

Act 1



2nd SPECIAL SESSION OF 2018

PREPARED BY THE LOUISIANA ASSOCIATION OF BUSINESS AND INDUSTRY (LABI)

In 2018, the Louisiana Legislature voted multiple times in various sessions for an enhanced state spending website, which was eventually passed with a unanimous vote and signed into law by Governor John Bel Edwards in June. [Act 1 of the 2018 2nd special session](#) greatly improves the content of Louisiana's existing fiscal transparency website and expands the entities that participate in it. LABI and the LouisianaCheckbook.com coalition applaud our elected officials for taking this important step toward improving public trust and look forward to monitoring implementation of the website going forward.

WHAT WILL LOUISIANACHECKBOOK.COM DO?

The state of Louisiana spends roughly \$30 billion annually on direct programs and services, on contracts and grants, to support local governments, to encourage economic development, to fund debt payments on capital construction and pensions, and to perform a variety of functions.

Ten years ago, to learn how money was spent, the public was forced to review the state budget online, which is generally 200+ pages in a PDF format. In 2008, the Legislature passed a bill to establish a state spending website now known as LaTrac, which has several useful features including a contracts database, information on boards and commissions, and some spending records from state departments. Louisiana received a [96 score](#) from the U.S. Public Interest Research Group, ranking #7 in the nation for the LaTrac site as recently as 2016.

Following the trends of best-practice states outlined in this same [national report](#), the enhanced Louisiana Checkbook will “serve as an interactive portal for the public to access state fiscal information,” making major improvements in three areas:

- 1. The WHO:** The Louisiana Checkbook will add a number of major state entities that are not on LaTrac today. Act 1 requires the participation of universities, the Legislature, and the judiciary subject to appropriation. Though it may take time to create or fund integrated accounting systems, Act 1 still directs all state governmental entities to “furnish information, reports, aid, services, and assistance” to the Commissioner of Administration “of the type, extent, format, frequency, and timing” for the Louisiana Checkbook.

Of note, local government spending is not required on LouisianaCheckbook.com, although various local entities are taking it upon themselves to create fiscal transparency websites with Lafayette Parish leading the way. Both New Orleans and Baton Rouge are also engaged in Open Data efforts, which should eventually include local spending.

Specifically, Act 1 will require the publication of the expenditures of roughly 140 state agencies, departments, divisions, and offices, including:

- State universities and colleges,
- State boards and commissions,
- State retirement systems,
- The Legislature, and
- Entities in the judicial branch performing a state function.

Act 1 also requires the Commissioner to provide quarterly updates to the Joint Legislative Committee on the Budget if agencies do not submit information, and the Legislative Auditor must perform “periodic and unscheduled reviews” to ensure compliance with the Louisiana Checkbook.

2. **The WHAT:** The information on the current website, LaTrac, is not as detailed as many other states. Frequently, large sums in the millions of dollars are lumped together into categories without any purpose or even dates.

Act 1 will add monthly reporting that includes:

- **Details of expenditures**, where available, specifically the name of the entity making the expenditure, name of the person receiving the payment, date and amount, a standardized descriptive title of the type and purpose of the expenditure, the manner of payment, and the funding source;
- **More types of expenditures**, specifically the details of credit card charges, mandated inter-agency payments, and aid to local government;
- **More state contracts**, including grants, purchase orders, memoranda of understanding, cooperative endeavor agreements, leases, and contracts that are fixed-price, cost, cost-plus-a-fixed-fee, or incentive as well as links to more information or supporting documentation for payment requests on contracts if available;
- **A payroll database** for all state employees that includes name, title, salary or hourly wage, total compensation, and cost of benefits;
- Categories and amounts of **state debt** compiled by the Treasurer's Office, such as pensions, post-employment benefit obligations, capital construction, and local debt that is backed by the full faith and credit of the state, as well as details on annual debt service costs, sources of funding for debt obligations, per capita costs, and national comparisons of Louisiana's debt;
- **A tax incentives database** with the amounts and names of the recipients of specific tax incentive expenditures that are currently in the state revenue forecast as well as the amount of the payment and value of these benefits to the recipient and the estimated net new jobs, payroll, and capital investment;
- **Details on the appropriation and use of dedicated funds** beyond the PDF or Excel version in place today;
- **Performance metrics and tracking** utilized by state agencies to monitor progress toward goals and objectives; and
- **A repository for fiscal reports** from across state government, such as revenue forecasts, tax exemptions and collections, budgeting, contracts, and the use of state funds for local purposes.

3. **The HOW:** While the existing website has some ability to produce a bar graph or pie chart, the limited data makes it difficult to analyze spending over time or on specific projects. It is also impossible to search for a specific board or agency or individual under the current system.

Act 1 requires that the Louisiana Checkbook is provided at no cost to the public and with no user registration with the ability to:

- Search and aggregate data by all possible query combinations;
- Create, download, and print reports, graphs, charts, and tables with the ability to share on social media; and
- Access data in both desktop and mobile formats.

HOW MUCH WILL IT COST?

The legislative [fiscal note on Act 1](#) estimates the implementation of LouisianaCheckbook.com for agencies already on the state's accounting system at \$350,000 spread across three fiscal years with annual maintenance costs of \$25,000 after that. The Legislative Auditor estimates another \$100,000+ to perform regular compliance reviews. State entities not on the main LaGov state accounting system, such as the Department of Health, higher education, the Legislature, and the judiciary, would require additional one-time and maintenance expenditures, which have not yet been appropriated.

The Supreme Court, in particular, testified that because there is no single accounting system that it would cost more than \$20 million for the courts to participate. Staff of the state Division of Administration responded that Act 1 still authorizes their office to collect and publish far more additional information from the courts and other entities than what is available today – even if it takes time for the courts to fully come online.

The [U.S. Public Interest Research Group](#) ranks the states annually, writing that: “States with transparency websites often realize significant financial returns on their investment. The savings include more efficient government administration, more competitive bidding for public projects, and less staff time spent on information requests. This can add up to millions of dollars in taxpayer savings.”

WHY DOES IT MATTER?

Government spending websites like the Louisiana Checkbook can:

1. Help government officials, journalists, watchdog groups, and the public monitor state spending in order to prevent abuse or corruption;
2. Strengthen accountability with a greater focus on performance and outcomes;
3. Save money by increasing competition for public contracts, identifying and eliminating inefficient expenditures, and reducing costly information requests;
4. Improve citizen awareness and engagement; and
5. Build public trust.

To put it simply, the [Public Affairs Research Council](#) writes: “From the local to state levels, good transparency practices can contribute to better and more accountable government as well as greater public awareness and confidence in the people and institutions that lead and manage our public affairs.”

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COALITION MEMBERS IN SUPPORT:

