

Following the Money 2014



U.S. PIRG
Education Fund

FRONTIER GROUP

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Our Approach to Evaluating Transparency

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

Our Approach to Evaluating Transparency

1. The Value of Transparency
2. The Value of a Scorecard
3. Why We Update the Criteria
4. Which Website Evaluated
5. Obstacles to Sound Comparisons
6. What We've Learned Since Last Year

The Value of Transparency

- ▶ Increase democratic accountability
- ▶ Improve effectiveness of spending and procurement
- ▶ Save money
- ▶ Increase public engagement and trust
- ▶ Check corruption and abuse

The Value of a Scorecard

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

Why We Update the Criteria

- ▶ Goal: to help cutting edge become new standard
- ▶ Public expectations continually rise
- ▶ Improved technology eases provision of transparency
- ▶ Less emphasis on standards that become universally held
- ▶ We learn from previous years

Which Website Evaluated

- ▶ Transparency means online
- ▶ Accessibility means from a single portal
- ▶ Evaluate best site

Obstacles to Sound Comparisons

- ▶ Standardized protocols yield objective and consistent decisions; but alternative approaches should be recognized.
- ▶ Evaluations of a *state's* transparency can be mistaken as evaluating the *office* operating the website.

What We've Learned Since Last Year

- ▶ Checkbook-level contracting data became universal among all 50 states.
- ▶ Importance of expenditures outside of normal legislative process.
- ▶ Need to clarify when higher standards reduce scores.
- ▶ Importance of understanding what data are *not* included.

Criteria in *Following the Money 2014*

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Criteria for *Following the Money* 2014

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

Criteria for *Following the Money* 2014: Contracts

- ▶ **Contracts**
 - Checkbook-level
 - Searchability
 - Completeness
 - Bulk Downloadable
- ▶ Quasi-Public Agencies
- ▶ Economic Development Subsidies
- ▶ Tax Expenditure Reports

Contracts: Checkbook-level

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

Contracts: Searchability


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

Contracts: Completeness

- ▶ **What it is:** Websites post payments to all vendors
 - Small contracts and large contracts
 - Expired contracts and current contracts
 - All government offices
- ▶ **Importance:** Comprehensiveness and knowing what may be missing.
- ▶ **Full credit:**
 - Website states the percent of the checkbook that is available online
 - ~100% of checkbook is online

Contracts: Completeness

Example 1 (Virginia)



Commonwealth
Transparency at Work in Virginia

Home

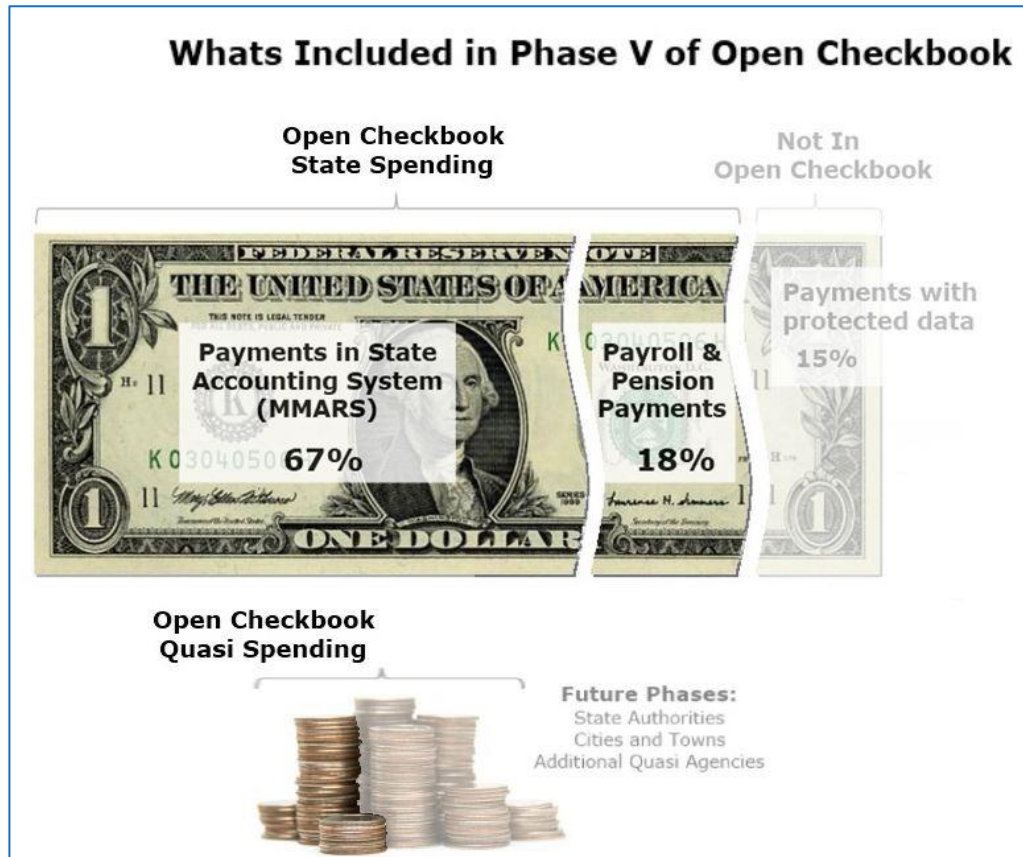
About Commonwealth Data Point

Whether you would like to see what was bought on a state purchase charge card or how many students enrolled in a school district, Commonwealth Data Point offers a free, interactive, and fascinating approach to view Commonwealth data. This website offers financial and demographic information about the Commonwealth of Virginia.

Commonwealth Data Point is the result of legislation sponsored by Senator Walter A. Stosch, who wanted to make state data and detailed state financial information available to the public. What started out as a simple website that displayed state transactions has turned into a data center for the Commonwealth's operations.

Commonwealth Data Point includes 100% of all state spending made through contracts. Because the information is

Contracts: Completeness Example 2 (Massachusetts)



Contracts: Bulk Downloadable

- ▶ **What it is:** the complete checkbook can be downloaded for data analysis
- ▶ **Importance:**
 - Enables users to identify trends in spending
 - Enables users to calculate the total payments made to certain vendors
- ▶ **Full credit:**
 - Full checkbook for fiscal year or calendar year
 - Not piecemeal

Contracts: Bulk Downloadable Example (Louisiana)



EXPENDITURES

Expenditures

Home | Statewide | Higher Ed | DOTD | Prior Years | FAQ | Feedback

Download Data

Click on a year below to download the data for the corresponding entity's data for that year.

Data will be downloaded into an Excel spreadsheet. Data download will require Excel 2007 due to row limitations on previous versions.

Please contact the webmaster at latrac@la.gov with any problems downloading.

Statewide	Higher Ed	DOTD*
2014 (28,080 rows)	2014	2013 (11,492 rows)
2013 (55,595 rows)	2013	2012 (11,757 rows)
2012 (61,959 rows)	2012	2011 (5,771 rows)
2011 (72,683 rows)	2011	2010 (12,295 rows)
2010 (74,826 rows)	2010	2009 (12,507 rows)
2009 (94,879 rows)	2009	

Criteria for *Following the Money* 2014: Quasi-Public Agencies

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

Quasi-Public Agencies

- ▶ **What it is:** Independent government corporations that are created through enabling legislation to perform a particular service or set a of public functions.
- ▶ **Importance:** Expenditures from “quasis” often fall outside the official state budget and are difficult for the public to scrutinize
- ▶ **Full credit:** Expenditures from quasi-public agencies are included in the contract checkbook tool.

Criteria for *Following the Money* 2014: Economic Dev't Subsidies

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

Economic Development Subsidies: Awards to Companies

- ▶ **What it is:** Individual subsidy payments awarded to individual companies
- ▶ **Importance:**
 - Many subsidy payments remain in the dark
 - Subsidies are not awarded through standard procurement processes
- ▶ **Full Credit:** Five largest subsidy programs

Economic Development Subsidies: Downloadable

- ▶ **What it is:** list of subsidy payments can be downloaded for data analysis
- ▶ **Importance:**
 - Identify trends, performance, potential bias toward certain companies or industries
 - Calculate the value of multiple subsidies awarded to certain companies
- ▶ **Full credit:** Five largest subsidy programs

Economic Development Subsidies: Intended Public Benefits

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

Economic Development Subsidies: Actual Public Benefits

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

Economic Development Subsidies: Example 1a (Indiana)

The search returned more than 200 records. The results below display only the top 200 records. To view all contract details for all search results select the Export Contract Details to export the data. 1/8

Project Id ▲	Recipient Name ◆	City ◆	County ◆	Fund Type ◆	Contract Yr ◆	Contract Amt ◆
334679	Dixie Chopper d/b/a Magic Circle Corporation	Coatesville	Hendricks	SEF	2006	\$57,000.00
334679	Dixie Chopper d/b/a Magic Circle Corporation	Coatesville	Hendricks	EDGE	2006	\$165,000.00
335225	Advantis Medical, Inc.	Greenwood	Johnson	SEF	2005	\$32,000.00
335730	Hill's Pet Nutrition Indiana, Inc.	Richmond	Wayne	HBI	2005	\$3,000,000.00
335848	General Motors LLC	Bedford	Lawrence	SEF	2005	\$199,500.00
336556	Suros Surgical Systems, Inc.	Indianapolis	Marion	EDGE	2005	\$1,400,000.00
336556	Suros Surgical Systems, Inc.	Indianapolis	Marion	HBI	2005	\$862,500.00
336753	Q Services Company	Evansville	Vanderburgh	EDGE	2008	\$2,750,000.00
337609	Geocel Holding Corporation	Elkhart	Elkhart	SEF	2005	\$26,250.00
337855	Harman Professional, Inc., dba Crown Audio Inc.	Elkhart	Elkhart	SEF	2005	\$98,000.00
337946	Holzmeier Die & Mold Manufacturing Corp.	Princeton	Gibson	SEF	2005	\$16,000.00
337971	Hill-Rom Services, Inc.	Batesville	Ripley	SEF	2005	\$200,000.00
338148	Terex Advance Mixer, Inc.	Fort Wayne	Allen	SEF	2005	\$54,000.00
338242	GM Metal Fabricating - Marion	Marion	Grant	SEF	2005	\$200,000.00
338394	R & D Wire, Inc.	LaOtto	Noble	SEF	2005	\$2,500.00
338418	D.S. Products, Inc.	Wabash	Wabash	SEF	2005	\$43,000.00
338511	Jasper Rubber Products, Incorporated	Jasper	Dubois	SEF	2006	\$135,000.00

Economic Development Subsidies: Example 1 b (Indiana)

[Home](#) > [Back To Search Results](#)

<u>Company Details</u>	
Project ID :	336556
Recipient :	Suros Surgical Systems, Inc.
City :	Indianapolis
County :	Marion

<u>Incentive Details</u>	
Fund Type :	EDGE
Contract Date :	5/10/2005
Contract Status :	Contract Ended
Contract Amount :	\$1,400,000.00
Paid/Certified to Date :	\$909,620.00
Adjustment :	(\$0.00)
In Collections :	\$909,620.00
Uncollectible :	\$0.00
Compliant Contract :	N

<u>Project Performance Details</u>	
Base Jobs :	32
Expected New Jobs by	
Contract End :	298
2012 :	298

<u>Contract Documents</u>	
Suros Surgical Systems Inc (336556) EDGE.pdf	

<u>Related Project Contracts</u>	
Fund Type	Contract Amount
HBI	\$862,500.00

Economic Development Subsidies: Example 2 (Arizona)

Fiscal Year 2012 Annual Report

	Clear Energy Systems, Inc.	Silicon Valley Bank	Ulthera, Inc.	United HealthCare Services, Inc.
North American Industry Classification System (NAICS)	335 (Manufacturing)	522 (Finance & Insurance)	339 (Manufacturing)	524 (Finance & Insurance)
Direct Jobs Commitment over 3 Years	225	220	111	400
Actual Direct Jobs through FY12	17	81	54	0
Average Annual Wages Commitment	\$65,000	\$88,000	\$67,000	\$37,000
Actual Annual Average Wages of Jobs Created in FY12	\$64,459	\$114,753	\$103,038	\$0
Capital Investment Commitment over 3 Years	\$7,000,000	\$5,000,000	\$1,680,000	\$4,000,000
Actual Capital Investment through FY12	\$0	\$0	\$373,505	\$0
Grant Amount, Subject to Achievement of Jobs, Wages, Capital Investment and Other Commitments	\$1,000,000	\$3,000,000	\$1,000,000	\$200,000
Grant Amount Per Jobs Committed over 3 Years	\$4,444	\$13,636	\$9,009	\$500
Health Insurance	65% paid by company	80% paid by company	65% paid by company	65% paid by company

Criteria for *Following the Money* 2014: Tax Expenditure Reports

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

Tax Expenditure Reports

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

Thank you.

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