

spotlight

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FISCAL TRANSPARENCY IN N.C.

Surveying state and local governments

- KEY FACTS:**
- **Citizens don't have the ability to easily track how state and local governments spend their tax dollars — but they should.**
 - **Budget information isn't available online in easily searchable databases, but it should be. Citizens shouldn't have to make special requests to obtain budget information.**
 - **Not every state agency needs to provide its budget online, but their Web sites should at least link to the budget and financial reporting pages at the Office of State Controller and the Office of State Budget and Management.**
 - **Thanks to broadband Internet connections, people can download even large files relatively quickly now, so there is no reason not to provide budgets as single documents.**
 - **Kansas, Texas, and Missouri provide good examples of transparency in state government. Every level of state and local government in North Carolina must do better reporting contract, grant, and check registry information.**
 - **Tax-referendum defeats, corruption in state government, and the continued population influx mean governments must be more transparent to earn public trust.**

governments throughout the country have begun making their finances more transparent to citizens and taxpayers. The Coburn-Obama Bill in 2006 called for the creation of an Internet database of federal government spending.¹ Kansas,² Missouri,³ and Texas⁴ have created similar databases. Other states have begun the process with legislation or an executive order.

Private organizations are also making government spending more accountable.⁵ But North Carolina, home to national banks that update their customers' accounts instantly anywhere around the world, woefully lags in making spending transparent at every level. North Carolina needs to do more.

A county or city budget can cover thousands of pages with detailed line items full of acronyms and jargon understood by few. The \$20 billion state bud-

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get is even more complex and often difficult for even seasoned legislators to understand. As such, fiscal transparency is critical to citizens.

Even when governments contract out services to gain efficiency, such moves often make it harder for taxpayers to hold government accountable. State and local governments also provide funding for nonprofit and nongovernmental agencies. Without complete transparency of these contracts and grants, even a person who understands the rest of the budget can miss critical items.

Despite this, state agencies and local governments have generally not thought about the user experience when putting their financial information online. Many times the focus is understandably on just filing reports and posting documents, not on how an interested citizen would use the information. As a result, a great deal of data is posted in PDF format or without plain English explanations, which makes it difficult for even a knowledgeable citizen to understand government finances. Incomplete, inaccessible, or incomprehensible information is of no use to citizens.

State and local government must make financial information, including check registers, available online in a way that makes sense for taxpayers, elected officials, and staff. Many have taken the first steps, but much more transparency is needed to provide true citizen oversight.

Methodology

Our focus in this study is on fiscal and operational transparency, not the ease with which citizens could obtain government services, pay their utility bills, or find unclaimed property. The transparency items we chose were:

- *Line-item budgets and annual financial reports* – the fundamental measure of how money is raised and spent
- *Government contracts* – what outside vendors get paid to provide goods and services to government or on behalf of government
- *Grants to nonprofit groups* – another way government officials indirectly accomplish their goals using taxpayer money
- *Personnel data* – how many government employees are there in each area, who are they, and what are they paid (salaries may seem too personal, but as a public expense they should be available)

We also considered some measures of users and outcomes such as enrollment and graduation data for the educational entities, crime statistics for city governments, and social service and health department caseloads for counties.

We tried to find this information at the Web sites of 22 state agencies,⁶ the ten largest cities,⁷ ten largest counties,⁸ and ten highest-spending school districts.⁹ We rated the degree of difficulty involved in finding the desired information using the following scale.

A – Easy to find, search, and analyze desired information at the Web site

B – Easy to find PDFs or information relevant to the desired information at the Web site

C – Hard for the average person to find or non-intuitive for experienced users to find information at the Web site

D – Information is only partially available on the Web site

F – Information is not available on the Web site

We should note that ratings were based only on what is available through the Web site and do not reflect the willingness of the various agencies and governments to provide the information when requested. The goal was to see how well state and local government officials make information understandable and available online.

State Agencies

Many state agencies provide useful information for consumers of their services, as seen in the relative ease in finding school enrollment and graduation rates at education-related agencies' Web sites.

No agency, however, not even the Office of State Budget and Management (OSBM) or the Office of the State Controller, which monitor the entire budget, has a simple way to track revenues and expenditures online.

OSBM's recently updated site has the governor's recommended budget for the biennium as an Excel spreadsheet or a PDF. It also has the entire certified budget online, but in a format that is more difficult to access than a PDF would be. The Controller's Web site has monthly and annual financial reports available in PDF format.

The state agencies and departments we reviewed generally had information available on senior staff and often had staff directories as well, but they lacked salary information. More specific information on grants and contracts was nearly impossible to find in nearly every agency except the Department of Public Instruction/State Board of Education and the Department of Cultural Resources. Even with Governor Mike Easley's emphasis on results-based budgeting, most agencies provided no way to see this information either. The Clean Water Management Trust Fund's site did provide a great deal of financial information, which is appropriate given its role as a grant provider.

Counties

Finding the budget offices on county Web sites was generally not difficult. Getting the budget detail required a bit more work. Counties often either provided a broad overview document or multiple detailed documents. Fortunately, they did provide their Certified Annual Financial Reports (CAFRs) as single files. No county provided the line-item details that would include specific expenditures on equipment, although some did provide informa-

Transparency Report Card 2008			
- State Agencies -			
Overall Grade: <i>D-</i>			
Detailed Budget	Government Contracts	Grants to NonProfits	Salaries & Employees
<i>D</i>	<i>F</i>	<i>D-</i>	<i>D</i>

<http://ohio.gov/ohio/ohio-documentsearch/reportcard>

Transparency Report Card 2008					
- State Education -					
Overall Grade: <i>D+</i>					
Detailed Budget	Government Contracts	Grants to Non-Profits	Salaries & Employees	School Enrollment	Graduation Rates
<i>F</i>	<i>D-</i>	<i>D-</i>	<i>D-</i>	<i>B</i>	<i>B</i>

<http://ohio.gov/ohio/ohio-documentsearch/reportcard>

Transparency Report Card 2008				
- Counties -				
Overall Grade: <i>D+</i>				
Detailed Budget	Government Contracts	Grants to Non-Profits	Salaries & Employees	Case Loads
<i>C+</i>	<i>D</i>	<i>D+</i>	<i>D</i>	<i>F</i>

<http://ohio.gov/ohio/ohio-documentsearch/reportcard>

tion on contracts with outside entities and grants to nonprofit agencies.

No county reported health or social service case loads or salary information, and some did not even provide information on key employees.

As with state agencies, county sites provided plenty of practical information for residents seeking to use the library, check their tax records, or see how their neighbors are registered to vote. Those efforts demonstrate that some counties clearly have the technical expertise but not the desire to post detailed budgets online in searchable databases.

Transparency Report Card 2008				
- Cities -				
Overall Grade: <i>C-</i>				
Detailed Budget	Government Contracts	Grants to Non-Profits	Salaries & Employees	Crime Rate
<i>B-</i>	<i>F</i>	<i>D-</i>	<i>D-</i>	<i>B</i>

<http://www.nc.gov/ncopensearch/reportcard>

Cities

In general North Carolina cities do not provide any more accessible information than counties or state agencies. They still break the budget into multiple small sections with no option to download the entire document. Navigating these sites can also be difficult even if the user knows what he wants to find. Most of the cities we reviewed, however, do provide relatively easy access to detailed budgets. Every city provides crime mapping, crime statistics, or both online with varying degrees of difficulty finding the information.

As with other levels of government, cities focus on providing services such as bill payment and GIS mapping. Transparency has been a lower priority as a general rule, with pages that are hard to find and descriptions that are hard to understand for the average citizen and taxpayer.

Charlotte, Wilmington, and Winston-Salem were among the cities with the easiest sites to navigate with current information. Winston-Salem even has city council meetings online.

School Districts

Union County had the best transparency of budget information among included school districts. Cumberland County also had easy access to budget and enrollment information. None of the school districts examined provided records on grants to nonprofit organizations or specific contracts. Surprisingly few even provided their graduation rates. No school district provided information on contracts or grants to nonprofits, despite the reasonably good record at the state level on these items. Graduation rates, not surprisingly, were also difficult to find.

Summary

Local and state government have a long way to go with respect to meeting public expectations for transparency. In the second decade of the digital age, North Carolina is still in its infancy with respect to this issue. The state having been domi-

Transparency Report Card 2008					
- Local School Districts -					
Overall Grade: <i>D</i>					
Detailed Budget	Government Contracts	Grants to Non-Profits	Salaries & Employees	School Enrollment	Graduation Rates
<i>C+</i>	<i>F</i>	<i>F</i>	<i>C-</i>	<i>C-</i>	<i>D+</i>

<http://www.nc.gov/ncopensearch/reportcard>

nated by scandal in recent years, it is absolutely critical that members of the public have greater access to the programs and line items that they are funding.

North Carolina state and local agencies must foster a far greater degree of public trust, allow for greater accountability and be able to provide the public with some degree of cost/benefit analysis. Furthermore, the public must have the opportunity to compare and contrast the various cities, counties and school systems to see how they are using taxpayers' money. The lack of financial information available provides citizens very little reason to trust that their money is being used wisely or, in some cases, legally.

Easily accessible information is critical to accountable government. The vast majority of information currently available is useful and provides citizens an opportunity to learn a great deal more about state agencies and local government. But that must translate into information about financial expenditures as well. It is incumbent upon North Carolina state and local government officials to make transparency a top issue. In so doing, they will reduce the possibility for corruption, improve public accountability, and increase the ability to measure success. State and local leaders should act now to make their finances transparent.

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Transparency Report Card 2008

	State Agencies	State Education*	Local School Districts	Counties	Cities
Detailed Budget	D	F	C+	C+	B-
Government Contracts	F	D-	F	D	F
Grants to NonProfits	D-	D-	F	D+	D-
Salaries & Employees	D	D-	C-	D	D-
School Enrollment		B	C-		
Graduation Rates		B	D+		
Crime Rate					B
Case Loads				F	
Overall	D-	D+	D	D+	C-

* K-12, Community Colleges, & UNC System
http://www.jlfi.org/2008/08/20/2008-transparency-report-card

End Notes

1. Q.v., www.usaspending.gov.
2. Q.v., www.kansas.gov/kanview.
3. Q.v., mapyourtaxes.mo.gov/MAP/Portal/Default.aspx.
4. Q.v., www.window.state.tx.us/comptrol/expendlist/cashdrill.php.
5. Q.v., www.fedspending.org.
6. Those agencies include: Department of Public Instruction/State Board of Education, NC Community College System, University of North Carolina, Department of Transportation, Department of Health and Human Services, Department of Insurance, Department of Labor, Department of Commerce, Department of Agriculture & Consumer Services, Department of Environment and Natural Resources, Clean Water Management Trust Fund, Department of Cultural Resources, Department of Corrections, Department of Crime Control and Public Safety, Department of Justice, North Carolina Court system, Department of Administration, Department of Revenue, Office of State Budget and Management, Office of the State Controller, Office of the State Treasurer, and Office of the State Auditor.
7. Those cities are Asheville, Cary, Charlotte, Greensboro, Durham, Fayetteville, High Point, Raleigh, Wilmington, and Winston-Salem.
8. Those are the counties of Buncombe, Cumberland, Durham, Forsyth, Gaston, Guilford, Mecklenburg, New Hanover, Union, and Wake.
9. Those school districts are Charlotte-Mecklenburg, Cumberland, Durham, Forsyth, Gaston, Guilford, Johnston, New Hanover, Union, and Wake.

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TRANSPARENCY REPORT CARD

2008

SECTION A — CITIES

City	Detailed Budget	Government Contracts	Grants to NonProfits	Salaries & Employees	Crime Rate	Overall
Cities Average	B-	F	D-	D-	B	C-
Asheville	B	F	D	D	B	C
Raleigh	C	F	D	C	B	C-
Winston-Salem	B	F	F	B	B	C
Durham	B	F	C	F	B	C-
Charlotte	B	F	F	F	B	C-
Fayetteville	C	F	F	F	B	D+
High Point	B	F	F	F	B	D+
Greensboro	C	F	F	F	B	D
Wilmington	B	F	F	F	C	D
Cary	C	F	F	D	C	D

SECTION B — COUNTIES

County	Detailed Budget	Government Contracts	Grants to NonProfits	Salaries & Employees	Case Loads	Overall
Counties Average	C+	D	D+	D	F	D+
Buncombe	C	C	C	D	F	C-
Cumberland	C	C	C	D	F	C-
Durham	C	F	B	D	F	D+
Forsyth	C	F	F	D	F	D-
Gaston	C	F	F	D	F	D-
Guilford	C	F	F	D	F	D-
Mecklenburg	B	C	C	D	F	C-
New Hanover	C	F	F	D	F	D-
Union	C	D	C	D	D	C-
Wake	C	C	C	D	F	C-

SECTION C — LOCAL SCHOOL SYSTEMS

System	Detailed Budget	Government Contracts	Grants to NonProfits	Salaries & Employees	School Enrollment	Graduation Rates	Overall
Systems Average	C+	F	F	C-	C-	D+	D
CMS	B	F	F	B	B	F	D+
Union	B	F	F	B	C	C	C
Cumberland	B	F	F	C	B	C	C-
Guilford	C	F	F	C	B	B	C-
Wake	B	F	F	C	C	C	C-
Durham	C	F	F	F	C	C	D
New Hanover	B	F	F	F	F	F	D-
Gaston	F	F	F	C	F	F	D-
Forsyth	F	F	F	F	F	F	F
Johnston	F	F	F	F	F	F	F

SECTION D — STATE GOVERNMENT

Agency	Detailed Budget	Government Contracts	Grants to NonProfits	Salaries & Employees	School Enrollment	Graduation Rates	Overall
State Gov't Average	D	F	D-	D	NA	NA	D-
State Education Avg.	F	D-	D-	D-	B	B	D+
Other Agencies Avg.	D	F	D-	D	NA	NA	D-
DPI	F	C	C	F	B	B	C-
NCCS	F	F	F	D	B	B	D+
UNC System	F	F	F	F	B	B	D
DHHS	D	F	F	D	NA	NA	D-
Agriculture	F	F	D	D	NA	NA	D-
DENR	F	F	F	D	NA	NA	F
CWMTF	B	F	B	D	NA	NA	C
Commerce	F	F	F	D	NA	NA	F
Cultural Resources	F	F	C	D	NA	NA	D
Labor	B	F	F	D	NA	NA	D
Insurance	F	F	F	D	NA	NA	F
Corrections	F	F	F	D	NA	NA	F
CCPS	D	F	F	D	NA	NA	D-
Judiciary	C	F	F	F	NA	NA	D-
Justice	F	F	F	F	NA	NA	F
Administration	F	D	F	C	NA	NA	D
OSBM	B	F	F	C	NA	NA	D+
Controller	F	F	F	C	NA	NA	D-
Revenue	B	F	F	D	NA	NA	D
Treasurer	F	F	F	D	NA	NA	F
Auditor	NA	F	F	D	NA	NA	D-
DOT	F	F	F	F	NA	NA	F