



**Statement of Kristina Rasmussen**  
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**Submitted to the**  
**Health and Government Operations Committee Maryland House of Delegates**  
**Regarding**  
**HB 1252, the Maryland Funding Accountability and Transparency Act of 2007**

**March 20, 2007**

**I. Introduction**

Chairman Hammen and Members of the Committee, my name is Kristina Rasmussen. I am the Senior Government Affairs Manager of the National Taxpayers Union (NTU), a grassroots lobbying organization of taxpayers with 350,000 members nationwide, including 6,700 in Maryland. I encourage you to find out more about NTU – and our educational affiliate, the National Taxpayers Union Foundation – on our website: [www.ntu.org](http://www.ntu.org).

I offer this testimony in support of Delegate Warren Miller’s “Maryland Funding Accountability and Transparency Act of 2007” (HB 1252). Also introduced in the Senate as SB 995, this measure would direct the Department of Budget and Management to create a public website that allows users to search for information regarding state funding given to non-state entities. This bill, largely fashioned after a federal database approved last year, is based on the widely understood and sensible principle that transparency of, and public access to, government information is vital to the health of our political system.

NTU believes that providing an easy-to-use tool like the searchable database proposed in HB 1252 and SB 995 would better enable state residents to make sense of how their tax dollars are being parceled out. Timely access to this information is crucial for helping taxpayers make their own evaluations of spending priorities in Annapolis, and this bill deserves equally timely passage through the House of Delegates.

**II. Federal Grant and Contract Database**

The Maryland Funding Accountability and Transparency Act already has an impressive lineage, owing to a nearly-identical grant and contract website bill that was signed into federal law last year. Thanks to the bipartisan efforts of Senator Tom Coburn (R-OK) and Senator Barack Obama (D-IL), the general public will soon have access to a searchable online database that will help track the flow of hundreds of billions of dollars in federal grant and contract expenditures.

Historically, information on federal spending via grants and contracts had been spread across innumerable agencies, frequently lacked specificity, and was not always available to the public. Senators Coburn and Obama set out to change this by sponsoring the Federal Funding

Accountability and Transparency Act of 2006 (S. 2590). Upon its introduction, the bill immediately drew praise from policy advocates across the opinion spectrum and from grassroots activists across the country.

In fact, NTU help put together a coalition of over 110 supporters that ranged from the U.S. Public Interest Research Group and the Project on Government Oversight to the Maryland Taxpayers Association and the Council for Citizens Against Government Waste. The ideological diversity among the bill's supporters lent credence to the words of Senator Obama when he noted, "whether you're on the left or right, there is no worthy argument against transparency." Congress and the President agreed, and S. 2590 became law in September 2006.

Starting in January 2008, a free website ([www.federalspending.gov](http://www.federalspending.gov)) will be launched and Americans will have access to the following information for each federal transaction over \$25,000:

- The name of the entity receiving the award;
- The amount of the award;
- Information on the award including transaction type, funding agency, etc; and
- The location of the entity receiving the award.

### **III. A Grant and Contract Website for Maryland**

HB 1252 would offer similar access to Maryland residents for state grant and contract awards. The legislation directs the Department of Budget and Management to develop a single website by January 1, 2008 that is searchable by the public at no cost. The database would contain information on state financial assistance or expenditures (such as grants, loans, awards, cooperative agreements, contracts, and purchase orders) given to non-state entities (such as for-profit and non-profit corporations, associations, partnerships, and other legal business entities as well as grantees and contractors).

The database would start tracking grants and contracts in fiscal year 2008. Along with aggregate totals given to any entity, the website would provide the following information:

- The name of entity receiving the award;
- The amount of the award;
- The transaction type;
- The name of the agency making the award;
- The budget program fund source;
- A descriptive purpose of each funding action or state award; and
- The location of the entity receiving the award and where it is to be carried out.

Funds transferred from one agency to another would not be included in the database, nor would information related to state employee salaries or state or federal assistance given to individuals. Additionally, anything considered confidential by state or federal law would be exempt.

Currently, HB 1252 calls for exempting all expenditures under \$25,000 from the database, which is also the federal exemption limit. I would strongly recommend that HB 1252

be amended to lower the financial threshold for inclusion in the database. Given that the State of Maryland 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.

#### **IV. Existing Information Resources in Maryland and Other States**

While Maryland residents can access limited state grant and contract information at this time, existing resources are not designed to serve such a broad constituency. Currently, the public can find copies of “Blanket Purchase Orders” (which contain pricing information) on the Department of General Services’ website, and a contract library is available via the Department of Budget and Management’s website. However, these sites are mainly geared toward procurement purposes. Likewise, the Governor’s Grants Office links to a database maintained by the Department of Planning that provides information on over 700 state aid programs from over 70 different state agencies. This database is geared toward grant seekers, not those who would wish to review past awards.

This focus on procurement and advertising grant opportunities is reflected in other states’ website databases as well, which may be an outgrowth of administrators trying to serve immediate consumers (e.g., contractors and researchers) as opposed to the taxpaying public. A review NTU conducted of state spending databases nationwide found that while more than a dozen other states have limited versions of disclosure websites for grants and/or contracts, more often than not, they are geared toward advertising funding or contracting opportunities, not for oversight. While this decentralized arrangement might benefit researchers and contractors, most Marylanders are still waiting for a one-stop web page that will allow them to easily access state spending information.

Creating a citizen-friendly grant and contract website would entail a very modest cost, but it would greatly increase transparency in the distribution of precious tax dollars and help hold all elected officials accountable for their budget spending. It’s time to bring “google” type searches to government expenditures.

#### **V. Maryland Can Lead Efforts to Increase Transparency**

While no state to date has fully adopted a comprehensive, user-friendly database of grants and contracts, slowly but surely, state leaders across the country are gradually picking up on the desire for more public transparency when it comes to tracking – and evaluating – the spending of taxpayer dollars. Lawmakers in at least seven other states (including Colorado, Hawaii, Illinois, Kansas, Minnesota, Oklahoma, and Tennessee) have introduced legislation to create grant and contract websites similar to the federal version. By acting now, Maryland has the opportunity to lead the nation in making state spending information more easily accessible to the public.

Thank you, Chairman Hammen, for allowing me to submit this testimony. And again, on behalf of our 6,700 Maryland members, NTU is pleased to offer active advice and assistance as the Committee and the entire House of Delegates work to enact this vital measure.