

What Does Government Do?

Module 2 Lecture



Key Questions

- ◆ How do we decide what government does and how?
- ◆ Who decides that government should be involved?
- ◆ To what extent should government be involved?
- ◆ Which level of government should be involved?
- ◆ Who pays government? Where does the money come from?



Introduction

- ◆ The founding of the United States
- ◆ The perceptions of government and public administrators
- ◆ Understanding American Public Administration



The Functions of Government

- ◆ Responsibilities
 - ◆ The Federal Government
 - ◆ Postal Service, National Defense, Natural Resources, Trust Programs, and Space Exploration.
 - ◆ State Governments
 - ◆ Public Safety, Higher Education, Corrections, Welfare, and Highways.
 - ◆ Local Governments
 - ◆ Police protection, elementary and secondary education, and fire protection.



The American Federal System

- ◆ Traditional way: **Layer cake**—compartmentalized functions
- ◆ **Marble cake**—division of functions intricately mixed
- ◆ Kettl: neither layer nor marble, rather, different levels of government concentrating on different services



Government Employment

- ◆ See Donahue (2008) column "What Government Does"
- ◆ 20 million government workers in March 2006 (19 million civilians)
- ◆ 16 million state and local government workers
 - ◆ 1.6 million → public safety
 - ◆ 1.4 million → public health
 - ◆ 0.5 million → highways and welfare
 - ◆ 8.6 million → education
- ◆ Employment size not necessarily determinant of the importance of what government does



The Federal Government

- Public views of the federal government are not representative of the functions of government.
- 2/3 of the federal budget goes to entitlement programs and interest on the national debt.
- The salaries of bureaucrats only represent a small fraction of the federal budget.
- Reducing the number of federal employees will not balance the federal budget.



State Governments

- Unlike federal spending, state spending patterns have remained relatively constant.
- States receive grants from the federal government and they disperse that money between highways, social services, and other projects.
- State governments levy taxes to support state programs
- State governments devote most resources to managing federal programs and distributing aid to local governments
- See figure 3.4 on pg. 67 (Kettl)



Local Governments

- Local government is singularly devoted to the **direct delivery of services**
 - Services provided directly to citizens, such as police and fire protection, education, and hospital care
- Primary spending is on elementary and secondary education, health, hospitals, welfare, and utilities.
- In 2006, local governments spent \$1.4 trillion on education, which was 36 percent of total budget



Key Point

- The job of government varies by function.
 - Direct provision: most administrative action is internal to the government's bureaucracy
 - Transfer programs: involves extensive action external to the government bureaucracy and determines the size of the check that the law entitles a recipient



The Tools of Government

- It is possible to view government as a collection of basic tools.
- Direct tools:** government provides goods and services, income support, interest on the national debt, direct loans.
 - e.g., Police and fire protection
- Indirect tools:** contracting out of government programs to nongovernmental partners and funding grant, voucher, and loan programs.



Direct Administration

- Most people equate **direct administration** with public administration.
- Direct administration is only a small part of government activity at the federal level.
- Direct administration is more prevalent at the state and local levels.



Indirect Administration: Grants

- ◆ **Federal grants:** the federal government provides financial assistance to another level of government.
- ◆ Grants are the oldest, most widely used tool that the federal government employs to carry out public policy.
 - ◆ e.g., Supports states providing medical care for the poor
- ◆ States also provide grants to their local governments.



Indirect Administration: Contracts

- ◆ **Contracts:** the government agrees to pay a certain amount of money in exchange for a good or service.
- ◆ Government must set the standards for contracts, negotiate effective programs at low prices, and oversee the results that contractors produce.
 - ◆ e.g., Construction of roads by local governments



Indirect Administration: Regulations

- ◆ **Regulations:** federal compendium of rules that expand government's power while expending relatively little money
- ◆ *Code of Federal Regulations* consists of more than 200 volumes
 - ◆ e.g., 20 volumes of rules on agriculture



Indirect Administration: Tax Expenditures

- ◆ **Tax expenditures:** give individuals and taxpayers special advantages in paying their taxes
- ◆ Creates incentives for social and economic policies
 - ◆ e.g., Tax expenditure that reduces the cost of homeownership encourages taxpayers to buy rather than rent their homes



Indirect Administration: Loan Programs

- ◆ **Loan programs:** the federal government and, to a lesser extent, other levels of government provide financial assistance
- ◆ e.g., Guaranteeing student loans



Government by Proxy

- ◆ The job of government varies by who finally provides the goods and services.
 - ◆ Difference between who provides a service, by creating and paying for it, and who produces it, by actually administering the service
- ◆ **Government by proxy:** the use of third-party agents to administer programs that the government funds
- ◆ Different types of programs: transfer programs, government by proxy, directly administered programs



Conclusion

- ◆ Government's ability to manage is now more complex.
 - ◆ Involves a web of intricate relationships
 - ◆ Demonstrates an increasing reliance on indirect tools
 - ◆ Focuses on accountability and performance measurement

