



NATIONAL ASSOCIATION of SCHOLARS

THE FINANCIAL TRANSPARENCY ACT

The Financial Transparency Act requires school districts to post immediately on a public website a transparent, detailed financial statement that itemizes all expenditures.¹

MODEL LEGISLATIVE TEXT

Section A

1. Each publicly funded education institution shall make available to the public on the institution's Internet website all budgets, expenditures, vendors, and contracts.
2. The information listed in Subsection (1) shall include an annual budget that includes anticipated revenues and expenditures for each administrative unit.
3. The information listed in Subsection (1) shall include a report comparing the budget with actual expenditures that shows the budget, actual revenue and expense transactions, revenue and expense encumbrances, and budget balance information for each administrative unit.
4. The information listed in Subsection (1) shall include a budgeted salary report that shows the name, title, classifications, Full-Time Equivalent (FTE) %, annual salary, funding sources, and percentage of salary for a specified budget for full-time and part-time positions.
5. The information listed in Subsection (1) shall include a transaction register that contains a complete record of all funds expended, from whatever source for whatever purpose.
 - a. The register must include for each expenditure:
 1. the transaction amount;
 2. the name of the payee;
 3. whether the payment was bid out for the most cost-effective option;
 4. the identification number of the transaction; and
 5. a description of the expenditure, including the source of funds, a category title, and an object title for the expenditure.
 - b. The register must include all reimbursements for expenses.
 - c. The register shall include an entry for salary, wages, or other compensation paid to individual employees.
 - d. The register must not include a social security number.
 - e. The register must be accompanied by a complete explanation of any codes or acronyms used to identify a payee or an expenditure.
6. The information listed in Subsection (1) shall include month-end financial statements that show the current status of project budgets, expenditures, commitments, and balances.
7. Any information that is expressly prohibited from public disclosure by federal or state law or regulation must be redacted from any posting required by this section.

¹ Consequences for noncompliance with this law should be determined by each state.

Section B

The information required by Section (A) must be:

1. accessible from the institution's Internet website home page by use of not more than three links;
2. searchable by keywords and phrases;
3. accessible to the public without requiring registration or use of a user name, a password, or another user identification;
4. be updated on a regular basis to present expenditure data for the current fiscal year; and
5. retain expenditure data until ten (10) years of expenditure data are available, after which the website shall retain at least ten (10) years of expenditure data.²

Section C

If any provision of this chapter, or the application of any provision to any person or circumstance, is held to be invalid, the remainder of this chapter and the application of its provisions to any other person or circumstance shall not be affected thereby.

² 10 years is a recommendation. If state law specifies otherwise, this policy should be consistent with other record-keeping requirements.