Chapter 19

Achieving Transparency in State Lottery Websites

Charles E. Menifield
University of Memphis, USA

Joy A. Clay
University of Memphis, USA

ABSTRACT

Accountability, ethics, and transparency are buzz words that have permeated politics and administration over the decade, becoming increasingly prominent as political and business scandals have been occurring far too frequently. Given democratic need for an informed public and the need to build public trust, achieving transparency continues to grow as an important dimension of effective governance. We developed a model that assesses the level of transparency in government web sites. The model contains three constructs, Policy, Management, and Information, which are subsequently applied to five southern state lottery web sites. We chose this policy arena for two reasons. First, the number of state lotteries has increased over time due to declining revenue streams and citizen dissatisfaction with increasing taxes. Second, fungibility issues have been raised as general fund contributions to education budgets have made only marginal increases despite large sums of lottery funds. Our analysis reveals that states that began using the lottery in more recent years learned from the mistakes that occurred in earlier years. As a result, web site development in the latter years was more transparent and suggests the likelihood that not only do programs become similar as administrators learn from the experiences of others but administrative expectations of transparency are integrated in the adopted programmatic design.

INTRODUCTION

Transparency is a fundamental concept for professionals involved in financial reporting. Accounting standards require that reported financial information be transparent, that is, the profession expects reported financial numbers to be clear and accurate, assumptions explained, timeframes internally logical and consistent, etc. (Bennis, Goleman, & O’Toole, 2008). Reacting to the highly visible failure of WorldCom and Enron, pressure on the private sector for better transparency of
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Financial performance has grown as corporate leaders recognize the damage to public trust when executives obfuscate, collude, or lie about financial performance. Reacting to decades long bashing of government performance, professional associations, such as the International City/County Management Association (ICMA), Governmental Accounting Standards Board (GASB), Government Finance Officers Association (GFOA), National Performance Review (NPR) and American Society for Public Administration (ASPA) are similarly exerting pressure on the public sector to improve financial and performance reporting quality (Piotrowski, 2007).

Although very important, high quality and transparent financial reporting is but one aspect of public accountability. In a web site devoted to transparency, the site argues convincingly that:

transparency is far more than the obligation to disclose basic financial information. People and institutions that interact with firms are gaining unprecedented access to all sorts of information about corporate behavior, operations, and performance. Armed with new tools to find information about matters that affect their interests, stakeholders now scrutinize the firm as never before. (www.ageoftransparency.com)

Moreover, Tapscott and Ticoll in their popular book, The Naked Corporation (2003), argue that achieving transparency, that is, acting ethically and being open and truthful, is an opportunity for organizations to succeed and thrive. From a similar perspective, we argue that effective democratic governance in today’s fast-paced, high tech world requires that government actions, policies, and decisions all must become significantly more transparent. As governments have been working to better report on performance (financial, productivity, and outcomes), e-government is making it easier for agencies to use technology to make this information more readily accessible as well as much more interactive.1 Increased access to information about government actions can “broaden the base of political participation” and be customized to individual citizen interests (Zinkhan, DeLorme, Peters, & Watson, 2007, p. 367) as well as give an edge in global market competition (Relly & Sabharwal, 2009). However, Garson argues that “all the hardware, network connections, and computer competence in the world will mean little if the government is not able and willing to provide electronic information in a usable form (2006, p. 119).

The emergent challenge for public administrators is in determining what is required to become transparent, both from the perspective of 1) substance, type and content of public information, and 2) technology, structure and procedures that make the information readily available to the public (Oliver, 2004; Blanton, 2007). The continuing challenge is to not only sustain but to improve upon the transparency level achieved as the agency and its programs evolve and technology advances.

The objective of this chapter is to not only make a convincing argument for greater transparency in government but to help public officials and administrators proactively and systematically think about transparency features as they engage in e-government and design systems and processes. We apply the E-Transparency model, composed of the policy, management and information architectures, to the gaming industry in five southern states, analyzing the information available on their official web sites. We anticipate that the model can be easily replicated to other policy arenas and are conducting research to test the model’s replicability.2

The chapter begins by first examining research literature on state lotteries in the United States. Second, we provide a rationale for our research by discussing the underpinning and foundation of the E-Transparency model through an examination of relevant literature. In the next sections of the chapter, we discuss the data and methods and examine the details of each of the five states we consider and then provide the analysis and results.