

**Background:** The Montana Policy Institute (MPI) is providing this analysis of LC0085 as a means to better evaluate policy options for improving the transparency and accountability of state government. This analysis does not endorse or oppose LC0085 or any other proposed legislation. Its purpose is to discuss the draft bill’s primary components in the context of MPI’s research into the topic and of similar initiatives from other states, and in light of MPI’s desire to make Montana government fiscal information easily accessible to its citizens by leveraging current and easily obtainable technologies.

**Discussion:** LC0085 is one of several proposed bill drafts that would place some or all of Montana state government fiscal data (revenues and spending) online in a fully searchable, web enabled database. The draft’s goal is “...the establishment of a website from which the general public can search, retrieve, and download information about the state budget, including revenue, appropriations, and expenditures by Executive, Legislative, and Judicial branch agencies...” Put simply, the bill would mandate a “Google for Government” style website where citizens could easily access fiscal information using features like key word searches, drill up/down capabilities, and other to-be-determined methods. In addition, the bill would create a voluntary advisor council to provide guidance and feedback on the program’s design and implementation. The following is a section by section analysis of the draft.

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*Put simply, LC0085 would mandate a “Google for Government” style website where citizens could easily access fiscal information using features like key word searches, drill up/down, and other capabilities.*

**Section 1:** Short title – self explanatory.

**Section 2:** Legislative Intent – Recognizes taxpayers’ right to know revenue and expenditure data; delineates objective of creating and maintaining a website to achieve this. The Intent emphasizes user-friendly and searchable capabilities. Other states’ experiences indicate that using familiar technology and intuitive search tools increase usage and overall satisfaction.

**Section 3:** Definitions – This section defines not just terms but also implementation parameters as follows:

1. Advisory Council: A voluntary group to be further defined in Section 5.
2. Agency: Virtually any state entity recognized by the state budget. This is a very broad list that would allow taxpayers easy access to virtually all budget information regardless of funding or appropriations source. MPI’s research clearly indicates that potential users strongly desire comprehensive access to budget sources and expenditures broken down by Agency and Program.
3. Department: Department of Administration, which would implement and maintain the website.
4. Director: Director of Administration.

5. Entity: This is a comprehensive list of state financial recipients, public and private. MPI research confirms that potential users desire to see all recipients (other than those protected by privacy laws) of state expenditures to better evaluate the efficacy and efficiency of state government spending.
6. Funds: Appropriated monies.
7. Searchable budget database website: This paragraph describes in detail the types of information that would be made accessible, with the addition of a constraint protecting privacy information.
  - a. All revenue information, including amounts, sources, and accounts.
  - b. All appropriations by agency and source.
  - c. Agency budgets in detail and in full.
  - d. Expenditure information: Amount, type, recipient, program, description, performance outcomes, historical information of all expenditures. Notably, types include personal and operating expenditures. This is a comprehensive list that would allow taxpayers to easily see expenditures and place them in contexts of legislative intent and outcomes.
  - e. Audit and performance information related to expenditures. This would presumably be a cross reference function to compare actual expenditures with expected results.
  - f. Other pertinent information: A catch-all providing the Director and Advisory Council leeway to include non-delineated information.
  - g. Historical data commencing from the bill's effective date (1 July '09). MPI feels that ideally the initial database would be populated with historical data to allow trend analyses using previous budget and expenditure information. MPI has not been able to determine the level of effort required to make pre-2009 data available, but believes that this capability would provide useful information to the taxpayer in the form of preformatted reports and visual aids (charts and graphs) to help evaluate current and proposed budget information.

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*Revenue sources and Agency budgets, expenditures, and performance measures would be included.*

**Section 4: Compliance requirements:**

1. The website would be completed by January 2011. MPI believes this is a very generous timeframe given that the concept has been validated in at least eight other states and at the federal level, it involves proven technology, and uses data that is routinely created and stored in the state's accounting and information systems.
2. Privacy data will be protected.

3. Data updated quarterly. MPI's research indicates likely users prefer data updates as near real-time as possible so that information can be observed and then acted upon in a timely fashion.
4. Requirement for Agencies to provide required data.
5. Department of Administration will provide Agencies compliance guidance.
6. Agency websites can be suitable substitutes if they meet the requirements outlined for the proposed state website. MPI feels that no current Agency websites would meet this criterion. Although many Agencies have been very proactive in providing online regulatory information and services, financial information is very difficult to access in a comprehensible manner or in a format that facilitates analysis, if it's available online at all.

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*Data would be updated quarterly, with the site administered by the Department of Administration*

**Section 5:** Advisory Council: Requires the Director to appoint a voluntary (unpaid, non-reimbursed) Advisory Council to provide guidance and feedback on the website's design, content, and ongoing maintenance.

**Section 6:** Amends Title 17, Chapter 1 to incorporate the bill.

**Section 7:** Establishes effective date of July 1, 2009.

**Conclusion:** LC0085 would provide for a comprehensive website that enabling Montana's citizens to track state finances from revenue streams to final expenditures in a user friendly, comprehensive manner. This capability is already resident to varying degrees in at least eight states and an additional ten or so have legislation or Executive orders requiring future implementation. The major piece that is missing as of this analysis is a fiscal note estimating implementation costs. Other states' costs have ranged from no fiscal impact to six figures depending on scope and existing systems. However, two consistent trends have emerged from other states' experiences. First, actual costs have been significantly less than estimated costs. For this reason MPI will closely examine any fiscal notes that address transparency legislation. And second, some states have realized significant savings from transparency sites by allowing better tracking of costs across Agencies and Departments. These savings, along with the greater taxpayer confidence and participation that will come with full fiscal transparency, argue strongly for making state government fiscal information available and easily accessible to Montana's citizens.

**Recommendation:** None. For informational purposes only.