

Hiring more full-time federal bureaucrats will result in smaller and better government.

The United States' federal government has expanded greatly since the 1960s, with spending having increased by a factor of six in over that time. The number of federal employees, however, has not similarly increased, with present numbers close to those of the Reagan Administration and fewer than were present during Kennedy's term. [John J. Dilulio Jr](#) writes that the federal government has become a Leviathan by Proxy, which gives billions of dollars and thousands of contracts to state and local governments, contractors, and non-profits. He argues that recent government problems such as the 2005 reaction to Hurricane Katrina and 2013's Obamacare rollout show that the federal civil service is overloaded not bloated. In order to make government smaller and better, he calls for the hiring of one million more federal civil servants by 2035 and the introduction of better performance management practices.



Everybody knows that the U.S. federal government has gotten a lot bigger in the past half century. Each year now Washington spends five times what it spent in 1960, adjusted for inflation. Dozens of federal bureaucracies created after 1960, from the Environmental Protection Agency (1970) to the Department of Homeland Security (2002), dot the federal landscape.

And yet, when George W. Bush became president, the executive branch employed about 1.8 million civilians (not counting postal workers), or about the same number as when John F. Kennedy won the White House; and there were more federal bureaucrats (about 2.2 million) when Ronald Reagan won reelection in 1984 than when Barack Obama won reelection in 2012 (about 2 million).

How is this possible, when Washington is doing so much more? The answer is that the post-1960 American government has become a grotesque Leviathan by Proxy in which an expanding mass of state and local government workers, for-profit contractors, and nonprofit grant recipients administer a vast portion of federal money and responsibilities.

To wit: The federal government spends more than \$600 billion per year on more than 200 grant programs for state and local governments, a ten-fold increase, in constant dollars, since 1960. The post-1960 federal civilian workforce has remained steady, but the state and local government workforce has roughly tripled to more than 18 million. Many state workers function as de facto federal bureaucrats. The largest single item in most state budgets is the federal-state Medicaid program. More than 90 percent of Environmental Protection Agency (EPA) programs are administered by state and local agencies that together employ many times EPA's workforce of below 20,000.

The federal government also spends more than \$500 billion a year on contracts with for-profit firms. The Pentagon alone obligates more than \$300 billion a year to private contractors, much of it through more than 100,000 single-bid contracts. The contractors do everything from design and deliver major weapons systems to supply on-the-ground security forces. . The Department of Defense has roughly 800,000 civilian workers – plus the equivalent of some 700,000 full-time contract employees. The Department of Energy spends about 90 percent of its annual budget on private contractors, who handle everything from radioactive waste disposal to energy production.

The nonprofit sector has grown to encompass about 1.6 million organizations registered with the Internal Revenue Service plus thousands more tax-exempt groups that are not required to register. The registered nonprofits have more than \$2 trillion in annual revenues. Roughly a third of that money comes from government grants plus fees for services and goods from government sources.

These three federal government proxies—state and local governments, contractors, and nonprofits—often come

together on large federal programs. For instance, the American Recovery and Reinvestment Act of 2009 was a roughly \$800 billion “stimulus bill” that dedicated about \$250 billion to some 80,000 federal grants, contracts, or loans to state and local governments, for-profit businesses, and nonprofit groups.



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America’s Leviathan by Proxy consumes as large a share of the nation’s gross domestic product (more than a third) as many supposedly more statist European governments do. Yet, the U.S. government cannot predictably, reliably, and cost-effectively do what our laws dictate that it must, whether the task is cleaning up toxic waste sites, collecting income taxes, supplying eligible low-income children with meals in the summer, or getting major weapons systems delivered on time and within budget.

Leviathan by Proxy has had its well-publicized implosions. For instance, in 2005, we witnessed the Federal Emergency Management Agency’s (FEMA) failed response to Hurricane Katrina, which hit when FEMA had only about 2,100 employees and had recently lost many senior managers. In 2013, we lamented the lame launch of Obamacare health exchanges, which involved scores of contractors and was overseen by a federal center with fewer than 5,000 employees. Over the last two years, we’ve been sickened by the scandals at Veterans Affairs hospitals, whose so-called Contract Officer Representatives are too few to properly monitor what its medical centers’ small armies of contractors do.

But beyond such headline-grabbing meltdowns, Leviathan by Proxy routinely courts administrative debacles on chores as distinct as handling plutonium, approving pesticides, and containing forest fires. Worse, with little regard for performance and results, Washington’s proxies lobby for federal policies, programs and regulations that they are paid to administer. The proxies rarely lose, which is a big reason why government never stops growing.

Big government masquerading as state or local government, private enterprise, or civil society is still big government. And “privatization” that involves “acquisition workforce” bureaucrats contracting out work to entrenched interests is not really privatizing. The growth of this form of big government is harder to constrain, and its performance ills are harder to diagnose and fix, than they would be in a big government more directly administered by an adequate number of adequately trained federal bureaucrats.

Today’s federal civil service is overloaded, not bloated. We have too few federal bureaucrats monitoring too many federal grants and contracts, and handling too many dollars. Many federal agencies are already in crying need of more workers. By 2025, Social Security beneficiaries will exceed 85 million people, and the Social Security Administration (SSA) will disburse nearly \$1.8 trillion a year. But the SSA projects that it could lose a third of its workforce by 2020, when some 7,000 SSA headquarters and 24,000 SSA field employees become eligible for

retirement. Unfortunately, in recent years, due to a congressionally mandated hiring freeze, the SSA has been unable to fill positions left open by employee retirements.

Donald F. Kettl, the great public administration scholar at the University of Maryland, has been [warning](#) about these distortions of America's government for a quarter century now. As Kettl has argued, progressively fewer federal bureaucrats have been made responsible not for managing federal programs but for managing proxies who managed programs on government's behalf.

Paradoxical though it may sound, hiring more full-time federal bureaucrats will result in smaller and better government. Between now and 2035, we should hire about one million more federal civil servants while pruning proxies and instituting real federal performance-management practices. Over time, a bigger federal workforce will result in a less big and less bad federal government: Washington's policies and programs would become less beset by grant-seeking contract-mongering special interests, more faithfully executed by the executive branch, and less bollixed by reelection-obsessed congressional "leaders" in both parties and their dozens of dysfunctional administrative oversight committees and subcommittees.

Big Brother has gotten big and bad by unfettered outsourcing. The way to restore *limited* government is to roll back *leveraged* government. Of course, even if we hire and train a million more federal bureaucrats by 2035, Leviathan by Proxy is here to stay. But it can yet be tamed, trimmed, and improved. It is past time for we the people to understand it – and to accept our collective responsibility for it.

Here's hoping that in the 2016 election cycle we hear loud and clear from real leaders, including at least one presidential candidate in each party with the guts to run for, not from, Washington, broadcast with the whole truth about our debt-financed, hyper-outsourced big government, and advocate the need to expand and honor our federal public service.

This article is adapted from John J. Dilulio, Jr.'s recent book, [Bring Back the Bureaucrats](#) (Templeton Press, 2014).

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