

Mitchell's Musings 4-8-13: Seeing Through Transparency and Other Buzzwords

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If there is one word that has acquired a halo recently, it is “transparency.” Transparency is said to be a Good Thing for the public sector to have. You should have access to public documents, right down to individual checks written from public entities to outside suppliers. Oddly, no one seems to argue that such transparency would be good for the private sector. Thus, as pointed out in prior musings, public sector workers’ salary information is now often posted on newspaper websites (despite the possible risk of identity theft or other harassment that might result). Exam scores of individual teachers on value added tests have also been reported to the general public. The same newspapers that post such information would not think of posting their own payroll schedules on the web or the performance appraisals of their own employees.

Emails of faculty at public universities have been sought through state equivalents of the Freedom of Information Act. Such emails are not, however, available to outsiders for similar private universities. But there seem to be some limits on such transparency. For example, records of patients at hospitals – public or private – are supposed to be kept confidential and various penalties can be imposed for disclosure. Student records at both public and private universities are also supposed to be kept confidential. So apparently, some constraints on the goodness of transparency are recognized.

The issue with transparency and other motherhood-and-apple-pie words is that the words become the goals rather than the goals determining what instruments to use. I recently came across a rating of various states’ degree of transparency on their budgetary websites.¹ My home state of California came out near the bottom. The report’s authors want state budget websites to get down to the micro details, showing – as noted above - canceled checks by public agencies and the like. If you are trying to ferret out corruption, such minute records could be useful. If you are trying to evaluate or make state fiscal policy, however, looking at canceled checks won’t be of much help.

The biggest problem state governments have faced in recent years was a big drop in tax revenue as a result of the Great Recession, an event which public-sector transparency could not avert. The state-and-local aftermath of the Great Recession remains a drag on the economy, nationally and here in California. Employment in the private sector has been recovering, albeit modestly, and with no transparency applied. But employment at the state and local level has at best been flat.

California certainly does have problems in its state fiscal affairs and, indeed, in its basic bookkeeping. As I have noted in earlier musings and through other forums, a major problem is that commonly-understood words such as “surplus” and “deficit” are misused at the state and local levels. Time periods

¹ The report by the CalPIRG Education Fund is available at:

http://www.calpirgedfund.org/sites/pirg/files/reports/CA_Following_the_Money_screen_final.pdf. California had a transparency website <http://www.transparency.ca.gov/default.aspx> but it was shut down, ostensibly for budget reasons.

over which the concepts are applied vary. Flow measures are confused with stocks. (Deficit and debt are not the same thing.) Vague terms such as budget “gaps,” “shortfalls,” or “holes” are utilized without clear definition. And it appears that California is not alone in exhibiting such deficiencies –fuzzy usage seems common in state and local governments more generally.

But looking at canceled checks wouldn't help to remedy sloppy terminology. On the other hand, California has had some recent scandals in which more detailed information might have helped. One state agency running public parklands, for example, turned out after the fact to have reserves that could have been used in cushioning the fiscal crisis caused by the Great Recession. But agency heads seemed unaware of their own money. A better information system would have helped both managers and – if incompetence or corruption were involved – journalists looking for evidence.

The key problem is that phrases and words can inadvertently set agendas. Another study was produced recently about public higher education.² There is much Good Government lingo included in the study about such concepts as “performance metrics.” The report covered all higher ed across the nation from community colleges to state colleges to major public research universities. But the problem is that when you get to quantifiable “metrics” in higher ed, you tend to look at such things as dollars/student. I don't have data for research universities generally but I can tell you that in the case of the University of California (UC), roughly one dollar in ten in the UC budget comes from the state.

The state's one tenth contribution to UC basically is designated for what is described as the “core” educational program, mainly degree production. The one dollar from the state is roughly matched by another dollar from student tuition. But that leaves another eight dollars for all the other activities that go on at UC. In other words, much of what a major research university does is research – surprise! - which pulls in grants from the federal government and other sources. Several UC campuses have medical centers with considerable patient revenues and much of the medical faculty is paid out of those funds and out of medical research funds rather than state appropriations. In short, if you apply the kinds of metrics proposed, the bulk of the activity goes unmeasured or, worse, the tail ends up wagging the dog.

Indeed, metrics such as graduation rates – particularly if linked to budget formulas – can produce perverse results (a general problem with all incentive systems). Tell higher ed administrators that they will be rewarded for high student success (graduation) rates, or penalized for low ones, and they will tend to “cream,” i.e., set admissions standards or take other steps to exclude risky students. Would you really want that approach to be taken by community colleges? In California, public policy has always assumed that community colleges are to be the higher ed institutions of last resort; anyone with a high school diploma (or even a dropout) could enroll. If the goal is providing a last chance, high risk students

² The report by the National Association of State Budget Officers can be found at:
<http://www.nasbo.org/sites/default/files/pdf/Improving%20Postsecondary%20Education%20Through%20the%20Budget%20Process-Challenges%20and%20Opportunities.pdf>.

will inevitably enroll and many will drop out. Changing the metric and reward could inadvertently and perversely obstruct the goal of providing that last chance.

We already have prominent examples of school administrators and teachers falsifying student test scores at the K-12 level when the reward and punishment budgetary consequences were large. Do you think such improper activities couldn't occur in higher ed? They already do. There have been prominent cases of data falsification by admissions officers and others at big-name schools to improve university magazine rankings. I know that True Believers will argue that transparency would foil cheating but, as Yogi Berra is supposed to have said, "If the world were perfect, it wouldn't be."

Many readers will be familiar with George Orwell's novel, *1984*, in which one of the goals of the totalitarian state he envisioned was the promotion of a new language with constrained and prescribed words known as "Newspeak." It turns out that Orwell's fiction was more real than he knew. I recently attended a seminar at UCLA given by two historians of the Stalinist period in the Soviet Union. With the collapse of the Soviet state, various secret files relating to Stalin, including personal papers, have become available to scholars. One discovery from this material was that Stalin had a great interest in defining what words and terms should and should not be used in the Soviet version of Newspeak. Words and phrases, he understood, can control behavior and thinking. The control of words, however, did not prevent the Soviet system from ultimately collapsing despite the utopian ideological aspirations of communism. Let that history be a lesson to those who seek perfection through transparency and performance metrics.



Orwell