



April 6, 2007

Taxpayers Support Creating Grant and Contract Database in Minnesota

Dear Legislator:

On behalf of our thousands of members in Minnesota, we ask you to cosponsor SF 416 and HF 376, which were introduced by Senator Ann Rest and Representative Erik Paulsen. If signed into law, this legislation would create a public website that lists every entity receiving Minnesota grants and/or contracts over \$25,000 and for what purposes the money is being disbursed. Providing an easy-to-use database would better enable state residents to make sense of how their tax dollars are being parceled out. Both SF 416 and HF 376 have been incorporated into their chamber's respective State Government Finance Omnibus bill.

As you may know, last year President Bush signed S. 2590, the Federal Funding Accountability and Transparency Act, into law. Cosponsored by Senators Tom Coburn (R-OK) and Barack Obama (D-IL), the bipartisan legislation directs the U.S. Office of Management and Budget to create a searchable online database (located at www.federalspending.gov) that the general public can use to track the flow of hundreds of billions of dollars in federal grant and contract expenditures.

Minnesota residents deserve the same access. Creating a similar website on the state scale would entail little cost, but it would greatly increase transparency in the distribution of precious tax dollars and help hold all elected officials accountable for their spending programs. While more than a dozen other states have limited versions of disclosure websites for grants and/or contracts, no state to date has created a single comprehensive database. By acting now, Minnesota has the opportunity to lead the nation in making spending more easily accessible to the public.

Furthermore, there is a clear need for opening up spending to public scrutiny. The Legislative Auditor recently reported that while Minnesota awarded almost \$1 billion in grants to approximately 1,900 nonprofit entities in 2005, "the state's approach to managing grants to nonprofit organizations is fragmented and inconsistent, and does not provide adequate accountability." Making grant and contract spending accessible to ordinary citizens via a website would go a long way in improving transparency.

Currently, SF 416 and HF 376 call for exempting all expenditures under \$25,000 from the database, which is also the federal exemption limit. We would strongly recommend that the bills be amended to lower the financial threshold for inclusion in the database. Given that the State of Minnesota spends vastly less than the federal government, providing for public inspection of *all* defined expenditures (or at least those above \$5,000) would be a positive adjustment. In light of the large number of grants given to localities, we would also suggest including state-to-local grants in the database.

As we found at the federal level, support for this legislation will likely transcend party lines. Advocates from across the opinion spectrum share the common notion that transparency of and public access to government information is vital to the health of our political system. We sincerely hope you decide to sponsor this legislation and help pass it into law. If we can be of any assistance in this effort, please do not hesitate to call upon us.

Sincerely,

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