

What Is a Bureaucracy?

Hierarchical authority. Bureaucracies are based on a pyramid structure with a chain of command running from top to bottom.

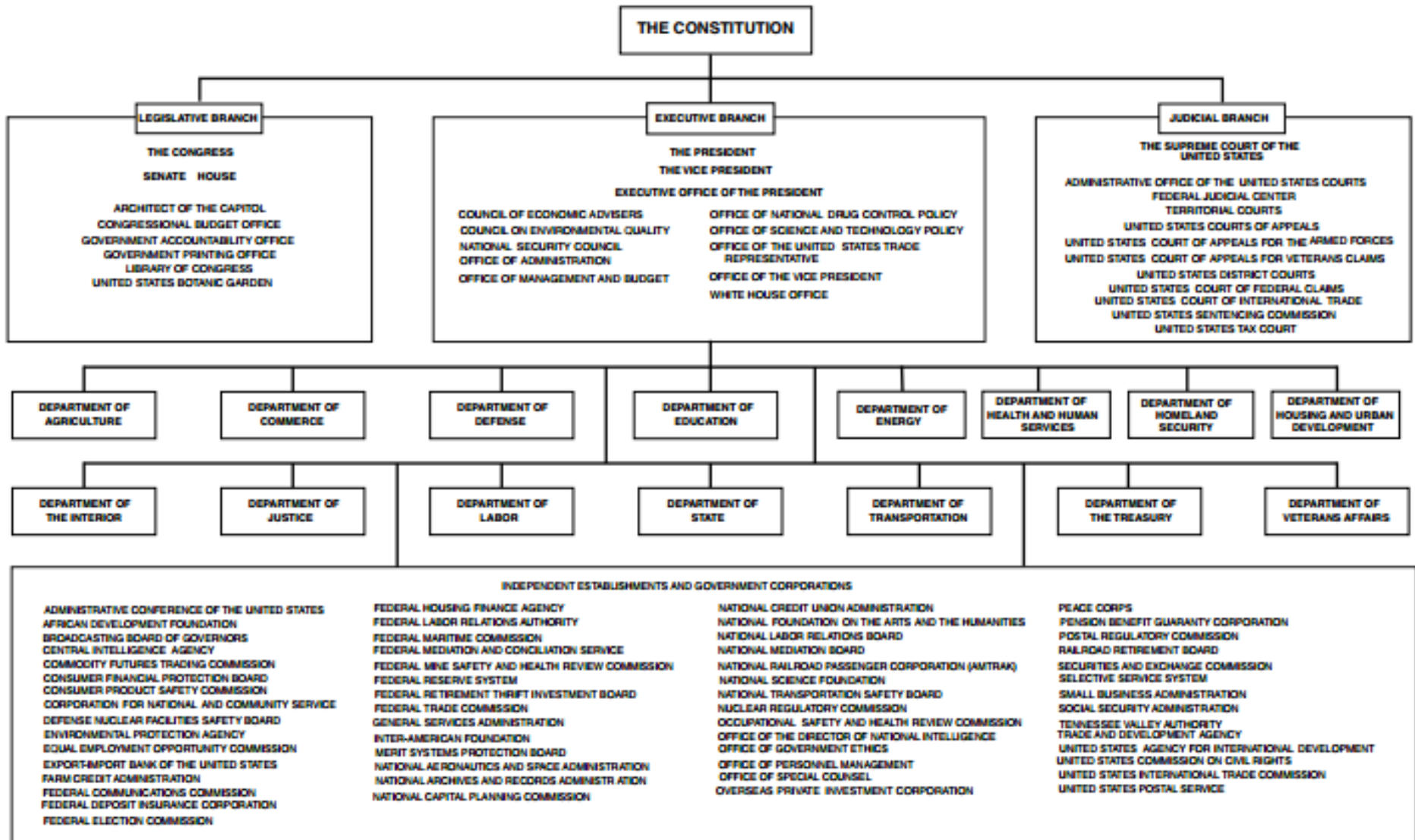
Job specialization. Each **bureaucrat**, or person who works for the organization, has certain defined duties and responsibilities.

Formalized rules. The bureaucracy does its work according to a set of established regulations and procedures.

The Federal Bureaucracy

- 2.6 million employees
- 500 Agencies
- Why has it grown so large?

THE GOVERNMENT OF THE UNITED STATES



The Three types of Federal Bureaucracy

- The **Executive Office of the President** (the EOP) is an umbrella agency of separate agencies. Advisors in these agencies are the president's closest advisors. (National Security Agency, Office of Homeland Security)
- The **executive cabinet departments**, often called the Cabinet departments, are the traditional units of federal administration and typically have corresponding standing committees in Congress that oversee them. (State, Defense, Agriculture...)
- The **independent executive agencies** do not have Cabinet status and are somewhat protected from political pressure and influence. (Federal Trade Commission, Federal Communications Commission, SEC)

Why Independent Agencies?

The **independent agencies** are created by Congress and located outside the executive departments.

Independent agencies have been formed for numerous reasons, including:

- being assigned a task or function that does not fit well within the existing departmental structure;
- protecting the agency's purposes from the influence of both partisan and pressure politics;
- being created outside the departmental structure by accident.



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Independent Regulatory Commissions

- The **independent regulatory commissions** stand out among the independent agencies because they are largely beyond the reach of presidential direction and control.
- Term length of members and staggering of member appointments keep these commissions from falling under control of one party.
- The regulatory commissions are **quasi-legislative** and **quasi-judicial**, meaning that Congress has given them certain legislative-like and judicial-like powers.



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The Government Corporations

- **Government corporations** are also within the executive branch and subject to the President's direction and control.
- Government corporations were established by Congress to carry out certain business-like activities.
- There are now over 50 government corporations, including the U.S. Postal Service, Amtrak, and the Tennessee Valley Authority.



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Independent Agencies

- * Advisory Council on Historic Preservation
- * African Development Foundation
- * AMTRAK (National Railroad Passenger Corporation)
- * Central Intelligence Agency (CIA)
- * Commission on Civil Rights
- * Commodity Futures Trading Commission
- * **Consumer Product Safety Commission (CPSC)**
- * Corporation for National and Community Service
- * Court Services and Offender Supervision Agency for the District of Columbia
- * Defense Nuclear Facilities Safety Board
- * Election Assistance Commission
- * **Environmental Protection Agency (EPA)**
- * **Equal Employment Opportunity Commission (EEOC)**
- * Export-Import Bank of the United States
- * Farm Credit Administration
- * **Federal Communications Commission (FCC)**
- * Federal Deposit Insurance Corporation (FDIC)
- * **Federal Election Commission (FEC)**
- * Federal Housing Finance Board
- * Federal Labor Relations Authority
- * Federal Maritime Commission
- * Federal Mediation and Conciliation Service
- * Federal Mine Safety and Health Review Commission
- * Federal Reserve System
- * Federal Retirement Thrift Investment Board
- * **Federal Trade Commission (FTC)**
- * General Services Administration (GSA)
- * Institute of Museum and Library Services
- * Inter-American Foundation
- * International Broadcasting Bureau (IBB)
- * Merit Systems Protection Board
- * National Aeronautics and Space Administration (NASA)
- * National Archives and Records Administration (NARA)
- * National Capital Planning Commission
- * National Council on Disability
- * National Credit Union Administration (NCUA)
- * National Endowment for the Arts
- * National Endowment for the Humanities
- * National Labor Relations Board (NLRB)
- * National Mediation Board
- * National Railroad Passenger Corporation (AMTRAK)
- * National Science Foundation (NSF)
- * National Transportation Safety Board
- * Nuclear Regulatory Commission (NRC)
- * Occupational Safety and Health Review Commission
- * Office of Compliance
- * Office of Government Ethics
- * Office of Personnel Management
- * Office of Special Counsel
- * Office of the National Counterintelligence Executive
- * Overseas Private Investment Corporation
- * Panama Canal Commission
- * Peace Corps
- * Pension Benefit Guaranty Corporation
- * Postal Regulatory Commission
- * Railroad Retirement Board
- * **Securities and Exchange Commission (SEC)**
- * Selective Service System
- * Small Business Administration (SBA)
- * Social Security Administration (SSA)
- * Tennessee Valley Authority
- * U.S. Trade and Development Agency
- * United States Agency for International Development
- * United States International Trade Commission
- * United States Postal Service (USPS)

The Budget

Creating the Federal Budget

Federal agencies send their money requests to the Office of Management and Budget (OMB).

The OMB reviews agency requests and melds them into the President's budget. In January or February, the President sends his budget to Congress.

Congress reviews budget, enacts several appropriations measures.

The President signs funding measures.

OR

The President vetoes one or more funding measures. If Congress cannot get a $\frac{2}{3}$ majority to override veto, Congress and the President must reach a compromise to resolve the dispute(s).

Federal Spending

Spending by the Federal Government accounts for billions of dollars and has effects on the economy as a whole.

Spending Priorities

- **Entitlements** are benefits that federal law says must be paid to all those who meet the eligibility requirements. Entitlements are the largest sector of government spending.
- Interest on the public debt has grown to be the second largest category of federal spending.
- Outlays for defense spending account for another large section of the federal budget.



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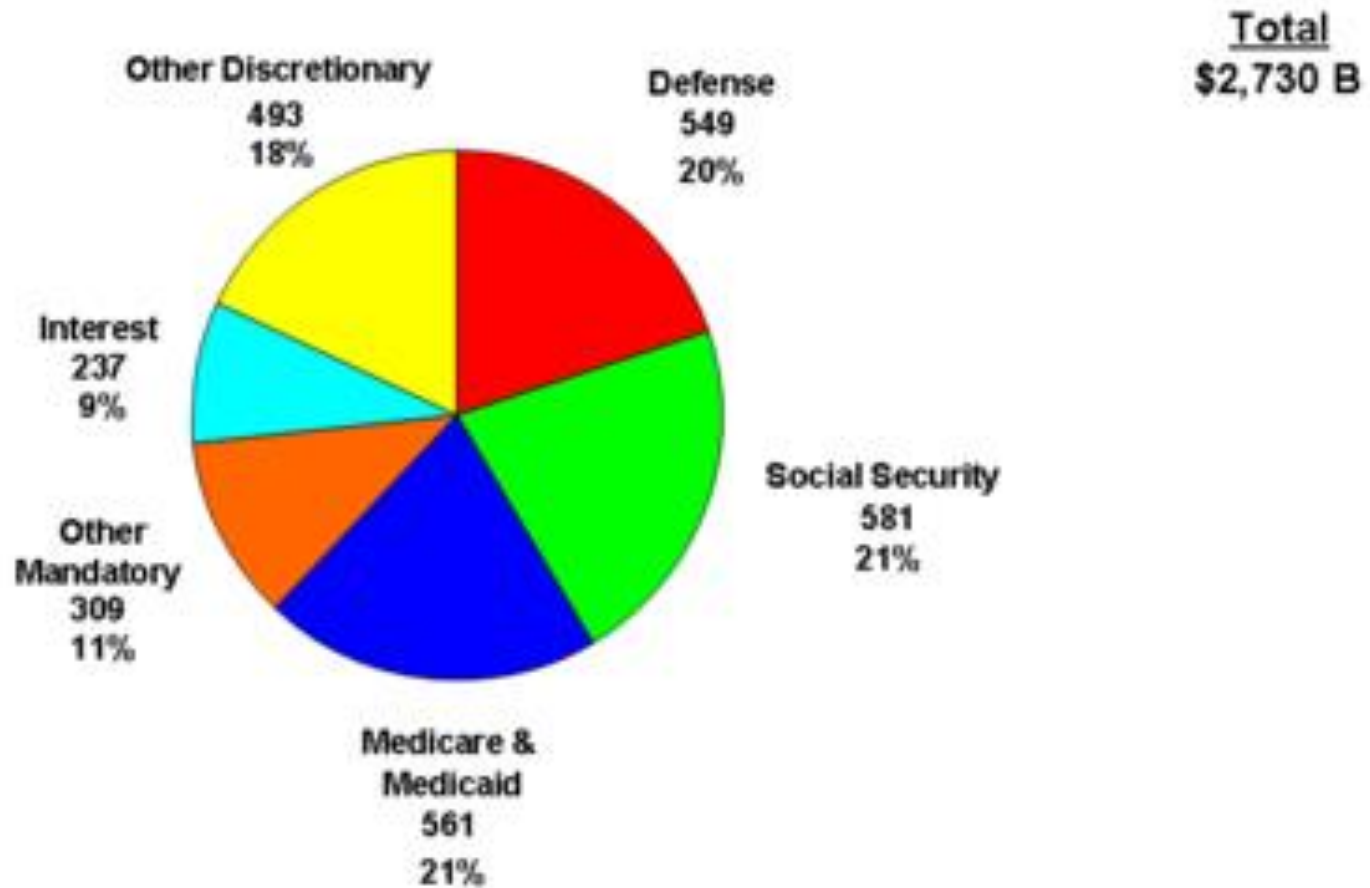
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U.S. Federal Spending – Fiscal Year 2007 (\$ Billion)



Source: *Budget of the United States Government FY 2009*

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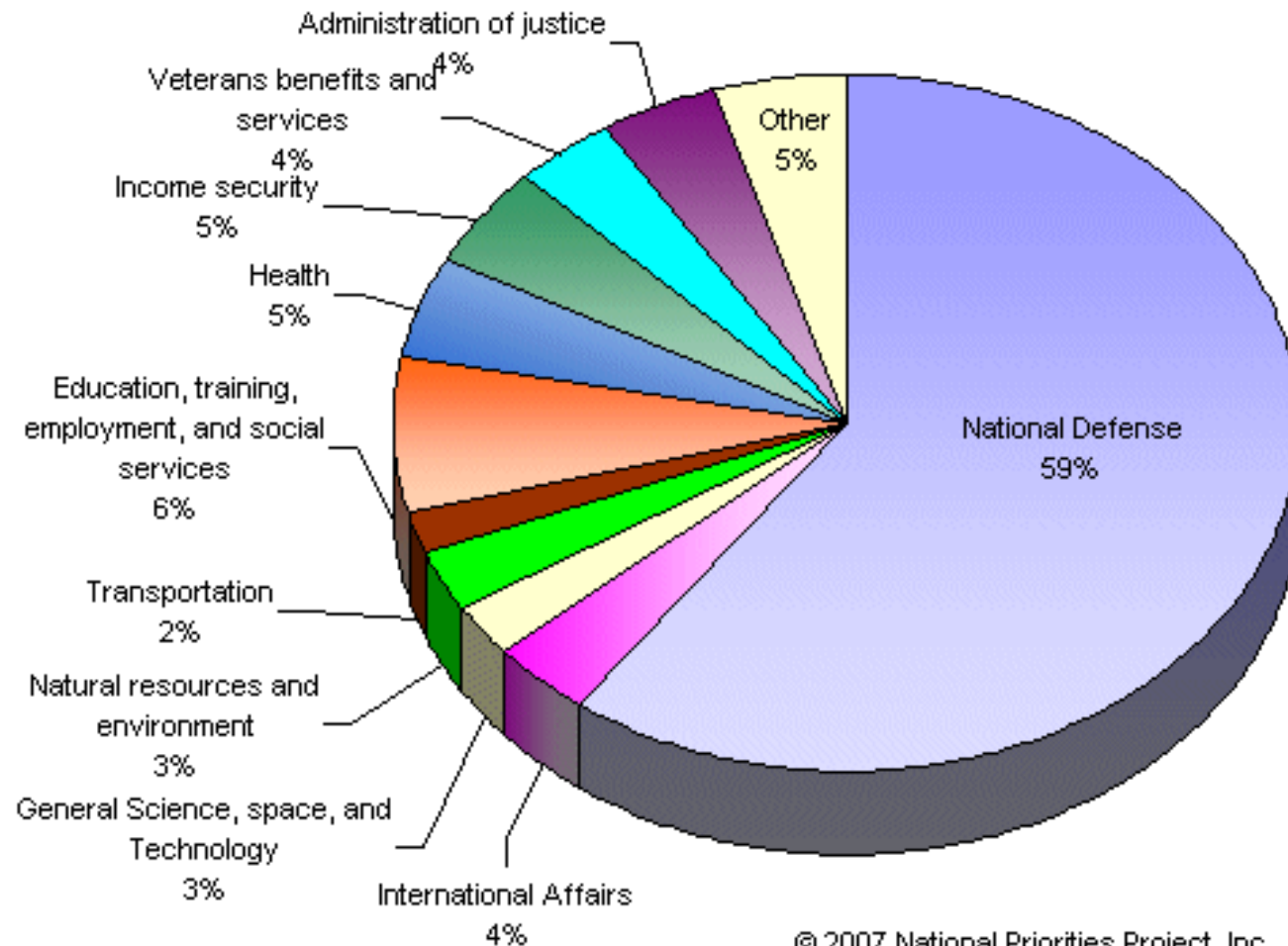
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Proposed Federal Discretionary Budget, FY2008



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History of the Securities and Exchange Commission

Created as a response to the market collapse in 1929, the SEC has a long and varied [history](#).

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