

## ALEC EXPOSED

"ALEC" has long been a secretive collaboration between Big Business and "conservative" politicians. Behind closed doors, they ghostwrite "model" bills to be introduced in state capitols across the country. This agenda--underwritten by global corporations--includes major tax loopholes for big industries and the super rich, proposals to offshore U.S. jobs and gut minimum wage, and efforts to weaken public health, safety, and environmental protections. Although many of these bills have become law, until now, their origin has been largely unknown. With **ALEC EXPOSED**, the Center for Media and Democracy hopes more Americans will study the bills to understand the depth and breadth of how big corporations are changing the legal rules and undermining democracy across the nation.

**DID YOU KNOW?** Corporations **VOTED** to adopt this. Through ALEC, global companies work as "equals" in "unison" with politicians to write laws to govern your life. Big Business has "a **VOICE** and a **VOTE**," according to newly exposed documents. **DO YOU?**

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Did you know that the Evergreen Freedom Foundation--which is connected to the Kochs--was the corporate co-chair in 2011?

### THE PUBLIC SCHOOL FINANCIAL TRANSPARENCY ACT

#### Summary

The Public School Financial Transparency Act would require each local education provider in the state to create and maintain a searchable expenditure and revenue web site database that includes detailed data of revenues and expenditures. It would also require each local education provider to maintain the data in a format that is easily accessible, searchable and may be downloaded.

#### Model Legislation

**Section 1. {Title}** The Public School Financial Transparency Act

#### Section 2. {Legislative Declaration}

(A) The Legislature finds that:

(1) Taxpayers should have easier access to details regarding how public schools are spending taxpayer dollars; and

(2) Easier access to and storage of electronic data should facilitate increasing transparency in public school financial matters.

(B) Therefore, it is the intent of the Legislature to direct all local education providers to create and maintain a searchable expenditure and revenue web site database detailing financial activities.<sup>[1]</sup>

**Section 3. {Definitions}** As used in this Act, unless the context otherwise requires:

(A)

(1) "Entity" means a corporation, association, union, limited liability company, limited liability partnership, grantee, contractor, local government, other legal entity including a nonprofit corporation, or an employee of the local education provider.

(2) "Entity" shall not include an individual recipient of public assistance.

(B) "Local education provider" <sup>[2]</sup> means:

## ALEC's Corporate Board --in recent past or present

- AT&T Services, Inc.
- centerpoint360
- UPS
- Bayer Corporation
- GlaxoSmithKline
- Energy Future Holdings
- Johnson & Johnson
- Coca-Cola Company
- PhRMA
- Kraft Foods, Inc.
- Coca-Cola Co.
- Pfizer Inc.
- Reed Elsevier, Inc.
- DIAGEO
- Peabody Energy
- Intuit, Inc.
- Koch Industries, Inc.
- ExxonMobil
- Verizon
- Reynolds American Inc.
- Wal-Mart Stores, Inc.
- Salt River Project
- Altria Client Services, Inc.
- American Bail Coalition
- State Farm Insurance

For more on these corporations, search at [www.SourceWatch.org](http://www.SourceWatch.org).

(1) a school district organized and existing pursuant to law;

(2) a board of cooperative services or intermediate school district;

(3) a publicly-funded agency established by the state for the express purpose of authorizing charter schools;<sup>[3]</sup> or

(4) a public charter school authorized pursuant to state statutes.

(C) "Public record" shall have the same meaning as set forth in state open records laws.

#### **Section 4. {Creation of Searchable Expenditure and Revenue Web Site Databases}**

(A) No later than one year<sup>[4]</sup> from the enactment of this legislation, each local education provider shall develop, maintain, and make publicly available a single, searchable expenditure and revenue web site database that allows the public at no cost to review information concerning moneys collected and expended by the local education provider.

(B)

(1) The web site database shall include the following data concerning all expenditures made by the local education provider:

(a) The name and principal location or address of the entity receiving moneys, except that information concerning a payment to an employee of the local education provider shall identify the individual employee by name and business address or location only;

(b) The amount of expended moneys;

(c) The funding source of the expended moneys;<sup>[5]</sup>

(d) The date of the expenditure;

(e) The name of the budget program, activity, or category supporting the expenditure;

(f) A description of the purpose for the expenditure;<sup>[6]</sup> and

(g) To the extent possible, a unique identifier for each expenditure.<sup>[7]</sup>

(2) The expenditure data shall be provided in an open structured data format<sup>[8]</sup> that:

(a) May be downloaded by the user; and

(b) Allows the user to systematically sort, search and access all data.<sup>[9]</sup>

(3) The web site database shall contain only information that is a public

record or that is not confidential or otherwise protected from public disclosure pursuant to state or federal law.

(C) The local education provider shall:

(1) Update the financial data contained on the web site database at least monthly;<sup>[10]</sup>

(2) Archive the financial data, which shall remain accessible and searchable on the web site database;

(3) Make the web site database easily accessible from the main page of the local education provider's web site; and

(4) Create and make easily accessible an automated Rich Site Summary (RSS) feed to which users of the web site database may subscribe for notification of updates to the web site database.<sup>[11]</sup>

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[1] As an alternative, states may consider the adoption of a single central database with the state department of education to which local education providers would submit revenue and expenditure data.

[2] Ideally, all local education providers should be covered by the mandate. However, exemptions could be considered for smaller providers or for providers that do not currently have a Web site. In addition, other incentives could be considered in place of a mandate as an option for providers concerned about the fixed costs of creating a database—such as requiring that the specified financial information be made available to private requests at a free or heavily reduced rate. This incentive might encourage taxpayers or private entities to collect the information and create databases, thus leading some providers to create databases on their own.

[3] Sponsoring lawmakers also may consider including other specific charter school authorizing agencies under the definition of "local education provider". Some states permit municipal governments, universities, or private nonprofit organizations to authorize charter schools. Only the specific department within any of these respective organizations that is responsible for charter school authorization should be subject to the mandate.

[4] At the discretion of sponsoring lawmakers in their respective states, local education providers should be required to comply within a reasonable amount of time. The specified target date for compliance (e.g., January 1, 2010) ideally should be included in the legislative language. A staggered system of delayed opt-in deadlines also may be considered for smaller local education providers or for providers that do not currently have a Web site.

[5] Ideally, all sources of revenue (federal, state, and local tax revenue, as well as private donations and fees) should be included. For practical considerations, the precise definition should be left up to the discretion of sponsoring lawmakers in each particular state.

[6] If local education providers or lobbying organizations argue that providing descriptions of expenditures would be too difficult, sponsoring lawmakers may consider setting up a delayed deadline for providers to comply with (2)(a)(v). Still, it should be pointed out that a clear description of the purpose of an expenditure works to the benefit of the local education provider by forestalling confusion that may lead to public relations difficulties.

[7] A unique identifier with each expenditure would make the data more functional. However, not all local education providers may use unique identifiers in their expenditure records. Without the qualifying phrase, it could create a costly and time-consuming mandate for providers.

[8] "Open" denotes that the format is accessible by users through the use of free software. Local education providers can easily comply by exporting from Microsoft

Excel or Quickbooks into an XML (Extensible Markup Language) or a CSV (Comma-Separated Values) file. The removal of the word "open" would allow providers to post an Excel or Quickbooks file directly to the Web site database. Users then would be required to have a purchased copy of that software in order to use the database.

[9] As written, local education providers are given the option to build their own database interface or to allow third parties to build an interface using the provider's data. The addition of the phrase "via a web-based graphic user interface" at the end of the clause would create a costly and time-consuming mandate for providers. While the addition of the phrase would ensure each provider had its own usable interface, it also would provide no guarantee of quality in comparison to interfaces that may be created by private third-party groups or individuals.

[10] Ideally, data reports should be updated at least once per month. But states should have the discretion to adjust the frequency if necessary. In many cases, technology allows for the information to be easily updated on a daily basis.

[11] An RSS feed is a simple and inexpensive tool to which parents, taxpayers, and other interested groups can subscribe in order to track updates to the local education provider's web site database in a convenient and timely manner.

*Approved by the Tax and Fiscal Policy Task Force on July 17, 2009.*

*Approved by the ALEC Board of Directors on August 27, 2009.*

**Center for Media and  
Democracy's quick summary**

This act would require each "local education provider" to create and maintain a searchable database with detailed information on school revenues and expenditures. The database would need to be developed within one year of the enactment of the law and would need to be updated at least monthly.

**About Us and ALEC EXPOSED.** The Center for Media and Democracy reports on corporate spin and government propaganda. We are located in Madison, Wisconsin, and publish [www.PRWatch.org](http://www.PRWatch.org), [www.SourceWatch.org](http://www.SourceWatch.org), and now [www.ALECexposed.org](http://www.ALECexposed.org). For more information contact: [editor@prwatch.org](mailto:editor@prwatch.org) or 608-260-9713.