time, and make raw data available. Transparency is not only about posting information, but about posting it in a way that is easy to access, analyze, and use. Therefore, the most important recommendation is to avoid PDF and other static documents and use structured formats such as XML, which allow "related pieces of information to be tied to each other in defined ways... and enable tremendous flexibility for data analysis and presentation."[73] Another reporting option is eXtensible Business Reporting Language (XBRL), an open data standard based on XML. XBRL has been specifically designed for financial information, and it is anticipated to be used by local government entities to publish financial data.[74] In April 2009, the Securities and Exchange Commission mandated that financial reports for publicly traded companies in the U.S. use the XBRL reporting format.[75] An effective web template should also consider interfaces with existing software given that some governments may be hesitant to spend money to buy new software.

2. Present data in an engaging and visual way. Raw, real-time data is crucial to transparency, but it is also important to present data in a way that will engage citizens and interested stakeholders. Providing the option to create charts and graphs based on financial data sets could also make the information more interesting and highly visual. A November 2009 article by CNN observed that data visualization has been gaining popularity, as a result of efforts by different levels of government and watchdog organizations.[76] Visualized data could be based on Google's Public Data Explorer, which allows anyone to "create visualizations of public data," using a number of data sets such as the U.S. Bureau of Labor Statistics' Unemployment in the U.S. and population data provided by the U.S. Census Bureau.[77]

Another strategy to engage the community could be some type of feedback mechanism. The City of Kyle indicated that this would be crucial to the success of transparency tools. City officials would like to respond to people's concerns or questions. This information could be used to further educate citizens and to drive what data the city continues to add to its website, or the way that the information is presented. The feedback mechanism and additional context could also strengthen organizational commitment since it would ease concerns about misinformation.

3. Address issues of database and software compatibility. Currently, it is up to the local government to choose its own software. This is often accomplished through purchases from product salespeople at conferences and discussions with other local governments. Hence, different software programs provide different formats and different possibilities for searches. A means to help local governments standardize data reporting in common formats would ease many of the technical difficulties. Public administrators also suggest that the state or counties offer data storage; this could streamline data storage practices across local governments.

4. Upgrade the requirements for the Texas Comptroller's Leadership Circle. As more local government entities meet the current requirements for the Leadership Circle, enhance the requirements to encourage continued improvement of financial data transparency.

5. Establish guidelines for local government entities to publish their financial data online. The results of the Comptroller's survey clearly demonstrated that local governments did not have an incentive to enhance their online financial transparency. Establishing guidelines and further incentives could increase organizational commitment and accomplish greater local transparency across the state of Texas.

6. Present data in a contextualized format. The concern for misinterpretation by the public seemed to be a common theme throughout our conversations with the City of Kyle. Our research suggests that one way to address this issue is to contextualize the data. Providing information about the population growth rate and the average assessed property values, among other statistics, could make citizens more informed about the implications of the data and deliver a more nuanced perspective when comparing cities or local government entities.

For example, payments made by local governments can include descriptions to accurately inform the public as to why the expense was made. To go into even further detail, the city could also display links to information regarding bids, contracts, and council decision-making criteria so that the public has information as to why that payment was made.

Next Steps
Researching the resource needs of local government entities could be useful. It may be challenging for local government entities with limited technical and financial resources and capacity to enhance their online financial transparency. For example, the needs may vary between entities with divergent tax bases; the needs of Eanes Independent School District, which serves predominantly wealthy communities in Travis County, may be quite different from those of Progreso Independent School District, which serves a low-income community in Hidalgo County. Another limitation of future financial transparency initiatives, for some local government entities, may also be the issue of software compatibility; there is a lack of uniformity across Texas in terms of the software that city finance departments use. These needs could be assessed by distributing voluntary surveys or partnering with a greater number of local government entities, including independent school districts, river authorities, and counties.

If state officials were to explore the possibility of introducing guidelines and incentives for the posting of local government financial data and sponsor online space for this data to be stored, this would result in additional local governments increasing their financial transparency. Currently, there is a lack of uniformity between local governments regarding how financial data is coded and represented. Developing guidelines for local governments would facilitate the comparability of financial data. Having this comprehensive structure would increase users' ability to compare across cities, counties, and school districts and strengthen the understanding of local government finances. Furthermore, local entities could benefit from finding similar entities and could learn about more efficient programs, contractors, or strategies for financial management. Also, guidelines would more explicitly define information that can be posted and prevent local governments from posting information that is legally prohibited from being made public. Creating incentives for local entity participation and developing a set of guidelines would be a step towards greater state financial transparency.

Local online financial transparency in Texas has made many advances, with a large number of cities, counties, independent school districts, and other entities providing their financial data to the public. There is a sound foundation for future transparency efforts. Yet, there are several challenges that must be addressed as local governments move forward. Many local government entities have limited their financial transparency to PDFs due to the lack of guidelines, resource constraints, and organizational commitment. These efforts have not effectively kept pace with current advances in information technology, which allow for the provision of raw, real-time, visualized data in an efficient way. Our recommendations aim to address the challenges that local governments face and facilitate the path towards increased online financial transparency.

LEGISLATIVE

"The government doesn't have a monopoly on the best ideas. We look forward to unleashing the creativity of the American people to show us what is possible and help us find the innovative path forward."
-Peter Orszag, Office of Management and Budget Director

Introduction and Background

We have reviewed the state's legislative appropriations process and identified opportunities for improved transparency. While the Texas Legislature provides useful information on bills, committees and proceedings to the public through its online portal, Texas Legislature Online, information provided online for the biennial budget bill is less accessible. A few easily adopted changes, however, could greatly improve transparency in the appropriations process. Being able to follow the state's biennial budget as it makes its way through the Legislature would significantly improve the financial transparency of the state.

In our research we found that other states are moving to post budget documents online beyond the original filed versions of the budget bills. In 2009, for example, Utah began posting online many of the budget documents created by the Office of the Legislative Fiscal Analyst. Utah's Office of the Legislative Fiscal Analyst prepares annual appropriations summaries as well as regular reports on fiscal and programmatic issues.[78]

In the state of Texas, the biennial budget is written through a multi-stage process involving contributions from various elements of the state government including agencies, the Legislative Budget Board (LBB), the Office of the Governor and the Legislature.

With input from the Governor's Office and the LBB, the state agencies develop a strategic plan and a Legislative Appropriation Request (LAR) to develop the agency's budget request. LBB then uses these LARs to develop the initial versions of the appropriations bill.

Versions of the bill are filed in both the House and the Senate, where each is referred to the respective budget committees (House Appropriations and Senate Finance) for review and development.. Within each committee, subcommittees and workgroups take sections of the bill and hold public hearings. Each committee makes changes to the budget document in a process known as "markup." The revised bill is sent to the respective body for vote. After passage in each chamber, the two bills are reconciled in a conference committee to resolve differences before final passage by the Legislature. Following certification from the Comptroller, the Governor signs the bill into law. (For further information on the budget process, see Appendix G.)

Research and Findings

During the process of writing the budget, much of the process is open and in the public light. However, when the bill is moving through the legislative bodies, certain decisions are more difficult for members of the public to follow. The appropriations bills introduced and the versions passed out of the respective committees in the House and Senate, are typically very different. Understanding how the changes are made and why is a critical component to improving transparency.

In consultation with staffs of LBB, the House, and the Senate, we were able to identify three major stages in the appropriations process where transparency begins to diminish (See Appendix G).

Opportunities for Transparency in Appropriations Process

The first significant transparency gap occurs during the subcommittee process. When House Appropriations subcommittees or Senate Finance workgroups hold hearings on the budget, LBB provides members with background information on the agencies and their needs. However, members of the public, and often other members of the Legislature, do not have access to these documents. The data are regularly referenced during the course of a hearing, making it difficult for those without the document to follow the process.

A second transparency gap arises when the subcommittee deliberates and makes final recommendations to the full committee. While the meetings are open to the public, there is no public documentation made available of the recommendations subcommittees make to the full appropriations committee for inclusion in the budget bill. The public does not know what inputs go into creating the committee's amended budget until the bill is voted out of the full committee and available for consideration by the full House or Senate. At that point, the public is only able to view the budget in a cumbersome, 1,000-page PDF document that cannot be sorted or analyzed and which does not explain the changes made during the committee process.

One final area in which we saw room for increased transparency occurs after the budget bill is passed through both houses and is sent to a conference committee to reconcile differences. The conference committee is a crucial stage in the appropriations process and hence could benefit from greater public involvement.

By addressing these opportunities, the budget process is opened to greater public accessibility and citizens can realize increased efficiency and accountability. Further, budget participation can lead to cost savings and better budget outcomes in general.

Recommendations

1. **Post key documents online**. We recommend the public distribution—online and, potentially, in printed form—of the following two appropriations documents already created by the LBB. Making these documents available would go a long way toward opening up the appropriations process.

A. Summary Document ("mark up document")

The first of these documents, the summary document, is commonly referred to as the "markup" document by the LBB and legislative staffers. The document is actually a collection of documents containing an agency's financial information, demographics, strategies, and other information to assist lawmakers in their decisions regarding that agency's budget items.

The LBB provides this document to legislators on the House Appropriations or Senate Finance subcommittees or working groups shortly before the hearing on the agency in question. In some cases, members only receive the document the morning of the hearing. The document and its contents are not considered proprietary or secret; nonetheless, few copies are produced. Legislative staffers, even those who work for appropriations members, have expressed a desire to more easily obtain a copy of the markup document.

LBB staff and budget committee members refer to this document extensively during open meetings regarding the budget. When attending the meeting or watching it online, it is impossible to see this document as it is being referred to in testimony. Given its importance in the hearing, making this document

available to the public at the time of the meeting greatly enhances the ability to follow testimony, which affects budget decisions. Posting the markup document online shortly before the meeting and producing a small number of additional hard copies for hearing attendees would greatly expand transparency in the appropriations process. At a minimum, it would be helpful to use an overhead projector to project the document onto a wall or screen so that the meeting audience can follow along.

There has not been opposition to expanding access to this document in our meetings to date, and several legislative leaders have expressed support for the idea. Since the LBB is already producing this document, there should be no additional staff requirements. Further, if committee members prefer receiving the document prior to public access, a short time lag could be built in, as long as the public can access the document by the time the hearing begins.

B. Decision Document

The decision document is an explicit listing of the decisions that a subcommittee or workgroup must make as it works through a particular agency or its section of the budget. For each item, members have the option of recommending full, partial, or no funding; full or partial funding to Article XI of the budget bill; or postponement of the item to leave it pending for later consideration. This document is prepared by LBB staff to track the decisions that need to be made and their eventual outcome.

This document is the best way that the public can access information about the changes made to the budget bill. While meetings of subcommittees are open to the public, a record explaining legislators' activity is not readily available to members of the public. Public disclosure of the decision document would help erase the "black box" effect now in practice in the appropriations process. Currently, the public knows little about the budget bill between LBB's recommendations and passage of a committee substitute to the House or Senate floor. Making a record of a subcommittee's or workgroup's changes available online via this document shortly after a hearing will help address this issue.

The primary concern over the expansion of access to this document is its constantly changing nature. Subcommittees often make repeated edits, such that by publication time, the document may be out-of-date. While we are exploring solutions to overcome this challenge, posting the original and/or the most recent version online would, at the very least, allow the public to monitor the progress of proposed funding for specific agency objectives. As in the markup document, the information contained in the decision document is not confidential.

2. Further recommendations

We are currently investigating ways to make the minutes of all committee hearings, including appropriations, both more substantive and more searchable. One such idea is the idea of "tagging" online archived videos to match the bill or witness in the proceedings, which we think could be an avenue for further exploration by the Texas Legislative Council. A more low-tech and readily workable idea could be marking committee minutes with periodic time stamps so that interested parties—including legislative staffers—could more easily identify pertinent information within lengthy video recordings of proceedings. Many clerks, in fact, already make these kinds of notes for their own use. More broadly, the Legislature might explore ways to make appropriations data more searchable by the public. If the LBB updates or creates a new database system, it could incorporate more transparency measures like coding line items to enable the public to easily track a specific funding change throughout the process.

Next Steps

We have met on an ongoing basis with staff members within the Legislature to plan an appropriate course of action and to solicit feedback for other ideas to improve the appropriations process. Both members and the leadership within the House have been interested in and supportive of our proposals. Likewise, the staffs of key Senators have expressed interest in the changes recommended.

Most of these recommendations can be realized simply with direction from critical leaders. The Legislative Budget Board is comprised of ten legislators, including the Speaker, Lieutenant Governor, House Appropriations and Ways and Means chairs, and Senate Finance chair. A directive from this board would enable LBB staff to make public the markup and decision documents without the need for legislation. While our proposed changes can be implemented without a formal act of the Legislature, other vehicles such as a concurrent resolution or a bill or rules changes may be able to provide support or direction toward efforts for increased transparency.

In addition to these avenues for implementing changes, a number of House and Senate committees have interim charges that are directly relevant to our recommendations. House Speaker Joe Straus has appointed several committees that are relevant to transparency, including the House Select Committee on Government Efficiency and Accountability. We have met with that committee's clerk and Chairman's staff, and testified at its public hearing in April 2010. Also, numerous standing committees—such as House Appropriations, Senate Finance Committee, Senate Government Organization, and Senate Administration—have interim charges pertaining to increasing efficiency and accountability that could provide avenues to implement our recommendations.

The appropriations process of the Texas Legislature is critically important to all Texans, and deserves the utmost transparency. After working with legislative officials and key staff members, we have identified areas in the process that can be addressed easily and inexpensively, while yielding significant improvements in transparency. Our goal is to make available to the public the markup and decision documents used by the legislative committees charged with budget writing. Allowing the public to access this data would be a great stride toward developing a culture of transparency and accountability, increasing financial responsibility, and improving efficiency.

CONCLUSION

In reviewing the current statewide practices for posting financial information online, as well as the current legislative appropriations process, we identified several opportunities to increase transparency within the existing frameworks of government. By utilizing the research and recommendations presented in this report, we believe that the State of Texas can make major strides in moving to the forefront of the current global movement toward greater online financial transparency. Any efforts to increase transparency should include as their primary aims the goals of promoting open and online access to information that is readily exportable, usable, and encourages public participation in all stages of the legislative process. Opening up the budget process to increased public involvement can produce cost savings and better budget outcomes in general. Furthermore, in promoting both financial transparency and an open and accountable government more broadly, Texas can empower its citizens to take a more active role in participating in the decision-making processes of government. This increase in public accountability should reduce the demands on government for information requests, and therefore increase efficiency in public spending. Leaders within the state already have a variety of tools at their disposal to implement these changes, including legislation, formal directives, and executive orders. We hope that leaders will continue to take advantage of available opportunities to make state and local financial information more transparent.

APPENDICES
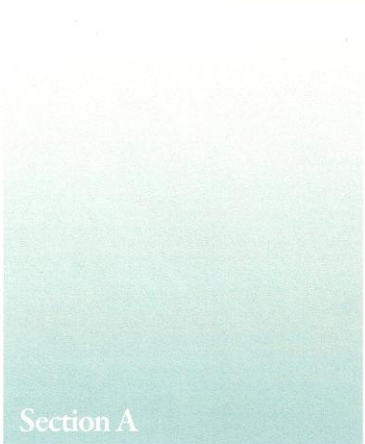
Appendix A

One point is awarded for posting each of the following documents online: the budget, the financial report, and the check register. While each of these documents is identified, the format of the document is open and includes PDF documents. Additionally, the Financial Transparency Features of the document are defined and, points also are earned in this way. The posted documents should cover the current fiscal year. For example, the check register should include the date, the payee, the amount, and should be searchable. Each of these items is worth a point. A navigation tab or graphic is worth two points. Accessibility, visuals, and instructions on how to submit public information requests, and contact information for both financial inquiries and officials, each earn one point. Upon tallying these points, the gold, silver, or bronze designation is determined.

Texas Comptroller
Leadership Circle

Section A

Financial Documents Available Online

You can earn one point for each one of the following documents you have posted online:

○ **Budget** *(1 point)*

○ **Financial Report** *(1 point)*

○ **Check Register** *(1 point)*

Total Points   *(Max 3 points)*

Definitions for Section A

Budget: A budget serves as the financial plan for the city, county or governing body. It shows proposed spending and revenue, typically for a one-year period, in broad categories by office/department and by account type, such as salary, transportation or supplies. A more detailed budget may show data by month.

Financial Report: A financial report demonstrates how well the city, county or governing body managed within the proposed budget and plan. It includes a comparison of budgeted to actual expenses and revenues, typically for a one-year period, shown in the same broad categories and account types as the budget. Monthly financial or treasurer's reports are typically shown in summary only.

Check Register: A check register is a listing of line-item expenses showing the date, amount, to whom the payment was made, account type and purchase order number where applicable. Some check registers are searchable by vendor name and/or account type.

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Texas Comptroller
Leadership Circle

Section B

Financial Transparency Features

You can earn one point for having each of the following features on your entity's Web site:

○ Budget posted is for the current fiscal year *(1 point)*

○ Financial report posted is for the most current year *(1 point)*

○ Check register posted is for the current fiscal year *(1 point)*

Does your Web site have the following features?

○ Date, Payee and Amount on check register? *(1 point)*

○ Check register in a searchable format *(1 point)*

○ Navigation tab or graphic guides readers to page with all financial documents: budget, financial report and check register *(2 points)*

○ Easy to access documents – (can access in three clicks or less from the home page) *(1 point)*

○ Creative use of charts or visual images to make data more understandable *(1 point)*

○ Instructions on how to submit a public information request *(1 point)*

○ Local government contact information available on home page *(1 point)*

○ Names and contact information for current local elected officials *(1 point)*

Financial Transparency Feature Total Points *(Max 12 points)*

Scoring Leadership Circle page 4

**Texas Comptroller
Leadership Circle**
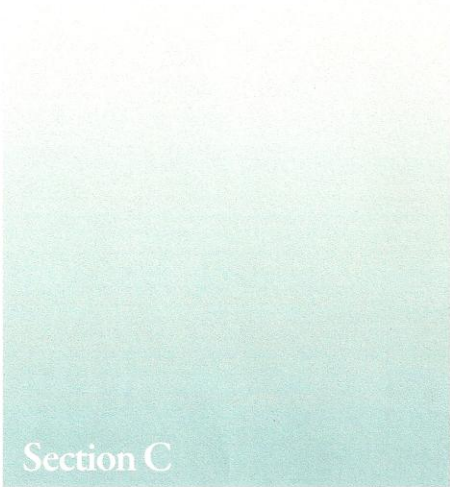
Section C

Total Leadership Circle Tally Points

Total points for Section A	*(Max 3 points)*
Total points for Section B	*(Max 12 points)*
Total Section A and B combined points	*(Max 15 points)*

Leadership Circle Award Levels

= 3 points for Section A, at least 8 points for Section B

= 2 points for Section A, at least 7 points for Section B

= 2 points for Section A, at least 5 points for Section B

Appendix B

http://www.lbb.state.tx.us/Fact_Book/Texas_FactBook_2008.pdf;

BIENNIAL REVENUE ESTIMATE
STATE REVENUE, BY SOURCE

IN MILLIONS

SOURCE	2008–09 BIENNIUM	2010–11 BIENNIUM	% CHANGE
REVENUE			
Tax collections	$79,180.4	$77,726.7	(0.2)
Federal receipts	57,098.3	67,335.5	17.9
Fees, fines, licenses, and penalties	17,426.0	13,795.1	(20.8)
Interest and investment income	3,655.6	6,309.3	72.6
Lottery	3,179.4	3,194.0	(0.5)
Land income	1,838.1	1,740.5	(5.3)
Other revenue sources	8,890.8	10,215.2	14.9
TOTAL, NET REVENUE	**$171,268.5**	**$180,316.2**	**5.3**
TAX COLLECTIONS			
Sales Tax	$42,618.2	$43788.5	2.8
Oil Production & Regulation Taxes	2,321.4	1,829.6	(21.2)
Natural Gas Production Tax	4,092.4	1993.7	(51.3)
Motor Fuels Taxes	6,134.3	6,300.1	2.7
Motor Vehicle Sales & Rental	5,942.5	5,710.5	(3.9)
Corporation Franchise Taxes	8,701.7	8,702.3	<0.1
Cigarette & Tobacco Taxes	3,003.7	2,957.7	(1.5)
Alcoholic Beverage Taxes	1,581.0	1,703.2	7.7
Insurance Occupation Taxes	2,707.5	2,677.2	(1.1)
Utility Taxes	1,022.8	1045.3	2.2
Inheritance Tax	7.6	0.0	(100.0)
Hotel-Motel Tax	714.5	724.8	1.5
Other Taxes	332.9	293.9	(11.7)
TOTAL, TAX COLLECTIONS	**$79,180.4**	**$77,726.7**	**(1.8)**

Appendix C

TABLE 2

General Revenue-Related Funds by Source

Tax Collections	2008-09	2010-11	Percent Change
Sales and Use Taxes	$ 43,128	$ 44,362	2.9%
Motor Vehicle Sales and Rental Taxes	$ 5,906	$ 5,524	(6.5)%
Motor Fuels Taxes	$ 1,658	$ 1,716	3.5%
Franchise Tax	$ 5,648	$ 5,265	(6.8)%
Insurance Taxes	$ 2,706	$ 2,571	(5.0)%
Natural Gas Tax	$ 4,512	$ 3,318	(26.5)%
Cigarette and Tobacco Taxes	$ 1,090	$ 1,058	(2.9)%
Alcoholic Beverage Taxes	$ 1,572	$ 1,616	2.8%
Oil Production and Regulation Taxes	$ 2,154	$ 1,222	(43.3)%
Inheritance Tax	$ 7	0	(100.0)%
Utility Taxes	$ 995	$ 983	(1.3)%
Hotel Occupancy Tax	$ 733	$ 747	1.9%
Other Taxes	$ 157	$ 146	(6.5)%
Total Tax Collections	**$ 70,266**	**$ 68,527**	(2.5)%
	Revenue In Millions		

Non-Tax Collections

http://www.window.state.tx.us/taxbud/bre2010/revenue.html

TABLE A-3

Sources of Estimated General Revenue-Related Funds

General Revenue Fund

Object Code	Description	2009	2010	2011
3004	Motor Vehicle Sales and Use Tax	$ 2,281,107	$ 2,386,695	$ 2,491,261
3005	Motor Vehicle Rental Tax	$ 198,266	$ 201,330	$ 209,176
3007	Gasoline Tax	$ 2,315,964	$ 2,336,807	$ 2,356,670
3008	Diesel Fuel Tax	$ 787,348	$ 805,141	$ 831,711
3016	Motor Vehicle Sales and Use Tax–Seller Financed	$ 96,153	$ 100,604	$ 105,012
3024	Driver's License Point Surcharges	$ 85,000	$ 85,000	$ 85,000
3027	Driver Record Information Fees	$ 329	$ 334	$ 339
3102	Limited Sales and Use Tax	$ 21,567,049	$ 21,680,882	$ 22,590,658
3110	Inheritance Tax	$ 1,000	0	0
3111	Boat and Boat Motor Sales and Use Tax	$ 53,262	$ 53,262	$ 54,327
3114	Unclaimed Property/Escheat Estates	$ 318,473	$ 323,441	$ 328,487
3130	Franchise/Business Margins Tax	$ 2,774,584	$ 2,598,368	$ 2,668,994
3139	Hotel Occupancy Tax	$ 361,922	$ 363,113	$ 383,525
3175	Professional Fees	$ 194,993	$ 194,927	$ 194,985
3201	Insurance Premium Taxes	$ 1,149,760	$ 1,122,862	$ 1,230,218
3219	Workers' Comp. Comm.–Insurance Maintenance Tax	$ 48,072	$ 47,660	$ 48,709

http://www.window.state.tx.us/taxbud/bre2010/tables/tablea3.html

Appendix D

Revenue by Source for Fiscal Year 2009

Financial Reports ↩

Tax Collections By Major Tax

Tax Collections By Major Tax	Amount	Percent of Total	Percent Change from 2008
Sales Tax	$21,014,065,089	24.9%	(2.7%)
Motor Vehicle Sales/Rental	$2,600,939,347	3.1%	(22.2%)
Motor Fuels Taxes	$3,032,770,482	3.6%	(2.2%)
Franchise Tax	$4,250,332,029	5.0%	(4.5%)
Insurance Taxes	$1,257,314,168	1.5%	(13.3%)
Natural Gas Production Tax	$1,407,739,109	1.7%	(47.6%)
Cigarette and Tobacco Taxes	$1,556,793,276	1.8%	7.6%
Alcoholic Beverage Taxes	$796,948,327	0.9%	1.6%
Oil Production Tax	$884,510,773	1.0%	(38.4%)
Inheritance Tax	$2,004,064	0.0%	(64.1%)
Utility Taxes	$518,883,903	0.6%	3.0%
Hotel Tax	$343,544,448	0.4%	(7.4%)
Other Taxes	$156,607,998	0.2%	(11.2%)
Total Taxes	**$37,822,453,013**	**44.9%**	**(8.5%)**

http://www.window.state.tx.us/taxbud/revenue.html

Appendix E

Texas Net Revenue by Source - Fiscal 1978-2008
(All Funds, Excluding Trust)

2009 Revenue ↩

2008 2007 2006 2005 2004 2003 2002 2001 2000 1999 1998 1997 1996 1995 1994 1993
1992 1991 1990 1989 1988 1987 1986 1985 1984 1983 1982 1981 1980 1979 1978

Revenue by Source - 2008

Tax Collections By Major Tax

Tax Collections By Major Tax	Amount	Percent of Total	Percent Change from 2007
Sales Tax	$21,604,090,350	24.8%	6.6%
Motor Vehicle Sales/Rental	$3,341,588,813	3.8%	0.5%
Motor Fuels Taxes	$3,101,526,779	3.6%	1.6%
Franchise Tax	$4,451,325,736	5.1%	41.6%
Insurance Taxes	$1,450,184,267	1.7%	7.7%
Natural Gas Production Tax	$2,684,647,510	3.1%	41.6%
Cigarette and Tobacco Taxes	$1,446,894,671	1.7%	8.5%
Alcoholic Beverage Taxes	$784,068,675	0.9%	7.2%
Oil Production Tax	$1,436,879,156	1.7%	72.1%
Inheritance Tax	$5,580,142	0.0%	5.5%
Utility Taxes	$503,878,555	0.6%	-0.4%
Hotel Tax	$370,979,724	0.4%	8.9%
Other Taxes	$176,284,575	0.2%	5.6%
Total Taxes	**$41,357,928,953**	**47.5%**	**11.9%**

http://www.window.state.tx.us/taxbud/revenue_hist.html

Appendix F – LBB Requirement for State Contracts

Sec. 322.020. MAJOR CONTRACTS DATABASE.
(a) In this section, "major contract" means:
(1) a contract for which notice is required under one of the following sections:
(A) Section 2054.008;
(B) Section 2166.2551;
(C) Section 2254.006; or
(D) Section 2254.0301; or
(2) a contract, including an amendment, modification, renewal, or extension:
(A) for which notice is not required under a section listed in Subdivision (1);
(B) that is not a purchase order, an interagency contract, or a contract paid only with funds not appropriated by the General Appropriations Act; and
(C) with a value that exceeds $50,000.
(b) Each state agency shall provide the Legislative Budget Board copies of the following documents:
(1) each major contract entered into by the agency; and
(2) each request for proposal, invitation to bid, or comparable solicitation related to the major contract.
(c) The Legislative Budget Board shall post on the Internet:
(1) each major contract of a state agency; and
(2) each request for proposal, invitation to bid, or comparable solicitation related to the major contract.
(d)   The Legislative Budget Board shall allow public access to the information posted under this section, except for information that is not subject to disclosure under Chapter 552. Information that is not subject to disclosure under Chapter 552 must be referenced in an appendix that generally describes the information without disclosing the specific content of the information.
(e) The Legislative Budget Board shall make the information searchable by contract value, state agency, and vendor. The Legislative Budget Board may make the information searchable by other subjects as appropriate.
(f) In this section, "state agency" has the meaning assigned by Section 2054.003" except that"the term does not include a university system or institution of higher education, the Health and Human Services Commission, an agency identified in Section 531.001(4), or the Texas Department of Transportation.
"State agency" means a department, commission, board, office, council, authority, or other agency in the executive or judicial branch of state government that is created by the constitution or a statute of this state, including a university system or institution of higher education as defined by Section 61.003, Education Code.

Added by Acts 2005, 79th Leg., Ch. 469, Sec. 3, eff. June 17, 2005.
Redesignated from Government Code, Section 2177.052 and amended by Acts 2007, 80th Leg., R.S., Ch. 1270, Sec. 5, eff. October 1, 2007.

Appendix G—Current Appropriations Process and Possible Transparency Gaps

GOBPP-Governor's Office of Budget, Planning, and Policy
HAC-House Appropriations Committee
LBB-Legislative Budget Board
SFC-Senate Finance Committee

Budget Instructions to All Agencies

Agency Budget Request
Submitted to LBB & GOBPP
(July-August)

LBB Analysis of Requests

GOBPP Analysis of Requests

Public Hearings for Agencies
Conducted by LBB & GOBPP
(August-October)

LBB may meet to act on staff recommendations
(September-December)

Governor Submits Executive Budget to Legislature

LBB Recommended Budget & Appropriations Bill to Legislature
(January)

Legislature

Senate Finance Committee
(January)

House Appropriations Comm.
(January)

SFC Subcommittees

HAC Subcommittees

Public Hearings
(January-February)

Public Hearings
(January-February)

SFC Mark-up
(February-March)

HAC Mark-up
(February-March)

SFC Recommendations to Full Senate
(April)

HAC Recommendations to Full House
(April)

Senate Version

House Version

Conference Committee
(April-May)

Committee Version

Senate

House

Comptroller

Governor

State Agencies

APPENDIX H— Local Entities Base Interview Questions

1. What does the term government transparency mean to you?
2. Are you aware of what type of government information is public?
3. Have you ever been frustrated by not being able to search (work with a searchable document) for the piece of information you were looking for?
4. Is there any information that you think the public doesn't have a right to see?
5. Have you ever looked up your city's budget, check register, or CAFR (comprehensive annual financial report)?
6. Can you think of things you would use the financial data for?
7. When you found the information was it easy or difficult to understand? What would have made it easier?
8. What challenges do local governments confront in achieving transparency?

APPENDIX I— Transparency Questions Asked to Interest Groups

1. How important is it for your organization or constituency to have online access to budgetary and financial information from state and local governments, in user-friendly and downloadable data formats?

Very important
Somewhat Important
Neutral
Unimportant
Didn't know that was available

2. How satisfied are you with the ease of finding budget, checkbook, and contracts information on state websites?

Very satisfied
Somewhat satisfied
Neutral
Unsatisfied
Didn't know that was available

3. How satisfied are you with the presentation of financial information on state websites?

Very satisfied
Somewhat satisfied
Neutral
Unsatisfied
Didn't know that was available

4. How satisfied are you with the ability to perform customized searches and data downloads of budget, spending, and revenue information from state websites?

Very satisfied
Somewhat satisfied
Neutral
Unsatisfied
Didn't know that was available

5. How satisfied are you with the ability to track and compare a program's funding and spending across different levels of state, local, and federal governments, including federal stimulus spending?

    Very satisfied

    Somewhat satisfied

    Neutral

    Unsatisfied

6. How satisfied are you with your organization's ability to track the progress of a specific spending proposal, such as a proposal for a grant, from the budget process through the appropriations process?

    Very satisfied

    Somewhat satisfied

    Neutral

    Unsatisfied

7. How important is it to your organization or constituency to get access to budget information prepared by legislative staff BEFORE funding decisions are made?

    Very important

    Somewhat important

    Neutral

    Unimportant

8. How satisfied are you with the online availability and user-friendliness of budgetary and spending information from county, municipal, and school district governments?

    Very satisfied

    Somewhat satisfied

    Neutral

    Unsatisfied

9. Should the State of Texas assist local governments in making their financial and budgetary information online, in easy-to-use data formats, and in a cost-efficient manner?

    Yes

    No

    No opinion

[1] http://sunlightfoundation.com/policy/documents/agenda/

[2] The API is code that allows programmers to develop applications that can interact with existing software.

[3] http://www.sfgate.com/cgi-bin/blogs/jfishkin/index?blogid=153#ixzz0jgtVhXXH

[4] HM Government. http://data.gov.uk/home

[5] TXPIRG, "Following the Money"
http://cdn.publicinterestnetwork.org/assets/d6cea92027d027eea49abbed9c1d8a9a/Following-the-Money---TexPIRG-Education-Fund.pdf

[6] http://www.lbb.state.tx.us/

[7] http://tbs.lbb.state.tx.us/

[8] http://www.texasbudgetsource.com/

[9] http://www.data.gov/glossary

[10] http://en.wikipedia.org/wiki/XML

[11] The website is http://datasf.org and then search "budget".

[12] http://www.senate.state.tx.us/SRC/pdf/Budget101-2009-web.pdf

[13] http://www.texastransparency.org/budget/primer.php

[14] http://opendoor.ky.gov/about/Pages/glossary.aspx

[15] http://www.osbm.state.nc.us/ncosbm/budget/budgeting101.shtm

[16] http://open.alabama.gov/frmsReport/MyReportList.aspx?AppID=GFS&AgencyID=!!!#

[17] James Fishkin, "The People Can Make Hard Budget Choices," San Francisco Chronicle. February 8, 2010.
<http://www.sfgate.com/cgi-bin/blogs/jfishkin/index?blogid=153>.

[18] http://www.labudgetchallenge.lacity.org.

[19] http://www.capitol.state.tx.us/MyTLO/RSS/rssFeeds.aspx

[20] http://www.window.state.tx.us/recovery/transparency/tracking.php

[21] http://www.hhs.gov/recovery/statefundsmap.html

[22] http://www.colorado.gov/recovery/RecoveryMapping_2/index.html

[23] see Appendix A for Texas Government Code Section 322.020

[24] Section 322.020

[25] According to Grants.gov, DUNS stands for Data Universal Numbering System and is basically a business ID number frequently used in governmental grants or contracting tracking.

[26] http://www.window.state.tx.us/comptrol/expendlist/cashdrill.php

[27] See Appendix ?? for a more detailed description of Business Objects.

[28] http://apps.sos.ky.gov/secdesk/initiatives/Transparency/emarsreporting/

[29] http://www.window.state.tx.us/finances/pubs/cafr/index.html

[30] http://www.lbb.state.tx.us/Fact_Book/Texas_FactBook_2008.pdf; also see Appendix A

[31] http://www.window.state.tx.us/taxbud/bre2010/overview.html#figure1

[32] https://fmx.cpa.state.tx.us/fm/pubs/use_of_gr_ded/2009/Use_of_Gen_Rev_Dedicated_Funds_81st_Leg.pdf

[33] http://www.texasahead.org/economy/tracking/tables.html#salestax

[34] http://www.utah.gov/transparency/about.html;
it should be noted that Utah does not make this data easily downloadable, though there is a clear option to print the data.

[35] http://www.vttransparency.org/index.cfm?section=all&pg=State_Revenues

[36] http://www.nicusa.com/html/info/media/releases/2009-08-03_NIC_TexasOnline20.html

[37] http://www.doj.state.or.us/public_records/government_transparency.shtml

[38] http://www.fiscalaccountability.org/florida-senate-launches-transparency-initiative-a473#

[39] http://www.govtech.com/gt/737428

[40] Sunshine Review, "Texas on Review," updated Sept. 29, 2009, http://sunshinereview.org/index.php/Texas.

[41] Data provided by the Texas Comptroller of Public Accounts, March 4, 2010.

[42] Data provided by the Texas Comptroller of Public Accounts, March 4, 2010.

[43] Tex. Loc. Gov't Code §§ 111.06 (b), 111.037, 111.037, 111.009 (b), 111.040 (Vernon's 2009).

[44] Data provided by the Texas Comptroller of Public Accounts, March 4, 2010.

[45] Texas Comptroller of Public Accounts, "Texas Comptroller Leadership Circle Self-Scoring Sheet," (2009): 1, http://www.window.state.tx.us/comptrol/checkup/leadership_circle_scoring.pdf.

[46] Texas Comptroller of Public Accounts, "Texas Comptroller Leadership Circle Self-Scoring Sheet," (2009): 1, http://www.window.state.tx.us/comptrol/checkup/leadership_circle_scoring.pdf.

[47] Texas Comptroller of Public Accounts, "Texas Comptroller Leadership Circle Self-Scoring Sheet," (2009): 1, http://www.window.state.tx.us/comptrol/checkup/leadership_circle_scoring.pdf.

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[49] Personal interview, March 3, 2010.

[50] Personal interview, March 3, 2010.

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[52] Susan Guthrie, Phone interview, February 22, 2010.

[53] City of Tyler Finance Department, "Financial Reports," City of Tyler, http://www.cityoftyler.org/Admin/Tabs/tabid/77/Default.aspx.

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[55] Personal interview, February 25, 2010.

[56] Personal Interview, March 2, 2010

[57] Personal interview, March 2, 2010

[58] Personal interview, February 25, 2010.

[59] Personal interview, March 2, 2010.

[60] Personal interview, February 12, 2010.

[61] Phone interview, February 17, 2010.

[62] See http://cityofmanor.org/wordpress/departments/finance/budget/

[63] Personal interview, February 8, 2010.

[64] Personal interview, March 1, 2010.

[65] Personal interview, March 1, 2010.

[66] Personal interview, February 15, 2010.

[67] Phone interview. March 2010.

[68] Personal interview. March 2010.

[69] Phone interview. March 2010.

[70] Personal interview. March 2010.

[71] Personal interviews, February 8, 2010.

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