

Approved: February 5, 2008

Date

MINUTES OF THE HOUSE GOVERNMENT EFFICIENCY AND TECHNOLOGY COMMITTEE

The meeting was called to order by Chairman Jim Morrison at 3:37 P.M. on February 4, 2008, in Room 526-S of the Capitol.

All members were present except Representatives Loganbill, Johnson, King, Swenson, Tafanelli, Wilk, Frownfelter, Holland, and Ruiz, all of whom were excused.

Committee staff present:

Mary Galligan, Kansas Legislative Research Department
Jennifer Thierer, Kansas Legislative Research Department
Renae Jefferies, Office of Revisor of Statutes
Gary Deeter, Committee Assistant

Conferees appearing before the committee:

Duane Goossen, Director, Division of the Budget, and Secretary, Kansas Department of Administration
Alan Cobb, Executive Director, Americans for Prosperity
Richard Gannon, Director of Governmental Affairs, Kansas Press Association

Others attending:

See attached list.

The chair opened the hearing on **HB 2730** - the taxpayer transparency act.

Staff Renae Jefferies briefed the Committee on **HB 2730** (Attachment 1). She said the bill is virtually the same as the 2007 House **Sub for HB 2457** passed by the Committee and incorporated into **HB 2368** last year. She gave details of the bill, saying the bill mandates that the Secretary of the Kansas Department of Administration develop and operate a searchable website accessible by the public, a website that provides detailed information regarding revenues, expenditures, bonded indebtedness, and other information deemed suitable by the Public Finance Transparency Board.

Answering questions, Ms. Jefferies said the bill has no fiscal effect. Representative Kelley explained that the cost of the website will be folded into the Financial Management System. Ms. Jefferies acknowledged expenses for the Transparency Board, costs for which there is no fiscal note.

Duane Goossen, Director, Division of the Budget, and Secretary, Kansas Department of Administration, testified as a proponent for the bill (Attachment 2). He commented that the Committee passed the bill in the 2007 session and its provisions were incorporated into an appropriations bill. The present bill simply places the provisions of the act into statute. He said the Public Finance Transparency Board has been appointed and met for the first time on November 14, 2007. The website is scheduled for launch by March 1.

Answering questions, Mr. Goossen said school districts are considered local entities, but that the transparency website will reflect only disbursements to the school district, not details of individual school budgets. He

CONTINUATION SHEET

MINUTES OF THE House Government Efficiency and Technology Committee at 3:37 P.M. on February 4, 2008, in Room 526-S of the Capitol.

replied that the Kansas Board of Regents has its own financial system that interfaces with STARS (State-wide Accounting and Reporting System) and that, when the new Financial Management System is completed, the Regents system will interface with it. Regents transactions will be viewed on the website based on that interface.

Kent Olson, Director, Division of Accounts and Reports, Kansas Department of Administration, replied to another question, saying that the Regents use the same central accounting system that any other agency uses, so the Regents reports will reflect different sources of funding.

A member commented that the Kansas Department of Education has developed an extensive database for K-12 school districts, a resource that need not be duplicated by the transparency website. Mr. Goossen said the website would not be duplicative, primarily reflecting information from STARS using the Information Network of Kansas' portal, Kansas.gov. He replied that certain information will be considered protected, such as which company may be receiving tax credits; he has been working with agencies to assure that private information does not appear on the website.

Alan Cobb, Executive Director, Americans for Prosperity, spoke as a proponent for the bill (Attachment 3). He commended Secretary Goossen for expediting the website, noting that Kansas is the first state to pass a transparency bill, further observing that the federal government recently launched a transparency website.

Members expressed concern regarding mailings by private groups that do not identify the sponsoring organization. A member commented that if government funds are being used, the information should be included on the transparency website. Mr. Cobb referenced Attachment 4 regarding the federal transparency database launched in December 2007 and, responding to a question, said that the Information Network of Kansas is including the Kansas transparency website as a part of its next contract.

Richard Gannon, Director of Governmental Affairs, Kansas Press Association, spoke in support of the bill (Attachment 5). He observed that the bill is simple with strong public support and that the only opposition has come from government sources. He stated that open government is a pre-requisite for good government.

The Chair closed the hearing and stated that the Committee will work the bill tomorrow.

The Committee minutes for January 31 were approved. (Motion, Representative Sloan; second, Representative Siegfried.)

The meeting was adjourned at 4:10 p.m. The next meeting is scheduled for February 5, 2008.

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MEMORANDUM

To: House Committee on Government Efficiency and Technology
From: Renae Jefferies, Assistant Revisor
Date: February 4, 2008
Subject: House Bill No. 2730

HB 2730 is basically 2007 House Substitute for HB 2457 as passed out of this committee and incorporated in subsections (c), (d), (e) and (f) of section 163 of House Appropriations Bill No. 2368 which passed last year.

Section 1 of the bill names the act as the Kansas taxpayer Transparency Act.

Section 2 provides definitions for the act and mandates that no later than March 1, 2008, the Secretary of Administration (Secretary) shall develop and operate a searchable website accessible by the public at that provides information on:

- (1) Annual expenditures as detailed in subsection (b) (1);
- (2) annual revenues as detailed in subsection (b) (2);
- (3) annual bonded indebtedness as detailed in subsection (b) (3); and

(4) any other information specified by the Secretary after consulting with and seeking the advice of the Public Finance Transparency Board (Board) established in section 3 of the bill.

Subsection (c) of section 2 provides that the website include data for fiscal year 2002 and each subsequent year and that such data be retained on the website for at least 10 years. Each fiscal year's data in the central accounting and the state payroll system would have to be available on the website within 45 days after the end of the fiscal year. The Secretary would be authorized to develop policies and procedures for making available data from sources other than the central accounting and state payroll systems. However, the Secretary would not be required to make available information that is not contained in the central accounting and state payroll system at the time of initial implementation of the website.

Subsection (d) of section 2 provides that any state agency, at the request of the Secretary shall provide such information as is necessary to accomplish the purposes of the act.

Subsection (e) of section 2 provides that nothing in the act shall permit or require the disclosure of information that is considered confidential by state or federal law.

Section 3. Subsection (a) of section 3 establishes the 15 member Public Finance Transparency Board and provides that the Secretary or the Secretary's designee shall serve as chairperson of the board.

Subsection (b) sets out who the members shall be and how they shall be appointed.

Subsection (c) provides that the board shall annually elect a vice-chairperson and a secretary.

Subsection (d) provides that eight members shall constitute a quorum and that the affirmative action of eight members shall be necessary for any action to take place.

Subsection (e) provides that general public members and legislative members of the board attending meetings of the board and subcommittees thereof be paid compensation, subsistence, allowances, mileage and other expenses as provided in K.S.A. 75-3223.

Subsection (f) provides that the board shall:

(1) Advise the Secretary on incorporating additional information described in this act from any other source of information available to the Secretary, including information submitted by state agencies as requested by the Secretary under subsection (d) of section 2;

(2) serve in an advisory capacity to the Secretary on matters related to further development of the website, expansion of the content of the information for the website and new reports to be generated on the website to assist the public in accessing public information;

(3) seek advice from the general public, professional associations, academic groups and institutions and individuals with knowledge of and interest in areas of public information access, gateway services, add-on services and electronic information; and

(4) meet at least twice during each fiscal year on the call of the Secretary who shall set the agenda for the meetings, to include a report on the progress in implementing the website, proposed enhancements to the website and other matters as deemed appropriate by the Secretary.

Subsection (g) provides that all state agencies shall cooperate with the board in providing assistance as may be requested for the achievement of the boards purpose.

The act shall be effective upon publication in the statute book.

MEMORANDUM

TO: House Committee on Government Efficiency and Technology

FROM: Duane A. Goossen, Secretary of Administration

DATE: February 4, 2008

SUBJECT: HB 2730

Thank you for the opportunity to offer comments and answer questions pertaining to HB 2730.

During the 2007 Session, this committee introduced a bill to make Kansas financial data more accessible. The committee worked extensively with the Dept. of Administration through discussion and hearings to amend and craft the bill so that it would be workable for Kansas. The bill was eventually passed as a proviso to the FY 2008 appropriations bill. HB 2730 would place the proviso from the FY 2008 appropriations bill in statute.

The Dept. of Administration has been working to implement the terms of the proviso and will continue to do so with or without HB 2730. The Public Finance Transparency Board has been appointed. (A list of board members is attached.) The first meeting of the board was held November 14, 2007 at which time the board previewed and discussed a website under development that allows the public to search through transactions in the state's accounting system. The website is scheduled to be open by March 1.

Public Finance Transparency Board

Members

Secretary of Administration (or designee) Duane Goossen
Director of Accounts and Reports (or designee)..... Kent Olson
2 executive branch CEOs appointed by the Governor Denise Moore, Joan Wagnon
2 members of the public appointed by the Governor Charles Jones, Doug Anstaett
1 member of the public appointed by the President of the Senate Edward Sexe
1 member of the public appointed by the Speaker of the House Alan Cobb
1 member of the Legislature appointed by the
President of the Senate Sen. Dwayne Umbarger
1 member of the Legislature appointed by the
Senate Minority Leader Sen. Greta Goodwin
1 member of the Legislature appointed by the
Speaker of the House Rep. Kasha Kelley
1 member of the Legislature appointed by the
House Minority Leader Rep. Raj Goyle
Legislative Post Auditor (or designee) Barbara Hinton
State Archivist (or designee)..... Matthew Veatch
Director of Legislative Research (or designee) Alan Conroy



AMERICANS FOR PROSPERITY

KANSAS

February 4, 2008

Chairman Morrison and members of the committee,

I am Alan Cobb, Kansas State Director of Americans for Prosperity, a free market grassroots public policy group with more than 12,000 members in Kansas.

We are here in full support of transparency.

Taxpayers deserve to know how their money is being spent. Traditional budget publications are not only very difficult for ordinary taxpayers to understand; they are also often inaccessible and contain incomplete information. Creating a modern, searchable, on-line database will leverage technology that most Kansans already use and understand to make information about state spending widely accessible.

This proviso passed into law last year was nation's first transparency law. Kansas' has received national recognition for this achievement.

As a member of the State Transparency Board, I have been able to view the progress of the website, and I can it looks terrific. All involved deserve much credit for the work they've done.

Giving taxpayers this tool to understand where and how their money is being spent will make state government more accountable and reduce waste, fraud, and abuse. An opaque spending process creates the perception, or possible reality, of legislators or bureaucrats use the state budget to fund unnecessary, wasteful, or even corrupt programs, confident that most Kansans will never know about it.

This database will help eliminate any perception of impropriety by ensuring that all awards of state funds are subject to public scrutiny. It will also, even when there is no perceived wrongdoing, allow taxpayers to hold the government to higher standards, reviewing exactly how money is being spent and proposing more effective or efficient uses of state dollars. By making the details of spending available to the public, the state can leverage the expertise and ideas of engaged citizens who can, at their own convenience, evaluate the data and provide feedback to legislators and grassroots groups, such as ours, that work on fiscal issues.

Transparent government is good government. Good government has nothing to hide from the taxpayers that fund it and is open to input from those taxpayers on how to constantly improve as stewards of their hard-earned tax dollars.

<http://www.fcw.com/online/news/151068-1.html>

Federal spending database defies doubters

By Jason Miller

Published on December 13, 2007

The Office of Management and Budget initially doubted the need for or the possibility of developing a single, online, publicly accessible database with all contracts, grants, loans and other transactions. But after Sens. Tom Coburn (R-Okla.) and Barack Obama (D-Ill.) shepherded the Federal Funding Accountability and Transparency Act through Congress and it became law, administration officials rethought the possible.

And now 15 months later, that database is reality. OMB today officially launched the first version of USASpending.gov, more than two weeks before the congressionally mandated Jan. 1 deadline.

"This is an example of what can happen when Congress and the executive branch have a shared goal and Congress holds the executive branch accountable," said Robert Shea, OMB's associate director of administration and government performance and the lead in developing the FederalSpending.gov Web site, at the launch briefing in Washington. "We saw what could be done when OMBWatch launched their version and we partnered with them."

In fact, the administration bought OMBWatch's software for about \$600,000 and developed the entire database for less than \$1 million. This doesn't count the hundreds of hours agencies put toward collecting, formatting and uploading data on all these transactions. Agencies spent more than \$400 billion on contracts in fiscal 2006 and \$2.8 trillion across all categories.

USASpending.gov is similar to the recently updated version of the OMBWatch site. Users of the federal site can search by name, place of performance, agency, product or service category or the top 100 recipient's government wide. The agency searches are limited to top 10 contracts, top five congressional districts, and products or services.

Shea said the first iteration of the federal spending database includes all transactions after there was some concern it would provide only contracts and grants.

He credited the agencies for defining the requirements, producing the data and ensuring the quality of the site.

"This is a work in progress," he said. "We will improve data timeliness and data accuracy."

Coburn said at the launch that the database was a "herculean task," and does more than create transparency. He said it continues to ensure we have a free society.

"The only thing that enables us to have a free society is transparency," he said. "It will make the government more efficient through its accounting and financial management."

Coburn added that he was pleased OMB beat the deadline because so many times Congress passes legislation and the implementation never comes on time.

Rep. Tom Davis (R-Va.), one of the main House sponsors of the bill, said in a statement today that the launch of USASpending.gov was a watershed moment for government accountability.

"Today's an important day for all of us who believe sunshine is the best disinfectant," Davis said. "We included an ambitious time frame; we knew it would be difficult. I congratulate all of those who rose to the occasion and met this challenge" two weeks ahead of schedule.

Attachment 4
HGET 2-4-08

Mr. Chairman and members of the Government Efficiency and Technology Committee, my name is Richard Gannon and I am the Director of Governmental Affairs for the Kansas Press Association.

We rise in support of H.B. 2730.

H.B. 2730 is a very simple bill with strong public support. The Kansas Taxpayer Transparency Act simply provides Kansas taxpayers a method to observe how their tax dollars are spent.

Frankly I have difficulty comprehending how anyone could oppose the public's "right to know" something so basic?

However, Mr. Chairman and members of the committee, as you know there has been opposition to HB 2730 — opposition strong enough to require a multi-session effort for bill passage.

Unfortunately, this is the typical opposition encountered at any attempt to provide the Kansas citizen better access to their government.

It is traditionally those who speak for or work closely with OUR OWN GOVERNMENT that raise the strongest objection to the public's "right to know."

The Kansas Press Association believes that open government is a prerequisite, but certainly not a guarantee, of "good government." However, we do know what happens when government is conducted in the dark, in secret, behind closed doors, without benefit of the public's participation. What we get is not representative of what citizens want; we get what a select few have determined is "best" for the rest of us.

We support governmental transparency and H.B. 2730 and offer our special thanks to those legislators that work so hard for open government.

I stand for questions.

*Attachment 5
HGET 2-4-08*