

## **Chapter 2: What Government Does—And How It Does It**

### **Test Bank**

#### **Multiple Choice**

1. Which level of government concentrates the most on the direct delivery of services?

- a. local
- b. federal
- c. state
- d. international

Ans: A

2. Which level of government plays the intermediary role in the system's finances by, among other things, managing programs at one level of government and distributing aid to yet another level of government?

- a. local
- b. federal
- c. state
- d. international

Ans: C

3. The growth of transfer functions emphasizes that different kinds of governmental programs require different \_\_\_\_\_.

- a. hiring practices
- b. funds disbursement
- c. defense strategies
- d. administrative approaches

Ans: D

4. The use of third-party agents to deliver programs that the government funds is \_\_\_\_\_.

- a. government by proxy
- b. local government
- c. direct administration
- d. tax expenditures

Ans: A

5. Local governments generally have primary responsibility for funding all of the following EXCEPT \_\_\_\_\_.

- a. elementary education
- b. highways
- c. fire protection
- d. police protection

Ans: B

6. There has been a change in government tools in that the \_\_\_\_\_.

- a. use of indirect tools has increased
- b. use of direct tools has increased
- c. direct and indirect tools have both increased
- d. direct and indirect tools have both decreased

Ans: A

7. What can significantly expand government's power while expending relatively little money?

- a. tax expenditures
- b. contracting out of programs
- c. regulations
- d. loan programs

Ans: C

8. Recent federal government spending is \_\_\_\_\_.

- a. spread across many categories
- b. concentrated among a few categories
- c. primarily spent on foreign aid and defense
- d. focused on the direct delivery of services

Ans: B

9. Unlike federal spending, state spending patterns have \_\_\_\_\_.

- a. fluctuated
- b. increased
- c. decreased
- d. remained constant

Ans: D

10. When people think of public administration, it is usually about what?

- a. indirect administration
- b. direct administration
- c. administration through grants
- d. government by proxy

Ans: B

11. The federal tax deduction for mortgage interest and local property taxes is considered a \_\_\_\_\_.

- a. grant
- b. luxury tax
- c. tax expenditure
- d. revenue

Ans: C

12. In the last two presidential administrations, Bush and Obama, Americans' trust in their government has \_\_\_\_\_.

- a. risen

- b. declined
- c. stayed the same
- d. fluctuated

Ans: B

13. Direct government includes the provision of goods and services, whereas indirect government emphasizes all of the following EXCEPT \_\_\_\_\_.

- a. vouchers
- b. contracting out of government programs
- c. grants
- d. interest on the national debt

Ans: D

14. How are special-purpose governments funded?

- a. user fees and special tax authority
- b. state personal income taxes
- c. federal grants
- c. nonprofit contributions
- d. federal appropriations

Ans: A

15. When comparing federal, state, and local government, the job of government varies according to \_\_\_\_\_.

- a. size
- b. level
- c. budget
- d. growth

Ans: B

16. The federal government has primary responsibility for spending in all of the following areas EXCEPT \_\_\_\_\_.

- a. veterans' services
- b. defense
- c. space
- d. corrections

Ans: D

17. State governments have primary responsibility for funding all of the following services EXCEPT \_\_\_\_\_.

- a. protection of natural resources
- b. welfare
- c. higher education
- d. public safety inspections

Ans: A

18. Since the 1960s, the growth of government employees at the state and local level has \_\_\_\_\_.

- a. grown rapidly
- b. shrunk rapidly
- c. stayed the same
- d. not been measured

Ans: A

19. Who argues that different levels of government concentrate on different services?

- a. Kettl
- b. pollsters
- c. traditional scholars
- d. analysts

Ans: A

20. Which level of government spends the most on defense, space, and veterans' services?

- a. state government
- b. local government
- c. federal government
- d. county government

Ans: C

21. Which level of government spends the most on elementary and secondary education, and health and welfare?

- a. state government
- b. federal government
- c. local government
- d. federal agencies

Ans: C

22. Government by proxy includes all of the following tools EXCEPT \_\_\_\_\_.

- a. tax expenditures
- b. contracts
- c. loan programs
- d. regulations

Ans: A

23. What do governments provide as financial assistance to other levels of government for specific projects and programs?

- a. tax expenditures
- b. contracts
- c. regulations
- d. grants

Ans: D

24. Which of the following is an example of a tax expenditure of the federal government?

- a. mortgage interest tax deduction
- b. loan programs
- c. free programs
- d. off-budget entries

Ans: A

25. \_\_\_\_\_ use(s) private sector experts and outside organizations to do government work.

- a. Regulation administration
- b. Loan programs
- c. Contract administration
- d. Tax expenditures

Ans: C

26. Federal government loan programs are an example of what type of government program?

- a. virtually free
- b. non-existent
- c. entitlement
- d. decentralized

Ans: D

27. Since the 1950s, trust in government has \_\_\_\_\_.

- a. increased drastically
- b. sharply declined
- c. stayed about the same
- d. increased some

Ans: B

28. Regulation is considered to be an example of what type of tool of government action?

- a. direct
- b. indirect
- c. voucher
- d. public provision

Ans: B

29. The growth of transfer functions emphasizes that different kinds of governmental programs require what kind of administrative approaches?

- a. rigorous
- b. different
- c. the same
- d. overlapping

Ans: B

30. In the last four decades, federal spending on \_\_\_\_\_ has increased but spending on \_\_\_\_\_ has decreased.

- a. defense; interest on the national debt
- b. defense; entitlements
- c. entitlements; defense
- d. entitlements; domestic programs

Ans: C

31. According to the text, hospital care is primarily a \_\_\_\_\_ responsibility.

- a. federal
- b. state
- c. local
- d. mixed

Ans: D

32. Since the 1950s, the number of individual local governments has \_\_\_\_\_; most of these local governments are considered \_\_\_\_\_.

- a. decreased; towns
- b. increased; school districts
- c. increased; counties
- d. decreased; special districts

Ans: D

33. Since 1901, the absolute number of federal employees has grown from \_\_\_\_\_ to \_\_\_\_\_ in 2014.

- a. 231,000; 2.1 million
- b. 150,000; 1.8 million
- c. 231,000; 750,000
- d. 450,000; 2.1 million

Ans: A

34. According to the author, as of 2008, there were \_\_\_\_\_ contractors for every U.S. soldier supporting the United States in the Afghanistan War.

- a. 1.3
- b. 3
- c. 2.2
- d. 0

Ans: C

35. Local governments tend to focus on \_\_\_\_\_; state governments tend to focus on \_\_\_\_\_; and the federal government tends to focus on \_\_\_\_\_.

- a. human rights; tax collection; defense
- b. public protection; national security; goods and services
- c. informing the public; taxes; national security

d. goods and services; being the intermediary; national defense and the transfer function

Ans: D

36. Government by \_\_\_\_\_ uses third-party agents to deliver programs that the government funds.

- a. the people
- b. democracy
- c. proxy
- d. transfer

Ans: C

## True/False

1. Entitlements are programs that benefit those individuals whom legislation has defined as eligible.

Ans: T

2. Most people believe defense is the largest category of spending.

Ans: T

3. The federal budget describes what the government does and how it does it.

Ans: F

4. Over the last two decades, government has grown fastest at the state and local levels.

Ans: T

5. Most of the federal government's financial activity takes place through direct tools.

Ans: F

6. Red tape is generally considered a positive characteristic of public administration because it helps to ensure efficient execution of public provisions.

Ans: F

7. Public administration rarely involves the inclusion of contracts to oversee the carrying out of activities that produce the results that contractors produce. This is because contractors are the experts and do not require oversight.

Ans: F

8. Governments at each level perform the same basic tasks.

Ans: F

9. Government by proxy and transfer programs are synonymous.

Ans: F

10. Total government employment has grown in proportion to the growth of the population.

Ans: True

## Short Answer

1. How do states interact with other layers of government?

Ans: Answers will vary. As the middle layer in the government system, states play an intermediary role in the system's finances. They levy taxes to support state programs, such as highways, prisons, and higher education, yet they devote most of their fiscal energy to managing federal programs and distributing aid to local governments. In their banking role, states receive federal grants and administer them for projects ranging from highway construction and social services to Medicaid and welfare. Almost 30 percent of their spending, on average, goes toward distributing aid to local governments.

2. How are indirect tools of government different from direct tools of government?

Ans: Answers will vary. Most people think of direct administration when they think of public administration. Direct tools include the provision of goods and services (e.g., police and fire protection), income support (e.g., Social Security), and the payment of interest on the national debt. Yet, government has relied more on indirect tools over the last few decades. Indirect tools include the contracting out of government programs to nongovernmental partners, grants that encourage other levels of government to act in certain ways, and vouchers and loan programs.

3. How has government by proxy affected the U.S. government?

Ans: Answers will vary. The government-by-proxy phenomenon, or the use of third-party agents to deliver programs that the government funds, has exploded since World War II. Government has decreased its involvement as a direct provider of services and increased its capacity as an indirect provider. Services that were formerly offered directly by government are now being provided instead through contracts, intergovernmental grants, tax expenditures, and loan programs. Understanding these shifting responsibilities in governmental functions permits a better understanding of how government works and how it can work better.

4. Briefly describe how federal entitlement spending has grown since 1989.

Ans: Answers will vary. Federal entitlement spending has grown from 47 percent in 1986 to 69 percent of all federal government spending in 2015. Entitlement programs include Social Security and Medicare, are generally based on mandated formulas, and are rarely cut.

5. Briefly describe the purpose of special-purpose governments.

Ans: Answers will vary. Special-purpose governments are local governments that include school districts, airport authorities, and public service districts (to name a few). They generally have a narrow focus, are governed by any appointed or elected board, and are funded by a special taxing authority or through user fees.



6. Briefly describe the meaning of “administrative responsibility.”

Ans: Answers will vary. Administrators are accountable to elected officials, and by virtue of regular elections, to the people. Though the administrative state does not have the same accountability structure as perhaps a private firm (i.e., to the “bottom line”). But Kettl argues that it does have a bottom line: “In fact, government does have a bottom line: administrative responsibility, not only for administering programs efficiently but also for ensuring that both the process and its results are accountable to elected officials and, ultimately, to the people.”

7. Compared to other nations, how does American government spending compare?

Ans: Answers will vary. The United States is ranked near the bottom with Estonia, Russia, and Brazil. Countries such as Denmark, Sweden, Finland, and France spend approximately twice as much relative to their nation’s wealth.

## Essay

1. According to the text, the absolute number of federal employees has grown substantially in the last 100 years. Based on this absolute figure alone, is it reasonable to assume that the size of government also has exploded? Why or why not? If there is a better approach to measuring this, please explain.

Ans: Answers will vary. The number of employees has grown, true, but this number must be compared to the same growth in population. The number of employees has grown, but only in proportion to the growth of the population, and mostly at the state and local levels. Therefore, this probably is not a reasonable proxy for determining whether government also has grown. It would be appropriate to consider whether government has grown to serve special purposes that have accompanied the growth of the nation’s population.

2. The text includes a discussion about Christopher C. Hood’s comparison of public administration to a collection of tools. Briefly, what does Hood mean by this? What are the two distinct types of tools? Describe each and discuss a few specific examples of each in use.

Ans: Answers will vary. Hood describes public administration as a set of tools that can be operated by public administrators—just like carpentry tools. Administration affects citizens’ lives just as other tools do and for the same variety of reasons. Hood describes both: direct tools and indirect tools. Direct tools are direct services such as police and fire protection. Indirect tools include actions such as contracting out or perhaps awarding grants. Examples will vary by student.

3. What are federal loan programs and how have they recently grown?

Ans: Answers will vary. The federal government is a major provider of loans to groups such as students needing funding to attend colleges or universities and mortgage applicants. Lending programs originated in the Great Depression but grew significantly within the last forty years. Today, the federal government invests trillions in both loan guarantees and direct loans.

4. Provide detail about the trends in federal spending over the last four decades.

Ans: Answers will vary. The main trend in federal spending over the last four decades has been the growing dominance of a few categories within the budget. Defense spending, which declined from 48 percent in 1963 to 19 percent in 2009, and entitlement spending, which grew from 32 percent in 1963 to 65 percent in 2009, are the two largest categories of federal spending. These categories and interest on the national debt account for 89 percent of all federal spending. As a result, a large part of the federal budget goes to writing checks for entitlement programs and interest on the debt. Only a small share of federal employees manage these government programs.

5. Discuss the meaning of government by proxy and provide two examples. Then discuss examples of when you believe that this device is appropriate and when it is not.

Ans: Answers will vary. Kettl defines *government by proxy* as “the use of third-party agents to deliver programs that the government funds.” Examples listed by students could include private sector weapons manufacturing for the Department of Defense, prison administration, garbage collection, water sanitation, and mental health services. Students may argue in their response that certain governmental activities (i.e., inherently governmental) should only be carried by government actors (e.g., military operations, prison administration). On the other hand, activities such as trash removal and payroll services can be carried through contracts because the service is likely less controversial and less likely to impact human liberty.

6. Discuss the how various levels of government generally have primary responsibility over specific public services, what this means, and provide examples of each. Do you think that primary responsibilities should be interchangeable? Why or why not?

Ans: Answers will vary. Student responses should mention that primary responsibility means that at least 50 percent of the direct government spending for the function of government comes from that particular level. Examples can include any of those found in Table 2.3 (Concentration of Government Spending). Final portion of response is entirely subjective and should vary from student to student.

7. What are government contracts? Are government contracts on the rise or decline?

Ans: Answers will vary. The government has always relied on contracting out its services and responsibilities to third parties or outside organizations. Contracts are agreements between government administrators and private parties to provide a specific service for a fee within a given period of time. Since World War II, the use of contracts has been on the rise. For example, at the end of 2008, to support Department of Defense activities, there were 2.2 contractors for every U.S. soldier. Contracting can help drive down the cost of providing government services and can provide the government with flexibility to hire as needed, but this practice also presents unique management challenges to public administrators.