

TRANSPARENCY ADVISORY BOARD MEETING MINUTES

March 22, 2011

Attendance: Senator Niederhauser, Representative Sumsion, John Reidhead, Stephen Fletcher, Mayor Love, Ron Bigelow, Jonathan Ball, LeGrand Bitter, Lonn Litchfield

1. Welcome: John Reidhead welcomed everyone and introduced the Board members.
2. Review of December 7, 2010 Meeting Minutes: There was a move to approve the minutes, it was seconded and passed unanimously.
3. Update on Website Status:

- a) Usage statistics

Michael Rice from Utah Interactive reported that the website has been in operation for 22 months and over that time there have been 35,000 visitors. On average the people visit 3.3 pages. There are about 100 people who visit the website daily. The visits drop off on the weekend. The time spent on the website increased when School Districts were added and then again when the payroll data was added to the website. The State of Utah accounts for ¼ of the visits to the website, there are visits from the UEN network and other networks in the area. The majority of the countries worldwide have visited the Utah Transparency website in the last 22 months.

- b) Website inquiries

Brenda Lee Assistant, Director of Finance, and the website project manager said that there have been a few website inquiries since the last meeting. One was a download request for all employee compensation data for 2009 and 2010. There have been inquiries from entities about the 2011 deadline. There was a question as to when UTA employee compensation will be added. UTA is on a calendar year and their data is due this month. Brenda has responded to all these requests.

Brenda reported that she has communicated with the US Public Interest Research Groups; they are the groups that graded the website. The Transparency website received a "C" grade. Some things they are looking for that the website does not have are tax credit information and past contract information that goes back a few years. Brenda feels that when Cities and Counties are added to the site the scores should improve.

Brenda Lee and Darrell Swensen have been speaking to entities and organizational groups about the website. They met with The League of Cities and Towns, the representatives from these groups had a lot of questions and concerns. They spoke with the Salt Lake Community College students about the website. They will be visiting Health Depts., Finance Officers Assoc. and the Utah Association of Counties. They have notified all the 2011 entities about the due date.

Since the last meeting Brenda reported that there have foreign visitor groups that have visited from Kosovo and Iraq they have been very interested and impressed with the Transparency Website.

4. Status of Participating Entities

- a) 2010 entities

Darrell Swensen, the Transparency Coordinator, reported that there hasn't been much change on the 2010 Implementation Summary. He said 95% of entities have posted their revenues and expenses. There are 6 that have not posted due to technology problems or time issues. One technical college has posted to the demo website. Darrell said that there are a number of Charter Schools that have not posted employee compensation but they are continuing to work on getting their data posted. Darrell is continuing to work

with school districts that are part of the Utah Office of Education's financial system to get their employee compensation posted.

b) 2011 Entities/Outreach and Training

Darrell reported on the 275 entities that had a budget of \$1 million dollars or greater. They were notified and asked for their contact information so they could be provided the information needed to comply with the posting of data to the website. There have been 200 entities that have responded. The majority of the responses has come from the cities. There are 8 counties that have not responded and the local and special service districts have been a little less responsive. Darrell is working with a lot of the Counties, Municipalities and Special Service Districts who use two different Caselle software platforms. Caselle is writing the export report and file for the customers who use the Clarity software. Darrell has created an excel template for the customers who have the Classic version. Pelorus Methods is another software that entities are using and they are writing a program free of charge for their customers to be able to upload the data to the website. That accounts for 150 of the 200 entities that have responded so far.

Mayor Mia Love stated that she appreciated the help that Darrell was giving to Saratoga Springs. They have Classic Caselle and the excel template will save her city time and money.

Stephen Fletcher asked Brenda about the "C" rating and what could be done to bring that rating up and what from the evaluation needs to be done to bring the score up. He asked if there were things that Brenda recommended that could bring the grade up.

John Reidhead said that the public interest group that graded the website is grading on tax credits and contracts. He said that they do have statewide contracts but not agency contracts.

Brenda said that the website did not get credit for past contracts and information on tax credits and tax expenditures. The website did not receive any credit for Quasi-public or local entities, this year counties and cities will be added and the score should go up. She said that adding the 300 entities this year would be about all that could be done.

Michael Rice said that if the Tax Subsidy, tax credits, tax incentive reports were added that would raise the score to a "B".

Scott Stevens from the Tax Commission said that they would be able to give the information on some tax credits depending on what the statute said, and for those credits that they do capture they would be able to submit that report.

Lon Litchfield expressed his concern about the Total Benefits that are on the website and that even without the detail you would be able to determine the benefit level.

John Reidhead stated that the Board and Paul Tonks from the Attorney Generals Office felt that listing total benefits was appropriate to put on the website.

Mayor Love said that she feels that when it comes to the grading of the website we need to concentrate on what's best for our state and not compare our website to other states.

Jonathan Ball said that the cost is also an issue. The website has 100 visitors a day and cost \$125,000 a year to maintain it. He wonders if it is worth the cost to chase the score.

5. Further State Agency Transparency:

John discussed Further State Agency Transparency; he said that this issue deals with bringing some detail of other systems on to the website. He said that representatives from the Dept of Health and Dept. of Human Services were here to discuss what can or can't be put on the website.

Jonathan Ball explained that the Division of Finance has been working on getting additional entities beyond the state on the website and at the same time they are looking at what data is available on the website from the state. He said that there are large transactions that are posted on the website without much detail behind them. He asked if these big transactions could be broken down to individual transactions that are behind these large journal entries without violating any privacy rights.

Jonathan's office has worked with Human Services to find out what would be involved to be able to add the individual transactions. They found out that it would take a lot of work and money to modify current systems so that they could post individual detail, but as there is a transition to new systems especially the MMIS (Medicaid Measurement Information System) there will be opportunity to build into the new systems the ability to break down these large transactions and show the detail without violating privacy rights.

b) DOH - MMIS

John Campbell from Dept. of Technology Services manages the MMIS and he reported about the RFP for the pharmacy point of sale system; they have released intent to award. As the system is implemented they are exploring the possibility of including the payments to pharmacies in the transparency system and routing the payment through FINET. There will not be an external interface that would be required with the current MMIS system, and they would use the existing format in FINET with some customizations. This would be a less level of effort rather than trying to retrofit their current system into the Transparency system.

Jonathan Ball feels that this is the best method to go forward with and as new funding for new projects are authorized for expanded and improved data systems we need to look for a single interface on financial transactions to eliminate the multiple interfaces on financial transactions.

c) DHS – USSDS

Nathan Checketts from the Utah Dept. of Health Medicaid Program added some information as to where the program is going. He stated that the majority of Medicaid payments go out on a view for service basis so you can see that they are paying an individual provider. As directed by 2 bills that passed in the legislative session that will be a significantly changing in the near future. The information that Medicaid could provide in the future may be very different than what is provided today. They are moving to Manage Care type payments or Accountable Care Organizations. You would no longer see Medicaid payments to an individual Dr. you would see large payments to health plan organizations. You would not see payments made to individual physicians or hospitals the plans would make the payments. For dentist's plans, Medicaid would pay a plan such as Denta Quest or Premier Access. It would show that you paid the plan for a certain amount of clients for a month, but you wouldn't see the detail. He said that this is the way the Medicaid program is moving overall. Pharmacy will be rolled into managed care as apposed to a direct fee for services.

John Reidhead asked as they move forward with new development that they try to look for ways to give as much detail as possible as they are developing.

Senator Niederhauser said with the issues that the Legislature as had with GRAMA the last month and the publics feelings on transparency, that we are heading to more transparency. And the records need to be available online.

Jennifer Evans CFO for Human Services gave a background of USSDS, built in late 1970's and implemented in 1981 as the Unified Social Services Delivery System. It included client, provider, service, contract and payment tracking. Over the last 30 years it has evolved with federal requirements. The majority of the client tracking is now done by the divisions in their systems, but to meet all the requirements the link is needed to USSDS and the provider, rate, service, and payment information. For the past 5 to 10 years they have debated as to what to do with their aging system. The decision was made to go ahead with a rewrite. They are exploring using the JV Transaction and a line group field where they would put the provider name. They have sent test transactions to the FINET testing environment and they have

been successful. Finance will have to test it for the transparency website and they will help with providing data. It will be the same dataset that goes to FINET, but it will include the provider name. They will have the same dataset that will include the provider name and it will be sent on a weekly basis and will include the provider, service they provide, what program they provided it for and the Division the service was provided for. They are working with the Attorney Generals Office on confidentiality issues to make sure the appropriate data is provided, and not include anything that needs to be kept confidential.

Senator Niederhauser asked if the system would be compatible with FINET, and if we should have staffs running separate financial systems outside of the Division of Finance or would it be more efficient and a cost savings to have all systems under one roof.

Jonathan Ball said to have all the system the same is something to look forward to in the future and continue to make these small steps until that can happen. He still wants to have a single enterprise resource management system in the future. He feels that it is doable and a goal to work towards.

Representative Sumsion said that this would not be an easy goal, but would be worth investigating. In the beginning it would be costly, but in the long run would we would provide better information and may reduce some costs and expenditures in all government entities in the State.

John Reidhead said that he does not know of an ERP system that could solve all the needs of the state throughout the departments. It does not exist and would be too costly to maintain. He is willing to talk about it. The state does have some great pieces of ERP's that are tied together and work well.

Jonathan Ball said that Finance has made great strides working with DHRM, DTS and other parts of Administrative Services to integrate these systems. He would like to be even more efficient in the future.

John Reidhead said that USSDS will have their system will go live soon and they are planning on sending more detail into FINET, then Finance will pick it up on the Transparency site.

4. Other Issues

a) Gunnison Valley Hospital variance request

Greg Rosenthal the Administrator of the Gunnison Valley Hospital, Brian Murray the Chief Financial Officer of the hospital and Richard Chamberlain the attorney that helped form the Special Service District.

Greg Rosenthal explained the Gunnison Hospital is a small rural independent hospital with 25 beds. The hospital is an independent entity and it's only resources are the resources of the entity. Gunnison Valley has a population of 3,600 people which includes the 1,500 hundred inmates in the Central Utah Correction Facility.

When the hospital experienced financial difficulties in the late 1980's, early 1990's, it was realized that there needed to be some capital improvements to the facility to continue on. The hospital was organized as an inter-local agreement which was an agreement of the towns and cities in the Gunnison Valley to own and operate the hospital. They found that it was impossible to get funding from the normal sources for the capital improvements. They went to the Community Impact Board for funding and found that they would need to change their organization to a Special Service District. In 1994 they became a Special Service District and were able to apply for the loan and did receive the loan through the CIB for the capital improvements that were necessary for the hospital.

One of the reasons the CIB agreed to give the loan on the hospital was because the citizens of Gunnison Valley voted to form the Special Service District for the hospital and they could be taxed as collateral on the loan. They have never received any taxed funds to date. They have operated on the operating margin of the hospital and have not had to tax the citizens.

Mr. Rosenthal explained that it is difficult to recruit and retain health care professionals in a rural area, especially physicians. He said that if they put the physician's compensation out to the public they risk losing them. A physician's compensation in a rural area is very different than in an urban area. The physicians fear that if their compensation is made public on the website it would be the talk of the town and an embarrassment to their families.

Because there is a significant risk in making the compensation public, Mr. Rosenthal asked the Board to make an exception, and because of the fact that they have not received any tax revenue.

Senator Niederhauser asked if the salaries and benefits from the doctors are available under GRAMA? If these salaries are protected under GRAMA they would not show on the website.

Brian Murray stated that it would be a protected record under GRAMA. And their position is that none of their financial records are public. They do not have public financial information because they do not deal with taxpayer money or any tax revenue. Utah Code 63-G2-304, Protected Records, states that a record can be protected if the disclosure of the information could reasonably be expected to result in unfair competitive injury to the person submitting the information. They are not a public board and they feel that they should not be held in the same disclosure standards as people who use taxpayer money.

Representative Sumsion asked if there were any additional fees charged other than the usual doctor, patient fee. He felt that if there was an additional service type fee it should be available for the website.

Mr. Rosenthal explained that there were not additional fees charged. And the Special Service District does not give any money back to the county. They do not charge a fee because they would lose their competitiveness with other hospitals and clinics.

LeGrand Bitter feels that this is a unique situation. He said that they don't see districts that have been formed for the purpose of providing hospital or medical care in Utah except in the rural areas. These districts have been formed in these rural areas to allow individuals in the rural areas to meet their needs with health care. He feels it would be reasonable for the Board to consider their needs and to decide if this needs some particular attention.

Mayor Love feels that the government should stay out of private hospitals and private businesses. She said that there are some unique situations like these Special Service Districts and the Board needs to consider keeping some information private. Especially where there are no taxpayers dollars going into this hospital.

Senator Niederhauser asked about the 3 special districts that would fall under this umbrella and if there were any other districts that have similar issues that the Board might consider at the same time, rather than address a single entity if there others with similar issues.

LeGrand Bitter said that there is a Hospital in Kane County, and a Hospital in San Juan County, he said that he believes they operate similar to the Gunnison Valley Hospital. Uinta County has a long term Care facility, and it is set up similar to these other health care facilities. He feels that attracting health care professionals and keeping them is something the Board should address.

Mr. Rosenthal said that the Milford hospital is also ran as a Special Service District.

Representative Sumsion asked if they received Federal or State Grants.

Mr. Murray stated that they did receive federal funded grants under the Flex Program. These funds are available to Both Service Districts and non-Service Districts to help rural hospitals. All employees are paid through the hospital; they are employees of the Special Service District.

Mr. Rosenthal said that every city and town in the district is represented with a Board member, there is an at large Board member, a medical staff Board member.

Stephen Fletcher asked if they received funding from the Special District for the capital improvements.

It was explained that the Community Impact Board did receive a General Obligation Bond for 1,350,000.00, over 20 years at 2 ½ percent. There is approximately \$400,000 left on the loan. The Impact Board used Mineral Lease Royalties to make loans and it is not tax money.

Mr. Bitter explained that there are two types of districts, there are Special Service Districts and Local Districts. Local Districts are independent and Special Service Districts are referred to as being dependent. He said that Special Service Districts, have the authority to tax, but the authority to tax cannot be delegated to an administrative controlled board. The Board that we are referring to with an appointed official representing each city and county do not have the authority to go through the Truth and Taxation process. If they were to tax people they would have to submit their budgets and needs to the County Commission that created the Special Service District where they would request them to go the truth and taxation process and adopt a tax that could then be collected by the district.

Representative Sumsion made a motion to defer all transactions from the Gunnison Valley Hospital, Milford Hospital, San Juan Hospital, Kanab Hospital and Vernal Care Center their requirement to report to the Transparency Advisory Board and have the Board appoint an appropriate person to bring back to the Board a report about the financial structure of these entities and if they are similar or if there are variances in the structure that would give the Board the knowledge to decide if a broad exemption is recommended.

Mr. Bitter had a question with respect to the motion. He asked if they should look into all the rural hospitals.

Senator Niedehauser said he does not support an exemption at this time, but does support the motion to look at it and wait until the Board has more information to make a decision. He asked how they would address this issue as the decision is deferred to another time. What information will we get back for the next meeting to make a decision about granting the exemption?

Representative Sumsion said that Mr. Bitter has volunteered to research the entities and his motion was to come back with a report from Mr. Bitter and go through a series of entities to explain the similarities or differences. He said that this should be specific to the Special Service Districts with the leeway that we are looking at. We should go beyond the hospital type entities and see if they are using taxing authority, what kind of federal funds they are receiving, what fees they are charging to the general public, if there any transfer of funds from these special service districts to other government entities. He feels with this information they would be able to decide if these few entities should be exempt from participating in the transparency website.

Senator Niederhauser asked if the Board could be provided with this information before the next meeting so they could review it. He would also like to know what information is already available under GRAMA and if the information will show up on Utah's Right to Know.

John asked for comments from the public before the motion.

Scott Stevens from the Utah State Tax Commission said that in the State Tax Code there is a rural county hospital tax that is paid to some of the counties. He said that as the Board is looking into these rural hospitals they need to see which hospitals are receiving these tax monies.

John stated that the motion is to defer a decision requiring Gunnison Hospital and other Special Service Districts to comply with the Transparency requirements pending further study and bringing back to the Board at the next meeting for their evaluation, with recognition that the Board may still require full reporting. This is not a permanent deferral.

The motion was moved and approved.

- b) Increasing download file size

Michael Rice reported that the original design of the website was a design for the general public to be able to view and understand fiscal transactions from the state. About a month before the launch of the website the Board asked to add the download feature. The download feature was added, but the intent was not to open large quantities of data. It has made it easy for citizens to be able to download the data they needed. The Board has now asked for a large download of files for a small amount of users. Technically to increase the file size is difficult because of the way the site was built it would overload the website. The 10,000 record limit is as much as the site can provide right now.

They could make it possible for someone to push the button to download large amounts of data, but it would shut the website down while it created the file. They have an alternative they would like to propose to the Board. They would create another page where the users would select an entity, transaction type and fiscal year. The user would put in their email address and then it would be queued up for them. The file would be processed through the night and then send them a link the next day stating that the file was ready, then they could click on it and download it. This could be processed on another machine and would not affect the current website. They would like to put a small fee on these large download to keep someone from downloading the data a number of times.

Stephen Fletcher asked how they deal with large request of data currently.

Michael Rice said that large requests go to the Division of Finance and they send the request to Utah Interactive where they custom build it, it is a manually process. So Utah Interactive is proposing to automate the process. They would custom make the file from the current settings in the website, this would protect private information.

There was a discussion on charging the fee for the large downloads.

Jonathan Ball asked if the Board has the authority to authorize a fee and does Utah Interactive have to get authority to charge a fee as a contractor.

Senator Niederhauser feels that this is the direction they should go.

Jonathan said that if a fee was charged by a government entity it could be established for a new service without the authority of the Legislature, but it would have to be submitted after the fact to get authority. If Finance has the authority to establish a fee for a new service and then take it to the legislature at some point it would have to authorized by the Legislature in a appropriations act.

John stated that they would have to see if this would qualify for a first year exemption.

Stephen Fletcher suggested that they limit the amount of downloads someone could request in a particular amount of time. Then they would not have to charge a fee.

Senator Niederhauser moved subject to the ability to charge a fee to download large files that the Board approves Utah Interactive's proposal.

Representative Sumsion favors the motion with the understanding that it does not have a limitation. He does not want to limit an entity to the amount of files they can download. He favors charging a nominal fee.

Jonathan clarified the proposal. He said the proposal was to submit an email request for an entity fiscal year transaction type, like payroll, expense, or revenue and ARRA. The dollar charge would be per request. Entity is defined as the main entity that uploads the data. The records under 10,000 are free. If you wanted everything on the site it would be over \$400 per year.

Brenda explained that Utah's Right.com is the main group that they deal with on this issue. She has not been able to get them to link to the Transparency website. If they did have a link to the website the State would not have to continue to give them the data.

Stephen Fletcher reiterated that the dollar charge would be for the large reports and you would still be able to get as many of the 10,000 reports as you wanted.

Michael Rice said that internal State organizations would not pay a fee for their download.

There was a second to the motion, it passed unanimously.

c) Combining school districts under one entity

Jonathan Ball asked at the last meeting if all School Districts could be under one entity on the website.

Brenda reported that they did some research and Michael Rice loaded the data on a CD and they did get that on the demo website. They have not analyzed it yet. This would take revision of the website or manual intervention by Finance every time a file comes in. It would cost \$70.00 an hour for a manual intervention. Finance would prefer to have it automated if possible.

The way the website is designed each entity is legally separate and they only have access to their own data. If under one entity they would all have access to one big entity and it's not certain what security issues would arise from this. Finance is willing to do this but they are not sure of the cost would be. They could get an estimate and report back to the Board.

Representative Sumsion said that when he goes into K-12 education and then entities all the school districts show up. He asked what Finance came away from the last meeting on this point?

Brenda said that their understanding, was if all schools were combined at that level when you click on K-12, you would not see all the school districts at that level and you would have to go to the next screen and then the next level of organization would be School District.

There was a discussion about comparability across all state entities and that School Districts did have a Chart of Accounts but not a common Chart of Accounts and if the data is the same.

Jonathan Ball said that the concept was that it would be useful to be able to see District expenses and revenue across the state rather than just each district. He said it would be especially useful for personnel data. He said when there are compensations changes at the state level it is also done at the individual level. If they had the information all under one entity they would be able to use the information to calculate the impact of compensation changes to the State Budget across the enterprise.

Representative Sumsion said that there is an interest in the public to have comparability across School Districts.

It was decided to give Jonathan Ball access to the demo website so he will be able to look at the CD that Michael Rice has loaded with this data.

Jonathan Ball made a motion to work with Michael Rice and Brenda Lee to receive the copy of the CD dataset for Public Education and he will analyze the comparability of the data using the Chart of Accounts and report back to the Board at the next meeting whether or not it makes sense to move ahead with it. The motion passed unanimously.

Senator Niederhauser moved to forgo the other item on the agenda and adjourn. It was moved to adjourn.