

Barnacles

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Abstract

Growing bureaucracy in government organizations and academic institutions has driven costs through the roof. The individuals who benefit in this environment are the managers of these bureaucracies – the members of Congress on the federal level and the administrators inside Universities. Life is great for the chosen ones. They are barnacles of the system driving up costs of their organizations that are paid for by average citizens and students seeking higher education.

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Bureaucrats – Barnacles

Bureaucracies have grown incredibly in both government and education over the years as extra staff as well as the number of administrators and their power are ever increasing. The growth in these bureaucracies has the same impact as barnacles on the hull of a ship. Barnacles attach themselves to the ship and slow it down and reduce efficiency just as bureaucrats or administrators operate inside government organizations or Universities. The U.S. Naval Academy estimates that barnacles create enough hull-drag to increase the Navy's petroleum bill by about \$250 million every year. This is the same way that bureaucrats or bureaucracies in government organizations and in academic institutions operate.

A bureaucracy is a large organization that uses a particular system that is characterized by a hierarchy of authority, a division of duties, strict rules of operation and documentation of actions performed. Bureaucracies are most often associated with governments, but any large entity, such as corporations or educational institutions, can be bureaucratic in nature. This type of system produces negative characteristics such as excessive and unnecessary regulation, inefficiencies and waste, by creating positions and increasing the wages and power of those in charge within the bureaucracy [1].

Government

The Federal is the premier bureaucracy of all government organizations. The Government Accountability Office (GAO) auditors found hundreds of billions of tax dollars that have either been stolen or wasted or spent inefficiently due to duplication of various government programs in 2013. Some of the Federal government waste that is singled out by the GAO include the following [2].

The FDA, the National Marine Fisheries Service and the Food Safety and Inspection Service overcharged the government by \$14 million in 2013 through running overlapping programs to inspect catfish. An amazing 159 contracting organizations in 10 different Defense Department sub-agencies provide foreign language support to the Pentagon. By eliminating the duplication of contracting organizations to the 10 different Defense Department sub-agencies would save between \$50 and \$200 million.

The Department of Homeland Security in 2011 spent \$568 million for research and development before checking if the areas of studies had research projects in progress already. There are 76 programs to prevent or treat drug abuse, spread across 15 agencies and costing \$4.5 billion in 2012. In 2013 the departments of Defense and Veterans

Affairs wasted \$102 billion because they didn't have computer systems that could share medical records of soldiers when they leave active duty.

The federal government is responsible for running 679 separate programs in 23 agencies supporting renewable energy initiatives, costing \$15 billion in 2011. That is in addition to the \$1 trillion spent on loan guarantees for companies like the solar-energy firm Solyndra, which went bankrupt in 2011 with \$535 million in debt. Overall, the GAO found at least 162 kinds of spending duplication across all the federal government agencies in its study.

There are a massive number of bureaucrats in the government to oversee these programs. Government jobs have been increasing for years along with increases in the compensation for these jobs. Government jobs, including federal, state and local government jobs, have increased 23.6% since 1988. Pay to federal employee has increased dramatically, rising 47% between 2000 and 2009. During the same period private sector jobs rose only 29% [3].

Federal employees earn higher average salaries as well. In 2012, federal employee compensation averaged 74% more than private sector employees - \$114,976 compared to \$65,917 [4]. In addition, the attrition rate for federal jobs is only 25% of that for private sector jobs. And the rate of layoffs and discharges in the federal workforce is just a quarter of the rate in the private sector, according to data from the U.S. Bureau of Labor Statistics.

Evidence of the irresponsible spending by the country's self-interested legislators is evident in the budget deficits of our federal government each year. Table 1 contains the annual federal government budget deficits from 2005 to 2013. Every year was a deficit ranging from a deficit of \$318 billion to \$1.413 trillion. The National debt is almost \$18 trillion. The Federal Reserve has implemented the QE program (Quantitative Easing) to keep interest rates very low. But when rates rise and the federal government continues creating endless debt, paying just the interest may become an insurmountable problem.

Why would our legislators adopt repetitive programs and hire

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2013	\$680 billion
2012	\$1,087 billion
2011	\$1,300 billion
2010	\$1,294 billion
2009	\$1,413 billion
2008	\$458 billion
2007	\$161 billion
2006	\$248 billion
2005	\$318 billion

Table 1: Deficits year by year.

employees for them that force the public to take on debt that can never be repaid? It is probably because they can. They are barnacles to our system. Life is great for them as they give away resources without consequence and bring pork to their constituents without regard for the long run health of our country as they are re-elective term after term.

These bureaucrats give lip service to reducing the size of government, cutting government spending, and forcing government workers to take pay freezes and furloughs, but always manage to leave themselves exempt from such activity. And most of the perks and pay raises they give themselves go unknown to the American people. Even the media tends to not report the increase in pay and perks our representatives give themselves.

Some of these perks include a free use of a car and free parking, along with free flights almost anywhere. They get a free month of vacation (August) and a free membership to a top-scale gym in addition to access to the work out facility inside the Capitol. They are spending taxpayer dollars on themselves instead of funding the actual government. They also receive excellent retirement benefits. They get a 401k and a pension that pays 44% of their salaries. Even their spouses can get benefits once the member of Congress dies. This doesn't include any perks extended to the representatives by lobbyists or the advantage they have when investing their money. They are allowed (from their own legislation) to invest and trade using inside information. They are truly barnacles of a bureaucratic system. They are not forced to play by the same rules as ordinary Americans even though they are supposed to be doing the job of representing us [5].

Our legislators take on the role of barnacles. Attach themselves to the system, live large while making it inefficient. They run deficits without concern for the cost or structure of the many programs they roll out.

Solutions to Government Waste

There are viable solutions offered to balance the federal budget and set the government on a fiscally responsible path. The One Cent Solution is one of them. It is based on the premise that if the government cuts one cent out of every dollar of its total spending (excluding interest payments) each year for five years, and then caps overall federal spending at 18% of national income from then on, it will reduce federal spending by \$7.5 trillion over 10 years and balance the budget by 2019.

Under the One Cent plan, the sum of all discretionary and entitlement spending will have to go down from one year to the next, by 1% or more. Presently, the sum of all discretionary and entitlement spending will increase automatically by about 7%. What's wrong with this picture?

Simpson Bowles Plan was serious attempt to restore fiscal sanity inside the federal government. There are five components to the plan:

1. Tighten and Strengthen Discretionary Spending which could have balanced the budget by 2019.

2. Reform Federal Health Spending by gradually raising the age for Medicare and moved to reduce fraud, abuse, and overpayments at all levels of the health care system.

3. Identify Additional Spending Cuts to reduce various government subsidies, cut spending on low priority programs, modernize the military and civilian health and retirement systems, improve the financial state of the postal service and Pell Grant program.

4. Enact Comprehensive Tax Reform which would dramatically reduce tax rates and improve overall simplicity in the way taxes are levied

5. Implement Government-Wide Reforms to reduce waste, fraud, and abuse and more accurately measure inflation within the budget and tax code while providing new protections for low-income individuals and the oldest beneficiaries [6].

The Simpson-Bowles Plan was offered to the President and Congress but was never implemented. I imagine the thinking of our legislature about the plan was how could such a plan improve their lives, these barnacles of the system? Apparently not enough to allow this well thought out plan to be considered by them.

Academic Bureaucracy

The same bureaucracy build-up is found in education as well. The cost of a college degree in the USA has increased by 12 times over the last 30 years. Bloomberg published a study that shows the rate of increase in college costs is four times faster than the increase in the consumer price index during the same 30 years. To pay for this bureaucracy student loan debt has grown to a staggering \$1 trillion.

The faculty to student ratio has remained close to the same from the years 1975 and 2005 at around 15 to 16 students per instructor. But this ratio changed dramatically for the same period when it comes to administrators and staff to students. Colleges in the United States had one administrator position for every 84 students and one professional staff, admissions officer, and information technology specialist for every 50 students in 1975. Then by 2005, the administrator to student ratio fell to one administrator for every 68 students while the ratio of staff to students declined to one for every 21 students [7].

This is further illustrated when growth in academic bureaucracy is compared to growth in the number of students attending college. Full time faculty increased slightly more than 50% during the period 1975 through 2005 which is about equal to the growth in student enrollments. But during this same span of time the number of administrators rose 85% and administrative staff increased 240%.

This idea of an explosion in bureaucracy in academics is supported in a study published in 2010 by the Delta Cost Project. The study found between 1998 and 2008 US private colleges increased spending on teaching instruction by 22% but at the same time spending on administration and staff increased by 36%.

In the past faculty members rotated as administrators but now the university administrators are full time and the position as manager is valued as a destination job. And the pay for management positions in academics is much higher than pay for teaching faculty. It looks as though many of these career academic managers think promoting teaching and research is less important than expanding academic bureaucracy.

Conclusion

Growing bureaucracy in government organizations and academic institutions has driven costs through the roof. The ones who benefit from this are the managers of these bureaucracies – the members of Congress on the federal level and the administrators inside Universities. Life is great for these chosen ones, the barnacles of the system, but the cost for this inefficiency is borne by the average citizen and by students seeking higher education.

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