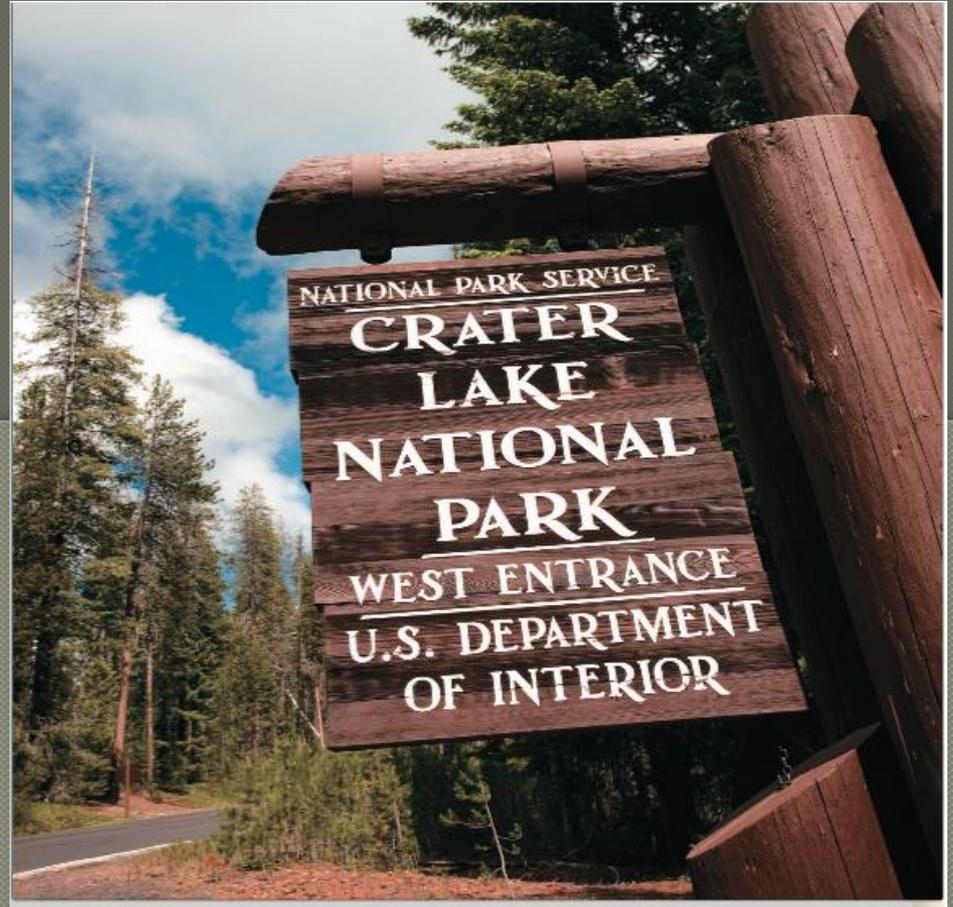


# The Federal Bureaucracy



From a purely technical point of view, a bureaucracy is capable of attaining the highest degree of efficiency, and is in this sense formally the most rational known means of exercising authority over human beings.

--Max Weber

# Government agencies are seldom in the headlines ....unless they slip up

- For example, who ever heard of The Minerals Management Service (MMS), a bureau within the Department of the Interior...
- Until the sinking of the Deepwater Horizon and the resulting oil spill in the Gulf of Mexico?



But after the BP spill, MMS's top officials were forced to resign and a reorganization of MMS was undertaken.

# Another Fenno Paradox?

- Americans have a favorable impression of their most recent encounter with the federal bureaucracy (as, for example, when a senior citizen applies for social security), but they have a low opinion of the bureaucracy as a whole.



**A Pew Research Center poll found, for example, that roughly two-thirds of Americans believe that government programs are “usually inefficient and wasteful.”**

# Another Fenno Paradox?

- Americans have a favorable impression of their most recent encounter with the federal bureaucracy (as, for example, when a senior citizen applies for social security), but they have a low opinion of the bureaucracy as a whole.



**A Pew Research Center poll found, for example, that roughly two-thirds of Americans believe that government programs are “usually inefficient and wasteful.”**



# TEA PARTY NOTWITHSTANDING, BUREAUCRACY IS A NECESSITY!



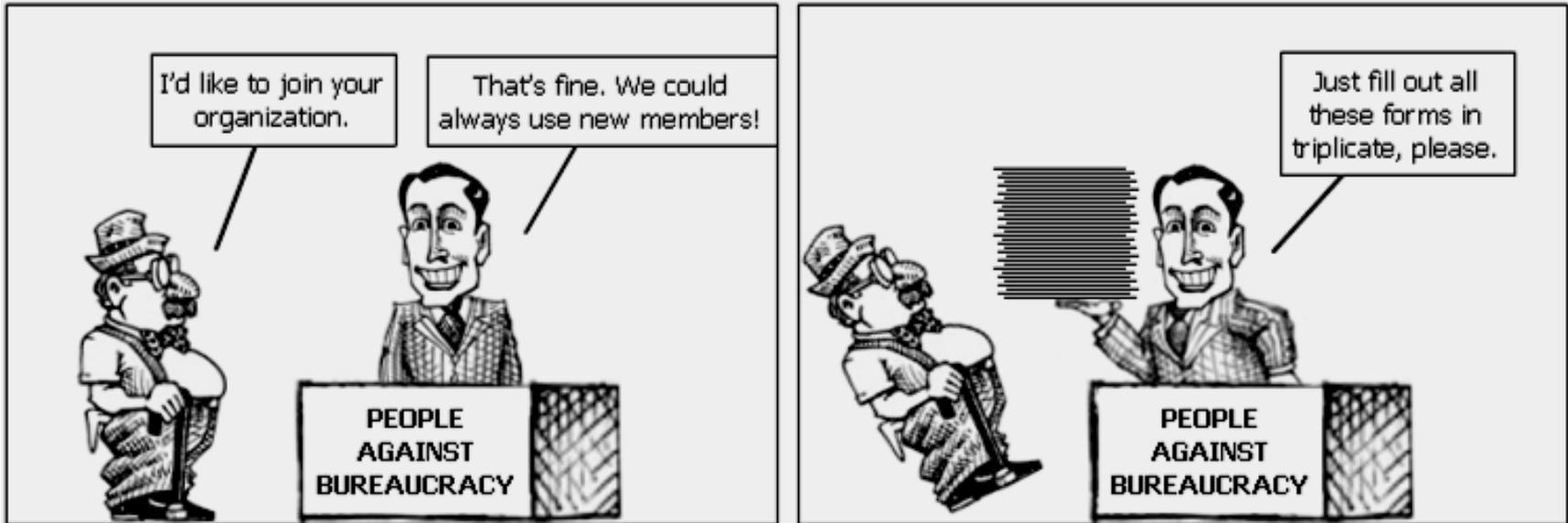
As one of thousands of services provided by the federal bureaucracy, the National Hurricane Service monitors hurricane activity and provides early warning to affected coastal areas.

- Ambitious programs ~ space exploration, social security, interstate highways, and universal postal service would not be possible if the federal government lacked a bureaucracy.
- Bureaucracy is found wherever there is a need to manage large numbers of people and tasks.
- Every large private organization is also a bureaucracy.

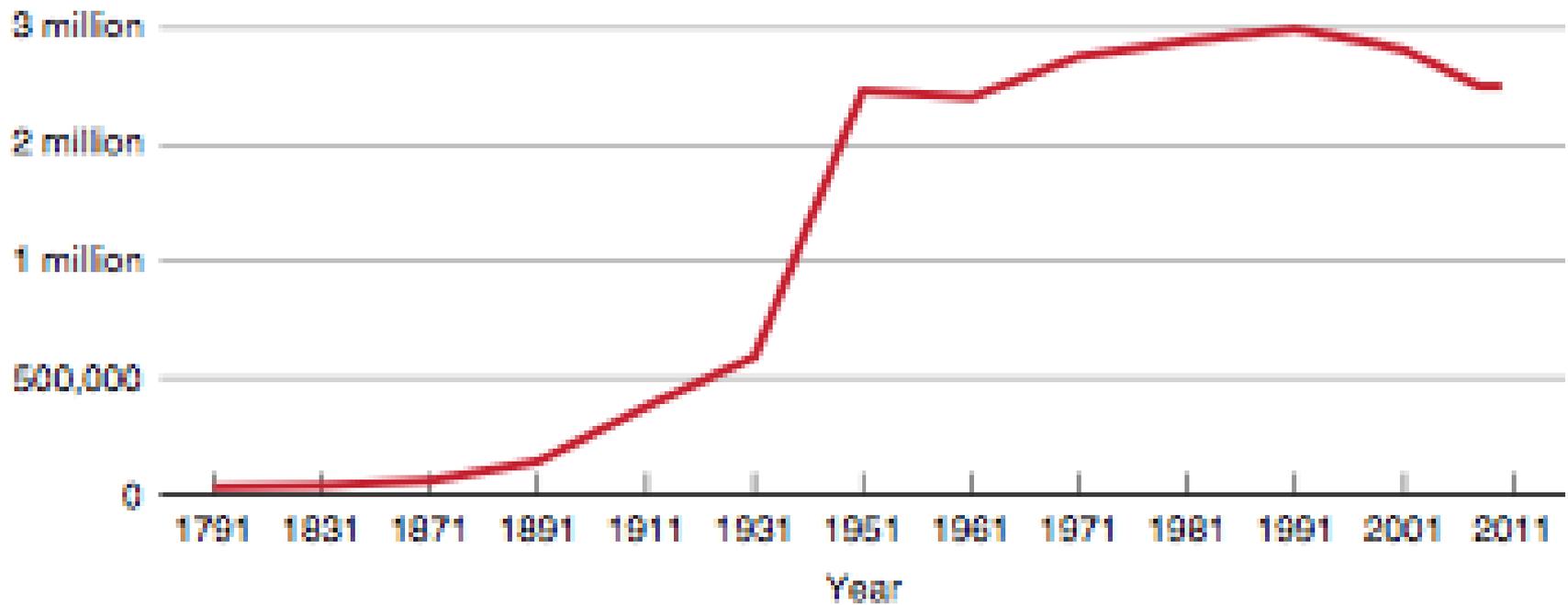
# The Federal Bureaucracy is not that huge.

- At present, the U.S. federal bureaucracy has about 2.5 million employees, who have responsibility for administering thousands of programs. The president and Congress get far more attention in the news, but the federal bureaucracy has a more direct impact on Americans' everyday lives.

## People Against Bureaucracy by Eric Perlin



Number of civilian federal employees

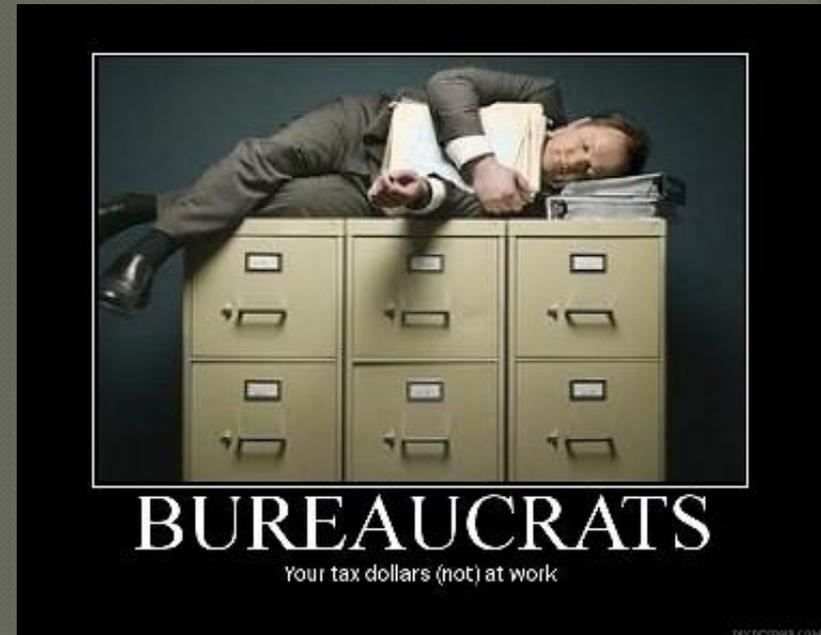


- The federal bureaucracy grew slowly until the 1930s, when an explosive growth began in the number of programs that required ongoing administration by the federal government.

- Source: Historical Statistics of the United States and Statistical Abstract of the United States, 1986, 322; recent figures from U.S. Office of Personnel Management. Figure excludes military personnel.

# Growth of the Bureaucracy

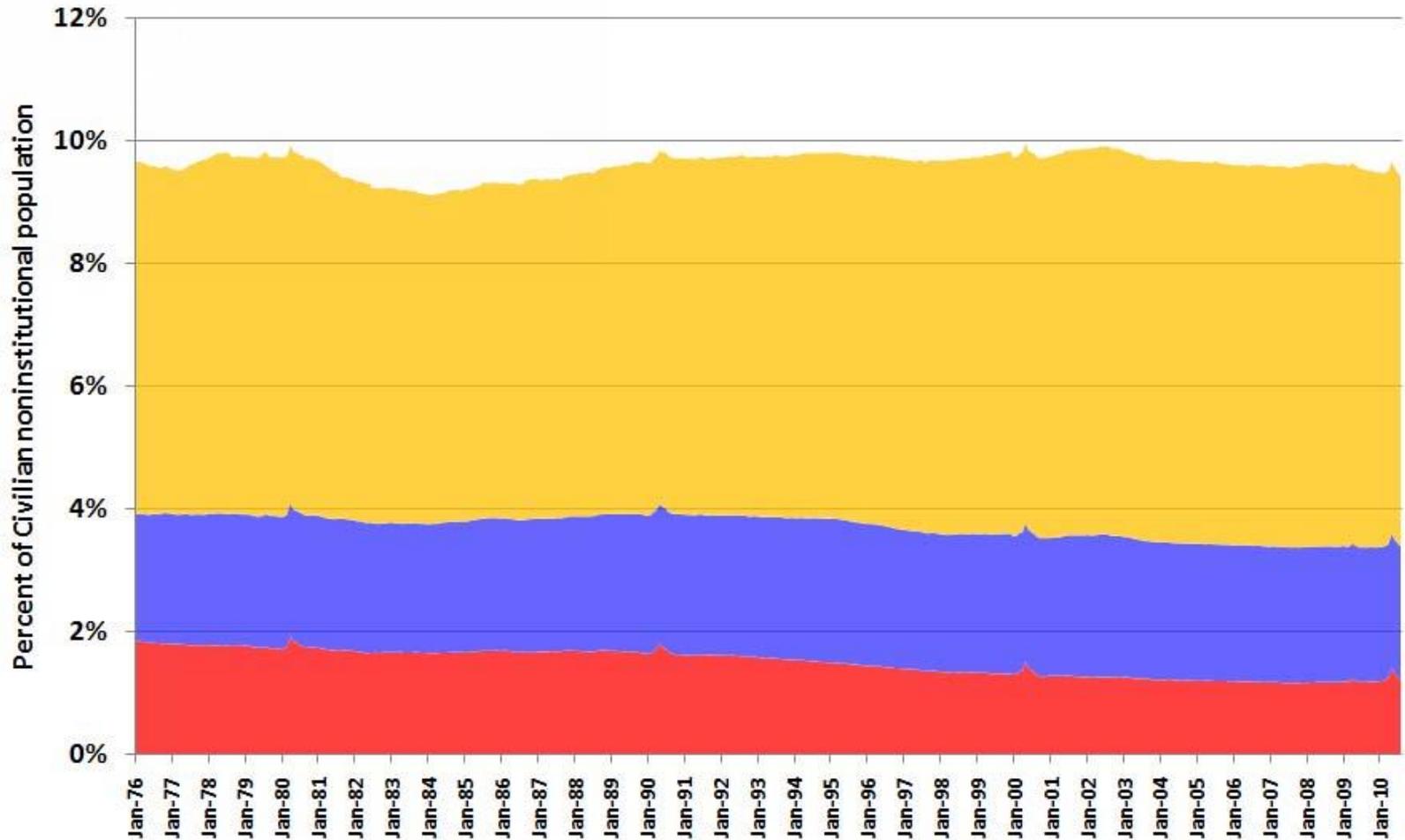
- FACT: the number of Federal employees has not changed markedly since the late 1960s.
- This fact is deceiving, however, in that the federal government has increasingly contracted some of its work to privately owned firms.
- At an earlier time, for example, the U.S. armed forces operated their own food services. Today, these services are operated primarily by private firms.



**Also, State and Local bureaucracies have grown tremendously.**

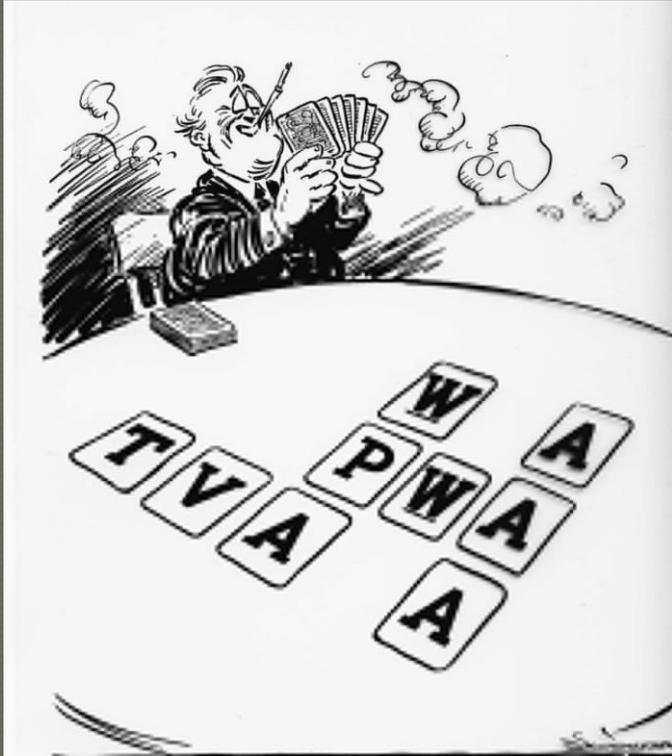
## Government Payroll Employment as Percent of Civilian noninstitutional population

Federal State Local



<http://www.calculatedriskblog.com/>

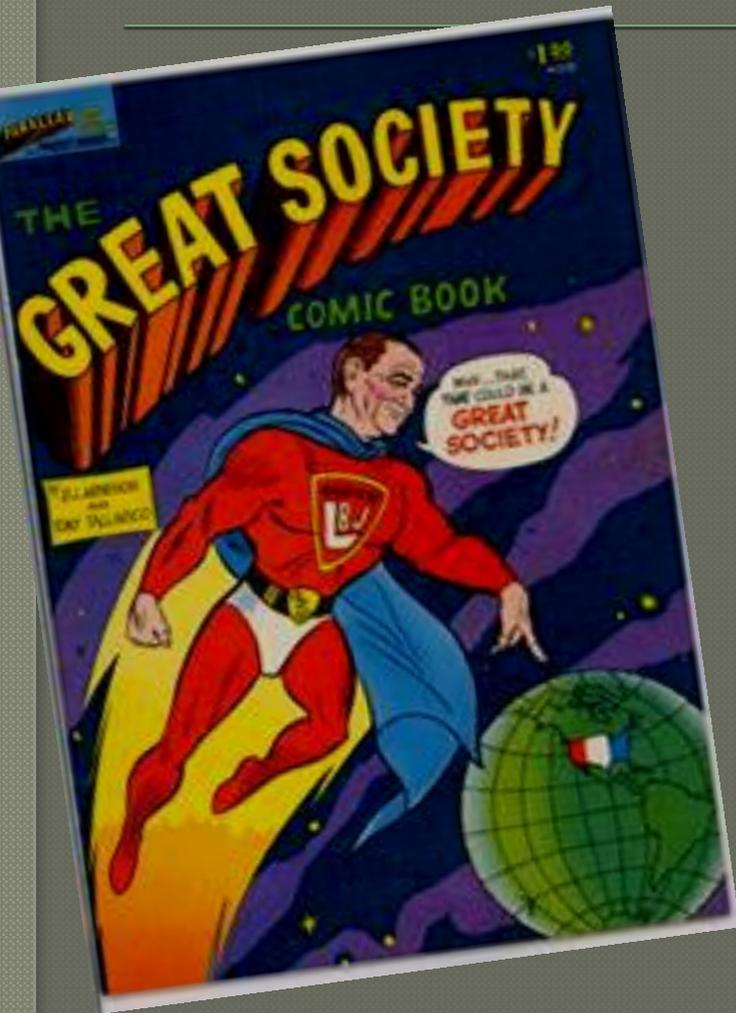
# Blame it on FDR! (Everyone else does.)



- The biggest spurt in the bureaucracy's growth took place in the 1930s. Franklin D. Roosevelt's New Deal included creation of the Securities and Exchange Commission (SEC), the Social Security Administration (SSA), the Federal Deposit Insurance Corporation (FDIC), the Tennessee Valley Authority (TVA), and numerous other federal agencies.



# Blame it on LBJ (At least he's more recent.)



- Three decades later, Lyndon Johnson's Great Society initiatives, which thrust the federal government into policy areas traditionally dominated by the states, resulted in the creation of additional federal agencies, including the Department of Transportation and the Department of Housing and Urban Development



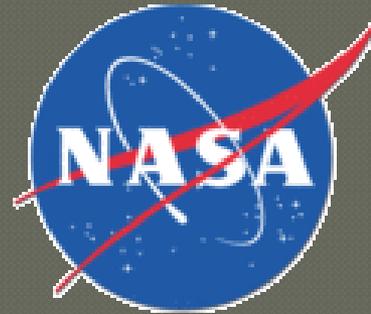


I NEVER NOTICED THE CONTRACTORS BEFORE.

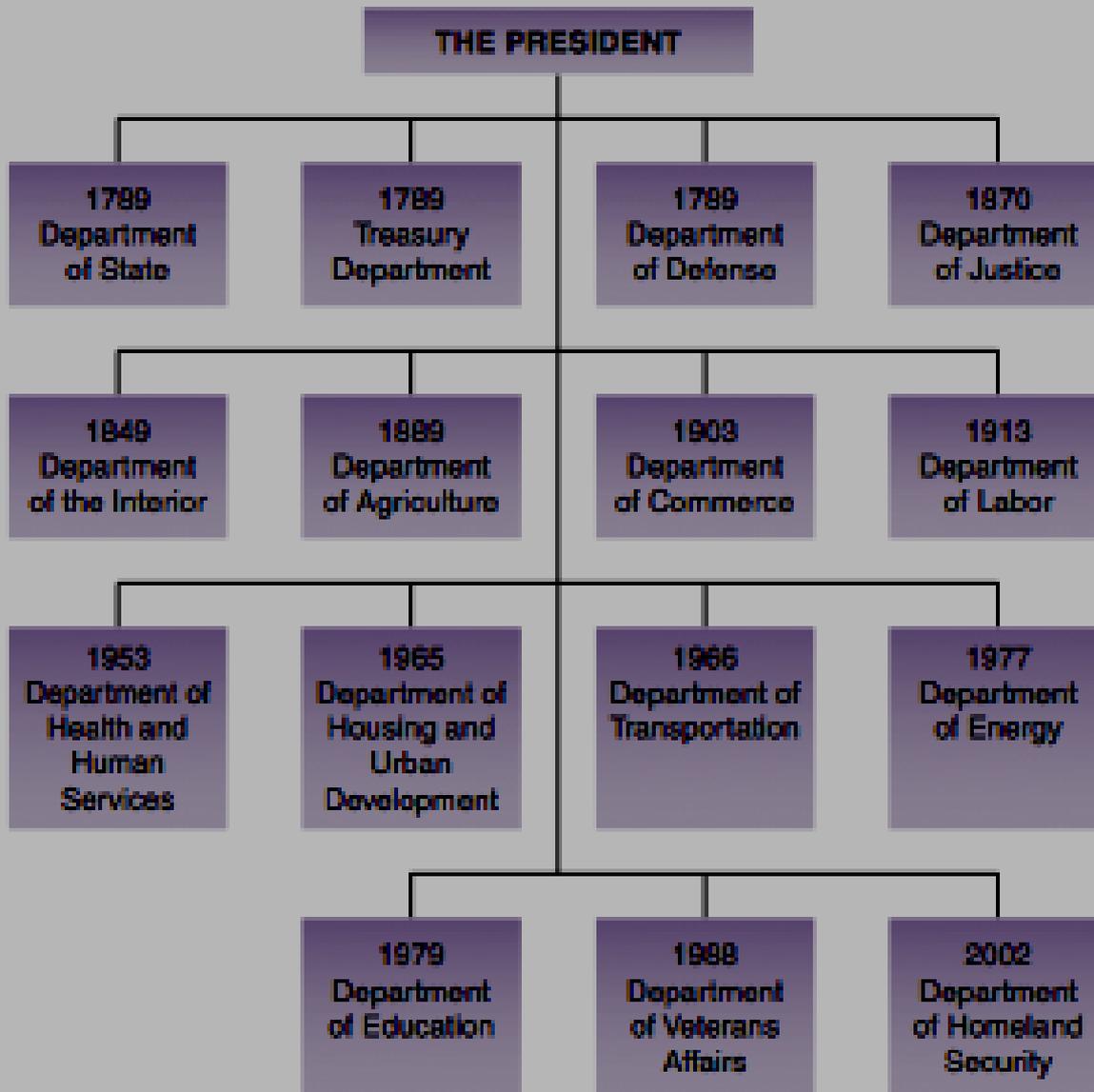
© 1997  
Klagnat

# Five Types of US Agency

- cabinet department,
- independent agency,
- regulatory agency,
- government corporation,
- presidential commission.



# Cabinet Agencies



- Cabinet departments vary greatly in their visibility, size, and importance.
- The Department of State, one of the oldest and most prestigious departments, is also one of the smallest, with approximately 25,000 employees
- The Department of Defense has the largest workforce, with more than 600,000 civilian employees (apart from the more than 1.4 million uniformed active service members).
- The Department of Health and Human Services has the largest budget; its activities account for more than a fourth of all federal spending, much of it in the form of social security and Medicaid payments.

# Independent agencies

- The heads of these agencies are appointed by and report to the president but are not members of the cabinet. In general, the independent agencies exist apart from cabinet departments because their placement within a department would pose symbolic or practical problems



NASA, for example, could conceivably be located in the Department of Defense, but such positioning would suggest that the space program exists solely for military purposes.

# Regulatory agencies

- These are usually created when Congress recognizes the need for ongoing regulation of a particular economic activity. They develop law-like regulations and then judge whether individuals or organizations are complying with them. The EPA, for example, can impose fines and other penalties on business firms that violate environmental regulations.



**The Securities and Exchange Commission (SEC) oversees the stock and bond markets,. In addition to their administrative function, regulatory agencies have a legislative function and a judicial function**

# Government Corporations

These are similar to private corporations in that they charge clients for their services and are governed by a board of directors. But government corporations receive federal funding to help defray operating expenses, and their directors are appointed by the president with Senate approval.

- Federal Deposit Insurance Corporation (FDIC), which insures individuals' savings accounts against bank failures,
- National Railroad Passenger Corporation (Amtrak), provides passenger rail service.
- U.S. Postal Service, with roughly 700,000 employees



# Presidential Commissions

- Provide advice to the president. Some of them are permanent bodies; examples include the Commission on Civil Rights and the Commission on Fine Arts.
- Other presidential commissions are temporary and disband after making recommendations on specific issues



**Simson Bowles” ~  
The Bipartisan National  
Commission on Fiscal  
Responsibility and Reform**



# Not Much Patronage Left.

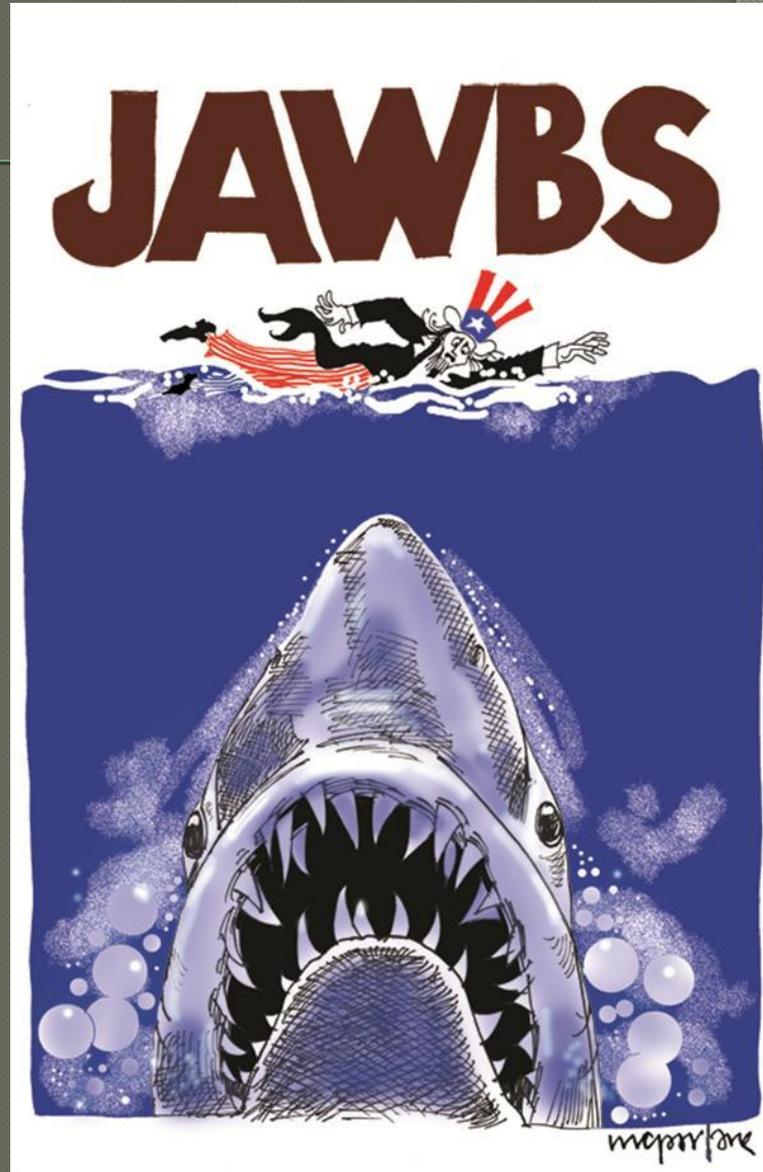
- Most civil servants are hired through the government's merit system. This used to mean a competitive exam, but usually today hiring is done mostly by resume evaluation.
- The merit system is overseen by two independent agencies.
- **The Office of Personnel Management** supervises the hiring and job classification of federal employees.
- **The Merit Service Protection Board** hears appeals from career civil servants who have been fired or face other disciplinary action.



Students of American history will remember that Charles Guiteau proved that shooting the President is not a viable career path. The Pendleton Civil Service Act resulted from public outrage over the role patronage had played in Garfield's death

# GS Ratings

- Most federal employees have a GS (Graded Service) job ranking. Rankings range from GS-1 (the lowest rank) to GS-15 (the highest).
- College graduates who enter the federal service usually start at the GS-5 level (yearly salary of \$27,000 for a beginning employee).
- Although economists show that federal employees are underpaid in comparison with their counterparts in the private sector, they receive better fringe benefits—and under most circumstances have better job security.

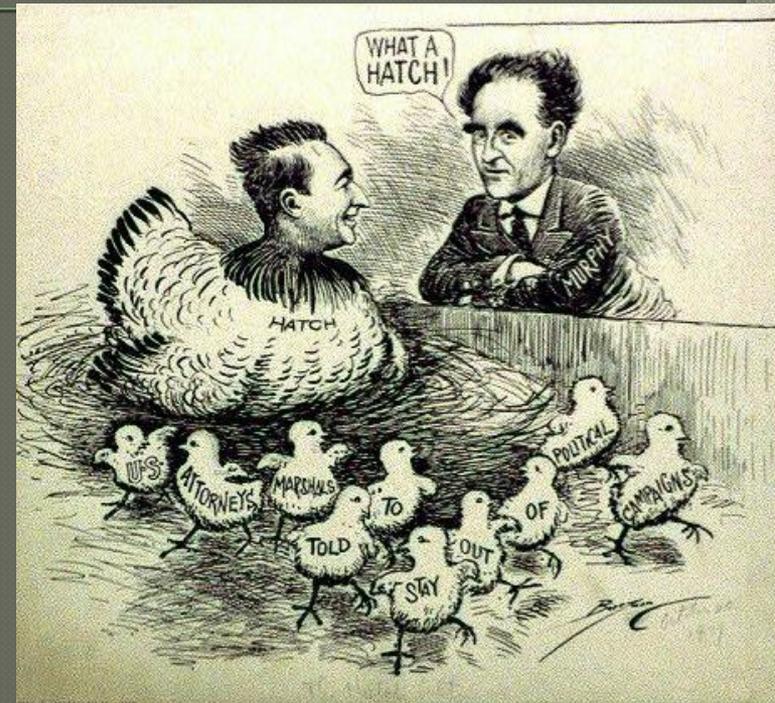


# Limitations on Federal Employees

- Federal employees can form labor unions, but their unions by law have limited scope; the government has full control of job assignments, compensation, and promotion.

- Moreover, the **Taft-Hartley Act of 1947** prohibits strikes by federal employees and permits the firing of striking workers. When federal air traffic controllers went on strike anyway in 1981, President Reagan fired them.

- There are also limits on the partisan activities of civil servants. **The Hatch Act of 1939** prohibited them from holding key jobs in election campaigns. Congress relaxed this prohibition in 1993, although some high-ranking administrators are still barred from taking such positions.



Under the Clinton administration the Hatch Act was modified substantially to allow much more partisan activity on the part of most government workers.

# The Budgetary Process

From beginning to end, the budgetary process lasts a year and a half.

## Executive Action



## Congressional Action



No agency or program can exist without funding. Although agencies play an active role in the budgetary process, the elected branches have final authority over the budget.

# The president does not have any real say over most of the budget



In his 2010 budget President Barack Obama requested an additional \$45 billion in defense spending to support a troop increase in Afghanistan.

- Two-thirds of involves mandatory spending--required by law, as in the case of social security payments to retirees. The president has no authority to suspend or reduce such payments.
- OMB focuses on the one-third of the budget that involves discretionary spending, which includes spending on defense, foreign aid, , education, national parks, space exploration, and highways.
- The president works on the margins of the budget. In most policy areas, the president will propose a modest spending increase or decrease over the previous year. There are always a few areas, however, where the president will seek a substantial adjustment.

# It all begins with OMB

- In January, the president's budget, which has been reviewed in excruciating detail by OMB (Office of Management and Budget), is submitted to Congress. When it is of the opposite party, its priorities will differ substantially from those of the president.

- Upon reaching Congress, the president's budget proposal goes to the House and Senate budget committees. Their job is to recommend overall spending and revenue levels. Once approved by the full House and Senate, the levels are a constraint on the rest of Congress's work on the budget.



**OMB Director  
Peter Orszag  
Holding a Briefing  
On FY2010 Federal  
Budget**

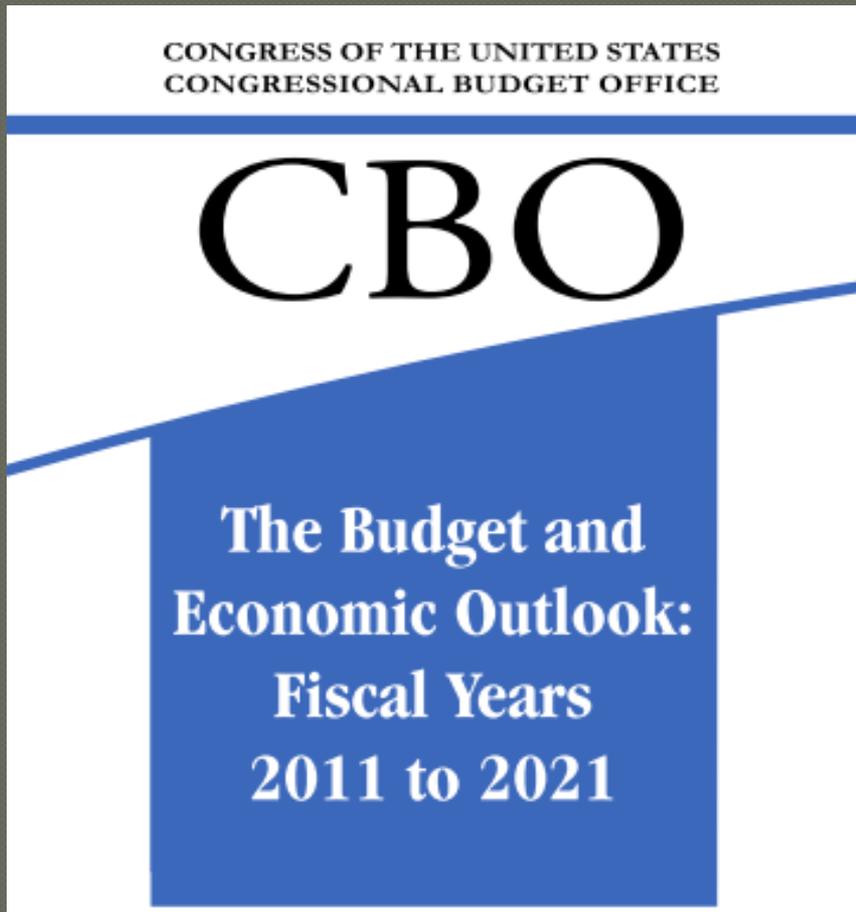
# This is where the Subcommittees come in

- The House Appropriations Committee through its thirteen subcommittees reviews the budget, which includes hearings with officials from each federal agency. Each subcommittee has responsibility for a particular substantive area, such as defense or agriculture.
- A subcommittee may cut an agency's budget if it concludes that the agency is overfunded or may increase the budget if it concludes that the agency is underfunded.
- The subcommittees' recommendations are then reviewed by the House Appropriations Committee as a whole. The budget is also reviewed by the Senate Appropriations Committee and its subcommittees. However, the Senate is a smaller body, and its review of agency requests is less exacting than that of the House.



To a degree, the Senate Appropriations Committee serves as a “court of last resort” for agencies that have had their funding requests cut by OMB or by the House Appropriations Committee.

# Congress's Answer to OMB



- Throughout this process, members of the House and Senate rely on the **Congressional Budget Office**, the congressional equivalent of OMB. If the Congressional Budget Office believes that OMB or an agency has miscalculated the amount of money needed to carry out its mandated programs, it will alert Congress to the discrepancy.

# Final Stage....?

- After the House and Senate appropriations committees have completed their work, they submit their recommendations to the full chambers for a vote. If approved by a majority in the House and in the Senate, differences in the Senate and House versions are then reconciled in conference committee
- .The reconciled version of the budget is then voted upon in the House and Senate and, if approved, is sent to the president to sign or veto.
- Under normal circumstances the threat of a presidential veto can be enough to persuade Congress to accept many of the president's recommendations.
- In the end, the budget inevitably reflects both presidential and congressional priorities. Neither branch gets everything it wants, but each branch always gets some of what it seeks.

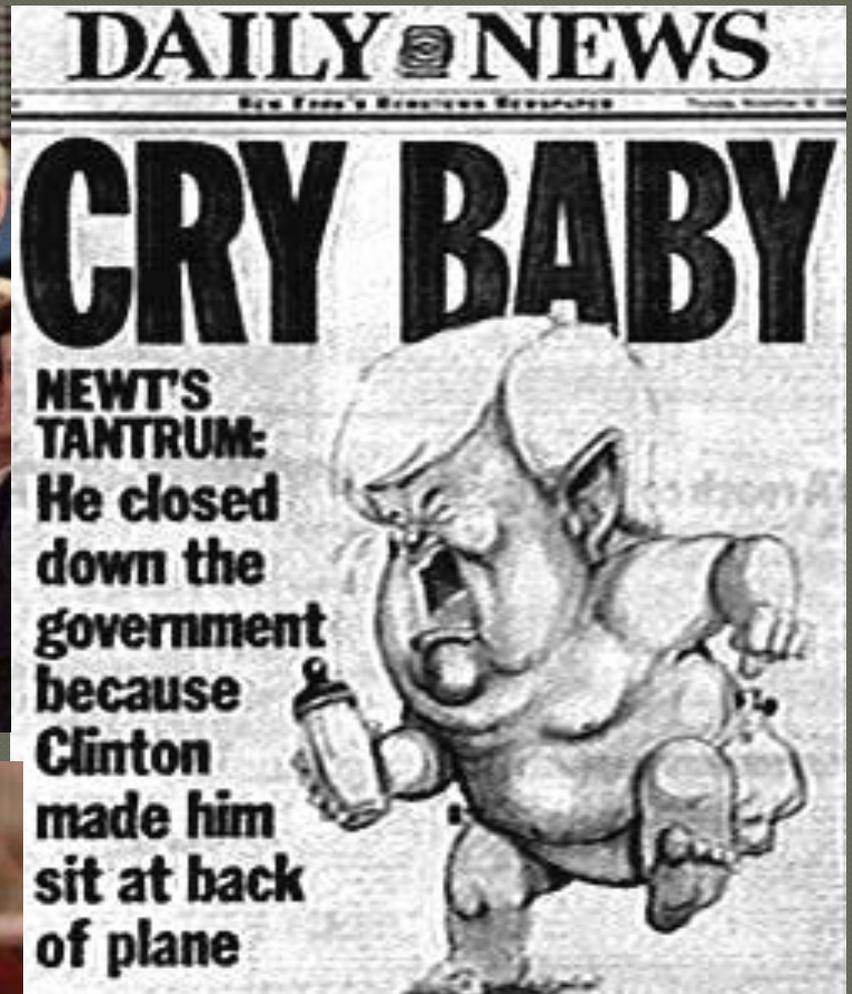
# Where does the CR come in?

- After the budget has been signed by the president, it takes effect on October 1, the starting date of the federal government's fiscal year.

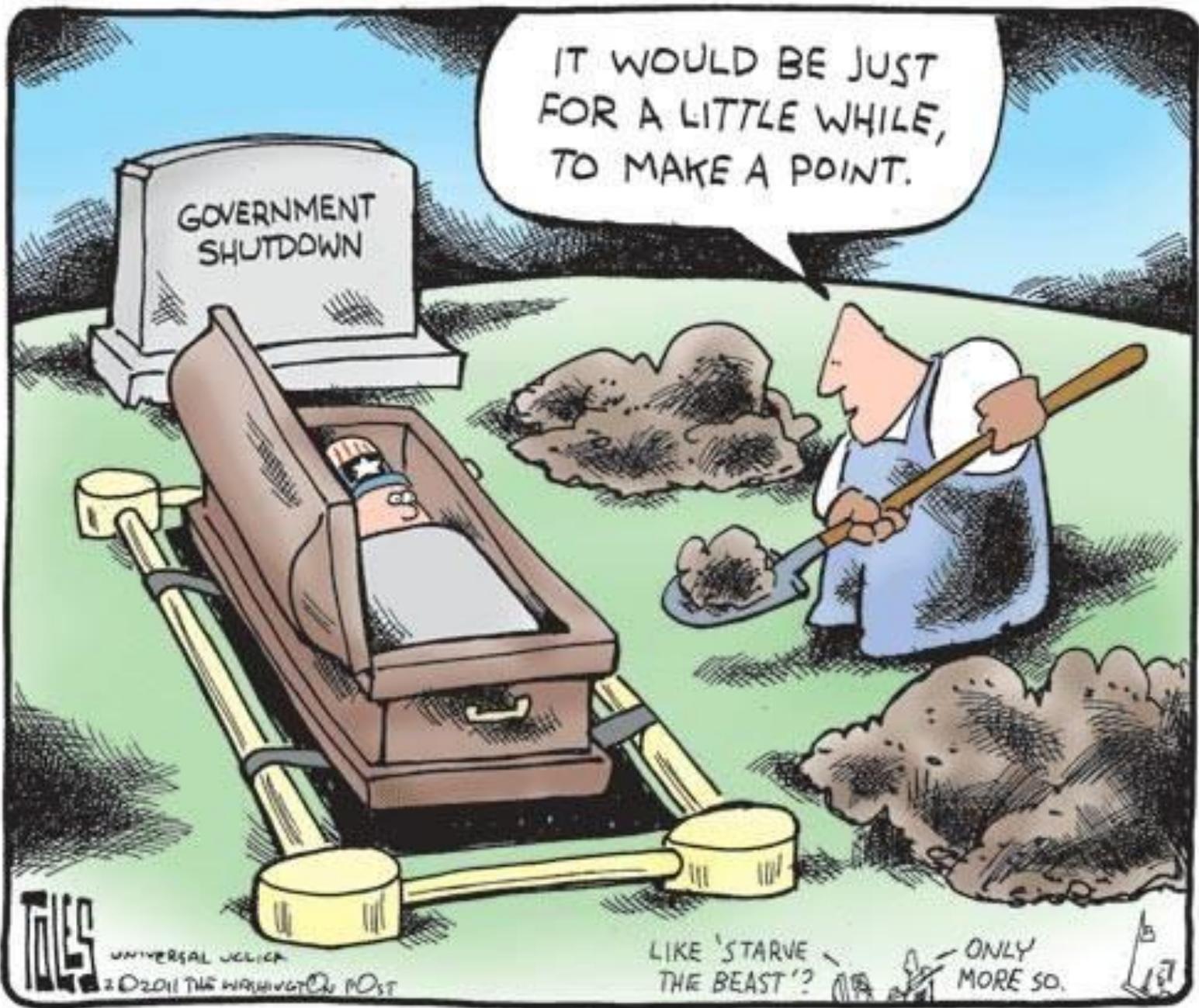
- If agreement on the budget has not been reached by October 1, temporary funding legislation (**A continuing Resolution**) is required in order to maintain government operations.

- In late 1995, President Clinton and the Republican Congress deadlocked on budgetary issues to such an extent that they could not even agree on temporary funding. Their standoff twice forced a brief shutdown of nonessential government activities, such as the national parks.





Public Opinion polls showed that a majority of US citizens thought the "shutdown" was irresponsible. Mainstream Republicans are not inclined to want to try it again.



IT WOULD BE JUST FOR A LITTLE WHILE, TO MAKE A POINT.

GOVERNMENT SHUTDOWN

TALES

UNIVERSAL UCLICA  
© 2011 THE WASHINGTON POST

LIKE 'STARVE THE BEAST'? ONLY MORE SO.

2-9-11

# The bureaucracy does not simply administer policy. *It also makes policy.*



- Congressional hearings on reviving the Fairness Doctrine came in for much satire by Conservative Cartoonists.

The Federal Communications Commission (FCC) has a broad mandate under the Federal Communication Act to regulate various forms of communication. On its own authority, it has developed different regulatory regimes for telephones, broadcast television, cable television, and the Internet. For a lengthy period, for example, the FCC required broadcasters to adhere to a fairness standard; if they aired one side of a political issue, they were also required to air opposing sides. The FCC later rescinded this doctrine. Both of these FCC rulings were based on the same legislative act.



# The “Agency Point of View”

- A key issue about bureaucratic policymaking is the perspective that bureaucrats bring to their decisions. Do they operate from the perspective of the president? Or do they operate from the perspective of Congress? The answer is that, although bureaucrats are responsive to both of them, they are even more responsive to the needs of the agency in which they work, a perspective called the agency point of view.
- This outlook comes naturally to most high-ranking civil servants. More than 80 percent of top bureaucrats reach their high-level positions by rising through the ranks of the same agency.
- One study found, for example, that social welfare administrators are three times as likely as other civil servants to believe that social welfare programs should be a top spending priority.
- Professionalism also cements agency loyalties. High-level administrative positions have increasingly been filled by scientists, engineers, lawyers, educators, physicians, and other professionals. Most of them take a job in an agency whose mission they support, as in the case of the aeronautical engineers who work for NASA or the doctors who work for the National Institutes of Health (NIH)
- *Although the agency point of view distorts government priorities, bureaucrats have little choice but to look out for their agency’s interests. As did Director of Central Intelligence Agency George Tenet before the Senate Intelligence Committee on Capitol Hill in Washington on 24February 2004.*

# The Power of Clientele Groups

- Federal agencies were created for the purpose of promoting, protecting, or regulating a particular interest. Indeed, nearly every major interest in society—commerce, labor, agriculture, banking, and so on—has a corresponding federal agency.
- In most cases, these interests are also clientele groups in the sense that they benefit directly from the agency's programs.

Clientele groups can be counted on to lobby Congress and the president on behalf of the agency when its programs and funding are being reviewed.



# The Department of Agriculture is a classic example of an Agency with Clients

The Department of Agriculture is a dependable ally of farm interests year after year.

The same cannot be said of the president or Congress as a whole, which must balance farmers' demands against those of other groups, not to mention international concerns regarding the price of food.



# Reforming the Bureaucracy=

## VERY difficult

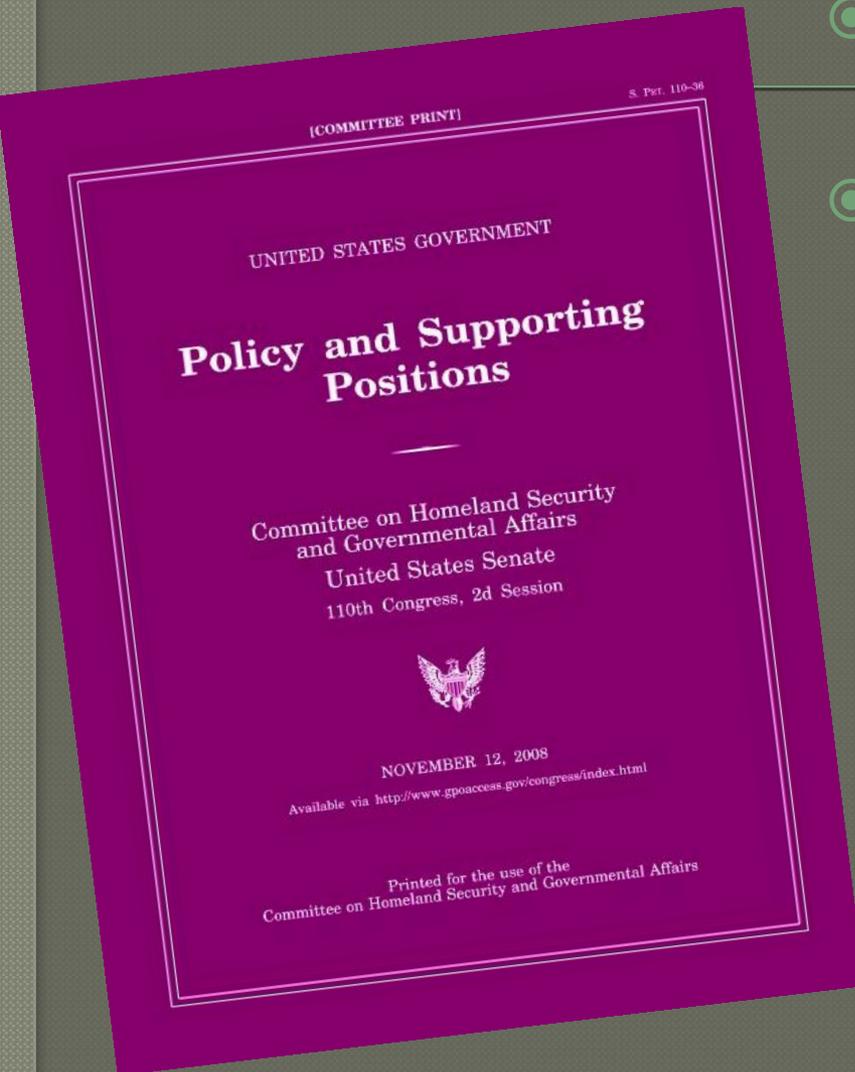


Despite all this reorganization On Christmas Day 2009 Umar Farouk Abdulmutallab attempted to detonate plastic explosives hidden in his underwear. After his arrest, it was revealed that his father had contacted CIA officials to tell them of his son's extremism and that U.S. intelligence officials had earlier obtained information tying Abdulmutallab to terrorist groups.

- Presidents have sought to streamline the bureaucracy in an attempt to make it more accountable.
- After the intelligence breakdown in 2001, for example, President Bush commissioned a study of the intelligence agencies that resulted in the creation of the Office of the Director of National Intelligence in 2004.
- Fifteen intelligence agencies, including the CIA and the FBI, now report directly to the director of national intelligence, who has responsibility for coordinating their activities.

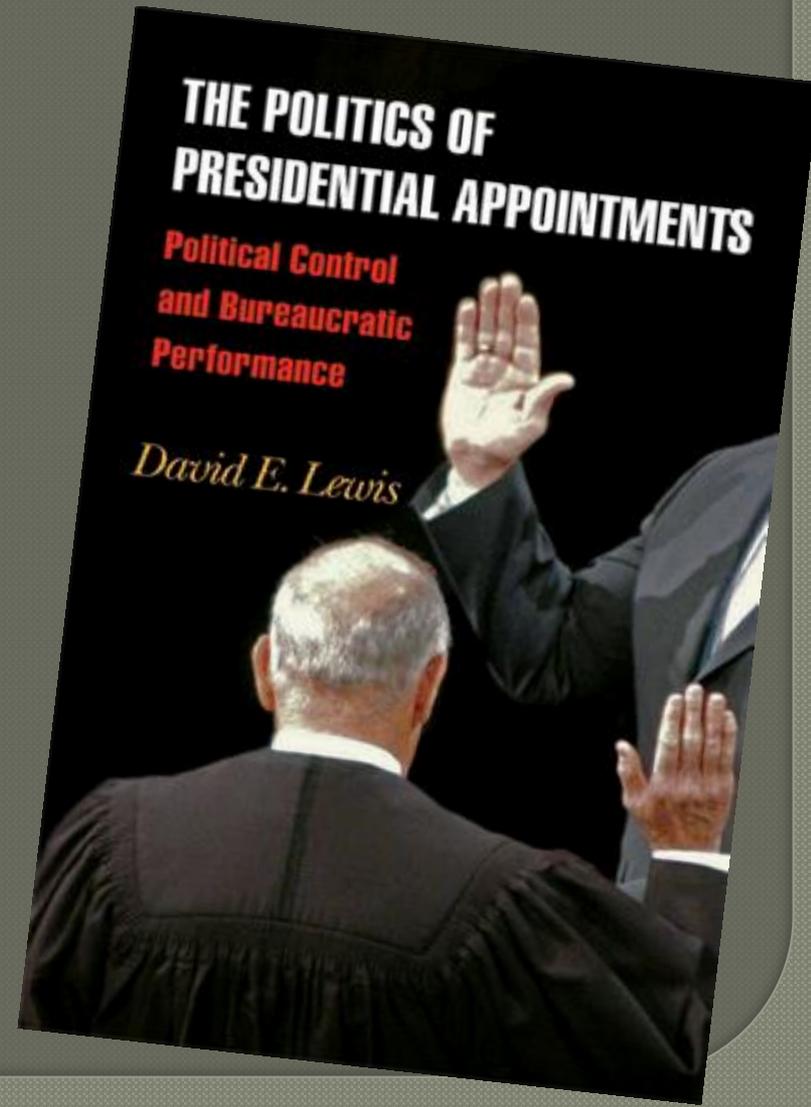
# The Plum Book

- Presidential Appointments.
- For day-to-day oversight of the bureaucracy, presidents rely on their political appointees. The top positions in every agency are held by presidential appoint-tees.



# Patronage can only accomplish so much....

- There are limits to what presidents can get done through their appointees. The appointees number in the hundreds, and many of them lack detailed knowledge of the agencies they head, making them dependent on agency careerists. (and in some cases their powers are limited by statute, such as SSA).
- By the time the Plum Book appointee acquires a reasonable understanding of the agency's programs, most of them leave.
- The typical presidential appointee stays on the job for less than two years before moving on to other employment.



# More Power for OMB

- *In addition to OMB's role in overseeing the preparation of agency budgets, it acts as a review board for agency regulations and policy proposals.*
- No agency can issue a major regulation without OMB's verification that the benefits of the regulation outweigh its costs, and no agency can propose legislation to Congress without OMB's approval. In making these decisions, OMB operates from a presidential perspective.
- A proposed regulation or bill that conflicts with the president's policies is unlikely to be approved.



# How much can the administration do without Congress?

---

- October 24, 2011 7:43 AM
- **Obama to bypass Congress on mortgages** (CBS News)
- With Republicans continuing to stall action on President Obama's \$447 billion jobs bill, the White House is taking action to help jump-start the economy with the message "We can't wait."
- President Obama is going to begin a series of executive branch actions that will not require action from Congress - or the assent of Republicans.
- With recovery in the housing market tied to economic recovery, Mr. Obama will today announce what senior officials are calling a "major overhaul" of the government's underused refinance program for federally guaranteed mortgages, in order to aid homeowners having difficult refinancing their housing loan.

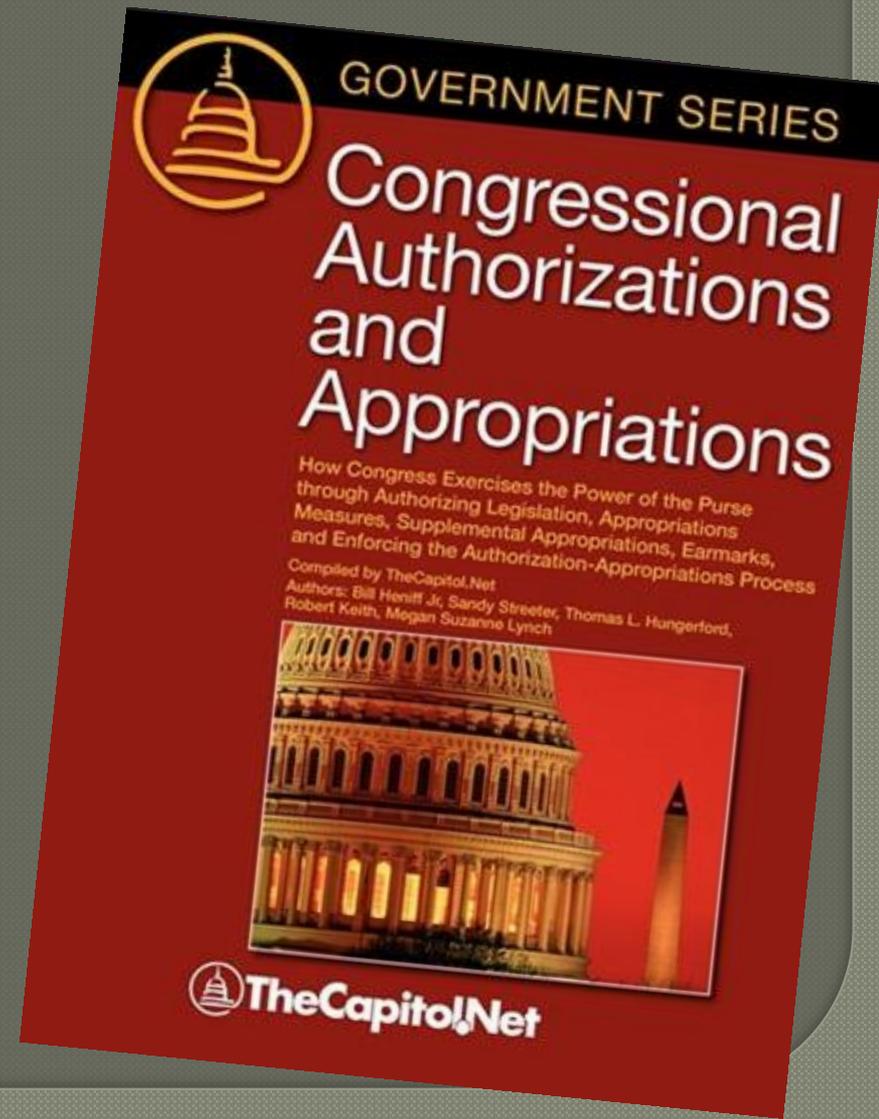
# We Can't Wait!



- **Oct 29, 2011 6:01am**
- **Obama's Weekly Address: 'We Can't Wait' for Republicans on Jobs**
- In his weekly address, President Obama continued to promote his "we can't wait" campaign and attack Republicans in Congress for not "paying attention" to the economy.
- Arguing that the middle class is losing ground while the rich become richer, the president said his "common-sense jobs proposals" would jump-start employment and set the economy on the right track if it weren't for Republicans standing in the way.

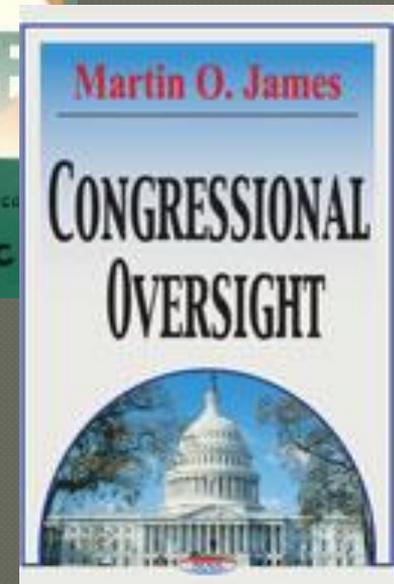
# Congress also claims ownership

- The most substantial control that Congress exerts over the bureaucracy is through its “power of the purse.”
- Congress has constitutional authority over spending; it decides how much money will be appropriated for agency programs. Without funding, a program simply does not exist, regardless of how important the agency believes it is.
- Congress can also void an administrative decision through legislation that instructs the agency to follow a different course of action.



# Congressional Oversight

- Congress also has control through its oversight function, which involves monitoring the bureaucracy's work to ensure its compliance with legislative intent.
- If any agency steps out of line, Congress can call hearings to ask tough questions and, if necessary, take legislative action to correct the problem. Agency heads are required by law to appear before Congress when asked to do so, and the mere possibility of being grilled by a congressional panel can lead administrators to stay in line.
- *The effect is not altogether positive. Bureaucrats are sometimes reluctant to try innovative approaches out of a fear that particular members of Congress will disapprove.*



# Accountability through the Courts

- The bureaucracy is also overseen by the judiciary.
- An injured party can bring suit against an agency on the grounds that it has failed to carry out a law properly.
- If the court agrees, the agency must change its policy



In 1999, *Pigford v Glickman* a federal court approved a settlement in favor of African American farmers who demonstrated that the Department of Agriculture had systematically favored white farmers in granting federal farm loans.

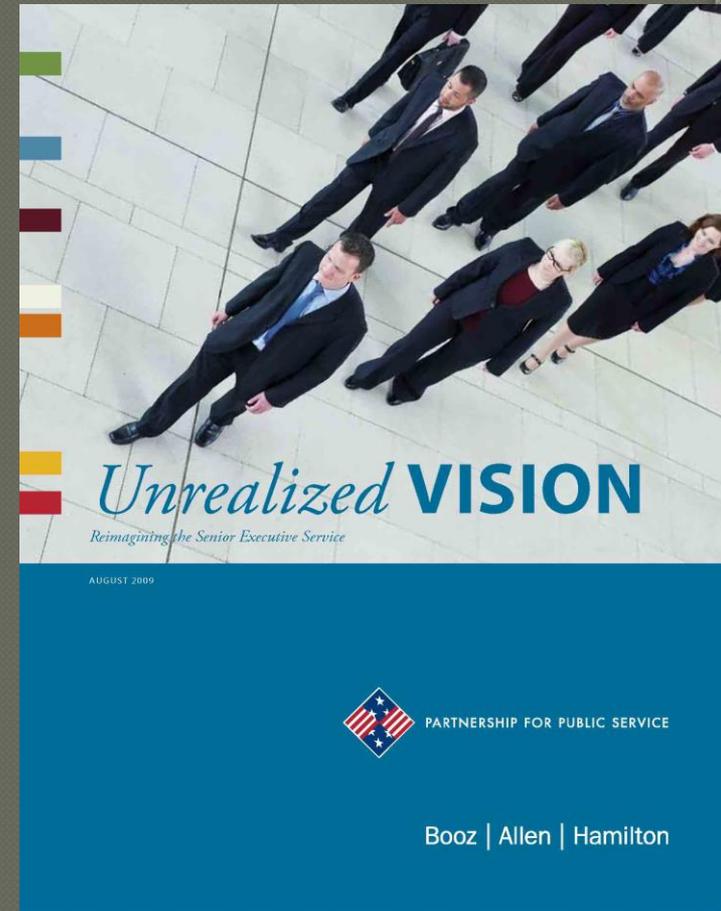
# Senior Executive Service

• Congress in 1978 established the Senior Executive Service (SES). Enacted at the urging of President Jimmy Carter, the SES represents a compromise between a president-led bureaucracy and an expert one.

• The SES consists of roughly seven thousand top-level career civil servants who qualify through a competitive process to receive a higher salary than their peers but, in return, can be assigned by the president to any position within the bureaucracy.

• They are intended to be the intermediaries between the regular presidential appointees at the top of federal agencies and the regular civil servants who work in these agencies.

• Unlike the president's regular appointees, SES bureaucrats cannot be fired; if the president relieves them of their jobs, they have "fallback rights" to their former rank in the regular civil service.



# Whistleblowing

---

- Although the bureaucratic corruption that is common place in some countries is rare in the United States, a certain amount of fraud and abuse is inevitable in any large bureaucracy.
- One way to stop these prohibited practices is whistleblowing—the act of reporting instances of official mismanagement.
- To encourage whistleblowers to come forward with their information, Congress enacted the **Whistle-blower Protection Act.**



**Richard Clarke**  
**9/11 Commission Hearing**

• In high-profile appearances before Congress and the 9/11 Commission, Richard Clarke at top advisor to the President, testified that he warned the Bush administration of a possible large-scale terrorist attack on the United States. “I believe the Bush administration in the first eight months considered terrorism an important issue, but not an urgent issue,” Clarke told the 9/11 Commission, a bipartisan commission formed by Congress to investigate the attacks.

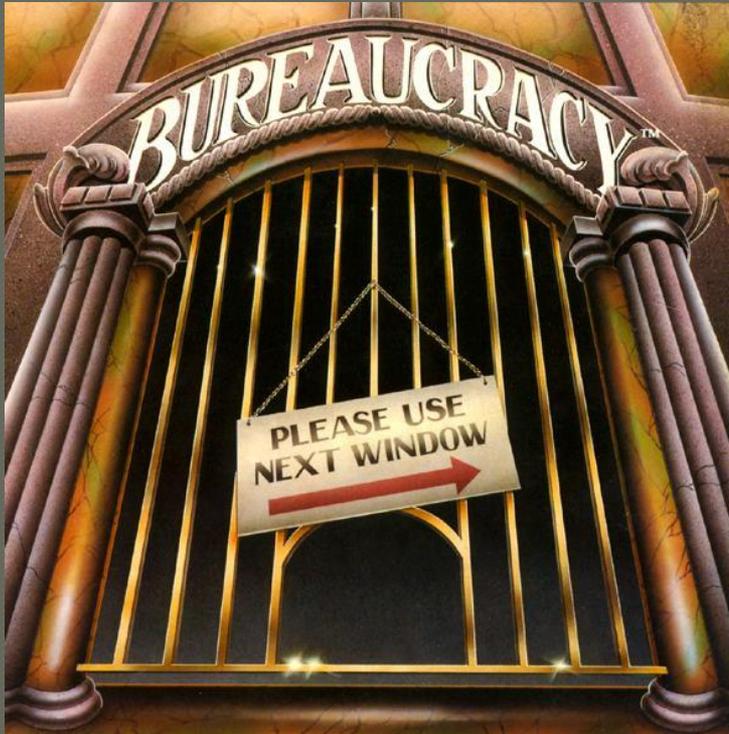
# Whistleblowing is not for the faint-hearted.



A case in point is former CIA intelligence official John Kiriakou, who said in 2007 that the CIA had used waterboarding to interrogate Abu Zubaydah, a high-ranking leader of al Qaeda. It was the first such admission by a CIA operative and prompted some CIA officials to demand an FBI investigation of Kiriakou.

- Many federal employees are reluctant to report instances of mismanagement because they fear retaliation
- Their superiors might claim that they are malcontents or the whistleblower “wasn’t in the loop” and could not possibly have known what was going on in the Bush administration’s inner circle, and find ways to ruin their careers.
- As a result, whistleblowing often does not occur until an employee has moved to another agency or quit government service entirely.

# THREE POINTS TO REMEMBER:



- Bureaucracy is an inevitable consequence of complexity and scale. Modern government could not function without a large bureaucracy. Through authority, specialization, and rules, bureaucracy provides a means of managing thousands of tasks and employees.
- Bureaucrats naturally take an “agency point of view,” seeking to promote their agency’s programs and power. They do this through their expert knowledge, support from clientele groups, and backing by Congress or the president.
- Although agencies are subject to oversight by the president, Congress, and the judiciary, bureaucrats exercise considerable power in their own right.

