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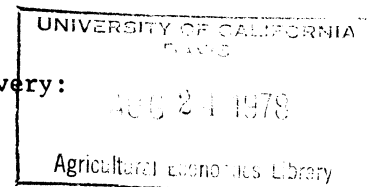
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The Incremental Nature of Public Service Delivery:

Implications for Rural Areas

Lonnie L. Jones and Steve H. Murdock



Provision of public services involves a number of complex economic, social and political factors that have long been of interest to social scientists (Rogers and Whiting). These have become areas of renewed interest due to repercussions from the recent "tax revolt" and public referenda related to tax and service limitations. For rural areas, the implications of these events for public service delivery are difficult to discern because of such inherent characteristics as low population density, low levels of need awareness and ineffective community leadership.

In general, economists have viewed the delivery of public services as a resource using activity aimed at enhancing public welfare and have used analytical models for public service delivery similar to those used in private sector analyses. Although this perspective has been useful in some respects, as Barkley points out, economists have limited success in explaining patterns of public service delivery. This lack of success, he maintains, is due in part to a rather poor definition of the concept of public good, but even more so to the fact that the financial and other arrangements involved are the result of the interaction of a complex set of factors, many of which are not included in standard economic analyses.

Public services are provided largely outside private market mechanisms. Rather than being determined by price, their levels are a function of a complex interaction of the interest of numerous groups of individuals, associations, elected officials and public agencies. Prices are not determined by the market; consumers rarely pay according to their level of consumption;

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and prices often do not allow for recovery of fixed costs and may not even cover variable costs. Services may be purposely made available at less than direct user cost to encourage consumption and thereby promote such goods as increased educational attainment and the maintenance of physical health in the general population. The standard models for public service delivery clearly need supplementation.

### A Model of Public Service Decisionmaking

This paper suggests a decision model that views public service provision as taking place in a system (Buckley) composed of three major sub-systems, each of which possesses a unique set of rewards and which together interact to determine the decisions surrounding public services. These components are (1) consumers--those who pay for the services, (2) elected officials--those who allocate public revenues and (3) public agencies and bureaucracies--those that deliver public services and receive public revenues. The paper's intent is to draw together several divergent bodies of literature bearing on public decision making and to suggest implications for service delivery in rural areas.

To predict the net effects that result for the public service system as a whole, the composition of each subgroup, its relevant rewards, the mechanisms available for maximizing rewards and the ways in which subgroups interact must be delineated.

### Service Consumers and Special Interest Groups

This model views individuals as concerned with their self interest in public services consumption. It recognizes that single individuals can do little to directly influence the outcomes of service delivery. Decisions as to what, how, when and where services will be produced are collective

decisions. It is often taken for granted in public services research that communities, large or small, have common interests and can be expected to further those common interests as a group (Hildreth and Schaller). On the contrary, Olsen's reasoning demonstrates that such "community interest" exists rarely and is generally inconsequential as a source of influence. Collective decisions follow not from the expression of some common goal of the community but rather from the expression of numerous goals of small, special interest groups (pp. 126).

It is a combination of the desire of individuals to maximize benefits from public services relative to costs and their inability to individually have a significant effect on the outcome of collective decisions that provide incentives for the formation of groups with mutual interest. The central goal of such special interest groups is to influence the public to provide a bundle of services from which the individuals within the interest group receive benefits in excess of costs.<sup>1</sup> This outcome is possible since public service benefits may be specific to the group while costs (taxes) to support production are distributed over all taxpayers. Individuals, other interest groups or the community at large cannot be expected to counterbalance the influence of small, active special interest groups (Olsen).

#### Elected Officials

In his capacity as the legal decisionmaker on the size and distribution of the community budget, the elected official is positioned between the public service consumer and the supplier. He serves as a broker of services in the decision process. The elected official cannot retain profits from his actions. Nevertheless, he may be expected to attempt to maximize those benefits that he can appropriate from the system--the political support of his constituency and the prestige and community influence associated with public office.

Since the elected official attempts to maximize political support in the process of providing services and extracting taxes, he must view his constituency in two ways--as service consumers and as taxpayers. He may perceive that he is rewarded greater political support from service consumers for additional services. On the other hand, he perceives that his political support is a decreasing function of the level of tax payments that must be made to pay for the services. Hence, he must strive for some optimum position of service delivery and taxation which will maximize his political support within these constraints, or at least ensure sufficient support to remain in office.

Astute politicians (those most likely to retain office over time) will recognize that their constituency is not a homogenous group with respect to the benefits received, taxes paid or willingness to yield political support for all public programs. That citizens respond politically to differences in benefits and costs is an important consideration of the politician. Rather than attempt to assess the demand for all services and all citizens, it is likely that the politician will willingly enter into coalitions with special interest groups, offering delivery of public services from which the groups benefit most in exchange for their political support. The creation of such coalitions both reduces the complexity of the politician's task in assessing demand for services and increases his chances of continuation in office.

There is also a strong incentive for the elected official to form coalitions with bureaucrats since his ability to deliver public services depends upon the willingness of the bureaucratic managers of these agencies to respond to requests for additional services. The quid-pro-quo of this coalition is the offer by the politician to support the budget submissions from the agency in exchange for a satisfactory supply of public services requested. The

benefit to the politician in the exchange is the creation of an image of political effectiveness in the eyes of the interest group demanding the services.

Elected officials bear political, rather than financial, risks for their expenditure decisions. If power over resource allocation and service distribution is valued for its potential to command votes, then the community supply curve of political support is not the simple summation of individual supply curves. The politician must account for power differentials within the community and actively pursue stable coalitions to ensure continued support. This may lead to a conflict between the will to economize on public expenditures, on the one hand, and the need for political support on the other. Implied is the trade-off between political survival and government efficiency.

#### Public Agencies and Bureaucracies

Public service agencies are closely linked to the two groups discussed above. These agencies are created by public officials to serve the needs of service user groups and are ultimately dependent on the public and its elected officials. This dependence, however, is less pervasive than sometimes thought since the agency evolves an existence and a set of rewards quite separate from the entities that created it. This is often referred to as bureaucratization, a process that is well documented in social science literature. It consists of the progressive independence of the agency from its originator and the establishment of a set of internal goals and rewards for its members (Blau, 1956; Weber; Selznick). As an agency approaches bureaucratic maturity, overall maintenance of the agency and one's role within the agency becomes a primary goal, in substitution for the public goals that brought it into existence (Stockfish). Thus, to the extent that the goals and rewards for the agency depart from those of its originating group, the bureaucracy performs in a manner quite different from that intended (Selznick).

For a public service agency and its personnel the standard goals of a business organization are not relevant. The public agency does not earn a profit, and its employees do not necessarily receive higher salaries based on efficiency (Niskanen). In fact, salary differentials are often slight and other rewards may become as important as monetary gains. Such alternative rewards as security, public prestige and power within the public service system as well as increased salaries tend to increase as one's relative position within the agency increases and as agency size and power increase.<sup>2</sup>

The mechanisms involved in maintaining the relevant rewards of increased security, public prestige and power consist of factors aimed at agency control. Foremost among these control mechanisms are (1) increased consolidation of expertise within the agency, (2) control of information by the agency and (3) the ability of the agency to make its maintenance valuable to closely associated outside groups (Weber, Stockfish).

The first two of these mechanisms are engendered by the processes which create most agencies. This creation results from the fact that community needs arise that are met neither by private firms nor by citizen volunteers. Professionals are developed to deal with the need. Consolidation of these professionals within an agency or bureaucracy leads to increasing monopoly of information concerning the need area. As this process continues, the dependency of the public on the agency for expertise and information increases as does the agency's ability to control circumstances surrounding the need area (Selznick).

The agency's control of its own destiny is also increased by its ability to make its continued growth and maintenance valuable to a variety of outside groups. Although the most obvious of these groups are the service users specified by the mandate that created it, the agency uses several means to

extend its influence beyond its target group (Van Es). Among the ways of increasing interest in its maintenance is the creation of numerous citizen participation groups whose expressed purpose is to guide the agency but who in fact tend to be co-opted by the prestige and, in some cases, by monetary rewards. As Van Es notes, "Citizen participation...is usually sponsored by the bureaucratic organization. The bureaucracy tends to initiate the process, define its purpose, and set its boundaries" (pp. 86).

In sum, then, the public agency as a bureaucracy tends to develop goals and rewards that may differ from its intended purpose. Pursuit of these rewards leads to increased agency size and resource needs and to the use of various mechanisms for controlling the system and thereby ensuring the continuation of the relevant rewards. Public service agencies, are, therefore, active participants, not merely reactants, in the decision process. As such, they are a public corollary to Galbraith's conception of the corporate technocrat (pp. 129).

#### Group Interaction and System Effects

While these three groups of the total public service delivery system pursue sets of internal goals, their interaction determines the overall level and distribution of public services at a given place and point in time. The process entailed in this determination is best described as one of incrementalistic exchange (Blau, 1964; Homans). That is, in order for the participants in each group to achieve their respective goals, it is essential that each exchange something with the other and this has normally resulted in progressive increments of rewards within the system.

The elements of the exchange consist of public interest groups trading political support with elected officials for increased services, the elected official exchanging funding and other support with the bureaucracy for the



provision of services to his supporting interest groups, and the bureaucracy exchanging the range, types and extent of the services to interest groups and elected officials in exchange for increased budgets, agency responsibilities and the prestige and power these entail for agency personnel. In such a system each group's relevant rewards are achieved.

The historical pattern of incrementalism is a function of the need for system stability. That is, the subsystems need to continually reinforce their interdependencies (Homans). New interest groups arise which demand increased services from their elected officials in exchange for continued or increased political support. Such services are provided as elected officials allocate increases to agency budgets. In addition, even when service demands are not increasing, the maintenance of "good will" within the system often requires at least marginal increases in agency budgets. The result of these processes perpetuated over time is an ever expanding number and range of services and increasing public service budgets.<sup>3</sup>

#### Implications for Public Service Delivery

##### The Public Service Crisis

The current crisis in public services resulting from the "tax revolt" and public referenda on tax and service limitations can be explained by several aspects of the proposed model. One possible explanation is that through time the public service system has become unacceptably inefficient to warrant continued support by interest groups or the general public. That is, overall cost of public services and the costs for the individual as a member of the general public have exceeded the benefits that he obtains as a member of an interest group or groups. That this may have occurred in some cases is suggested by the fact that a large percentage of public employees voted for Proposition 13. Perhaps they perceived its overall general benefits to

exceed those presently received by them as public employees. The likelihood of such inefficiency occurring is suggested by Stockfish and can be seen as a result of the incremental process delineated above and the growth of interest groups within a period of rapid inflation.

Alternatively, one might suggest that the interest group rising in support of the tax revolt--the middle class taxpayer--is one which historically has been poorly organized, whose needs and members are difficult to identify, and as such has been difficult for the system to co-opt. In this case, the concern may be less with inefficiency of government than with the distribution of public service benefits and its income equity implications. The emergence of a well-organized, middle income taxpayer interest group may be expected to provide impetus to alter the distribution of benefits and costs, but it will not necessarily result in a more efficient public service delivery system.

Each of these alternatives appears plausible, and in any given locale either or both may explain much of the discontent with the public service system.<sup>4</sup> In either case, the decision model developed in this paper suggests a pervasive ability of the public service system to move from current disequilibrium and reestablish itself by realignments of public agencies, politicians and special interest groups. Unless the relevant rewards of the system are altered, the structure of new alliances will reflect the relative strengths and incentives of each group's members. Reduced costs of public services or more equitable distribution of benefits may be expected to occur only by coincidence and not by design.

#### Consequences for Rural Areas

These predictions suggest that the present crisis may have especially deleterious effects on service provision in rural areas. The present system with its wide range of federally mandated public services has recently begun

to implement service delivery in rural areas. Many of these services have been provided as spillovers from programs initiated for urban constituencies and bureaucratically expanded to rural areas by the incremental process. This has resulted in subsidies for some services such as medical, education, highway construction and utilities (Jones and Gessaman; Day; Mulhbrier). The new tax and service limitation proposals tend to stress the localization of service costs. If enacted widely, these would tend to affect rural areas disproportionately by reducing support for available services.

Even if service costs are not localized, public service support problems for rural areas are implied in a realignment of the system that is dictated by the interaction of public agencies, elected officials and interest groups. As implied earlier, creation of interest groups is an essential first step in public service provision. Their creation and effectiveness are largely functions of service need awareness, effective leadership and cohesive memberships. Rural areas have historically had low levels of service need awareness (Murdock and Schrinier; Jones and Morgan), less able leadership (Simon and Gagnon), and, of course, a small and scattered population. Even with patterns of renewed nonmetropolitan growth (Beale), it appears unlikely that these factors can be overcome readily. Just as these characteristics have tended to delay improvement of rural services in the past, they likely will result in slower development of rural interest groups compared to those in urban areas. Although rural-dominated legislatures in some states may help to alleviate these problems, it would appear that rural communities may experience interim losses in the range and quality of services unless they move more aggressively than in the past.

### Conclusion

The model of public service delivery suggested here needs both further

refinement and careful empirical analysis. It suggests that an understanding of public service delivery systems requires a perspective that combines basic premises of economics with those of sociology and political science and emphasizes microanalysis of group behavior within the larger public service system. It is also a relatively pessimistic model, suggesting that the overall public interest is usually sacrificed to the more immediate rewards to be gained within its various subsystems. So long as subsystem rewards remain unchanged, the system will reestablish itself even if temporarily altered by changes in the number and relative influence of specific groups.

The model also suggests that the system is alterable if society is willing to establish alternative reward structures within the participating groups. The introduction of competition through the creation of bureaucratic duopolies or oligopolies, greater reliance on private firms, marginal, rather than average, cost pricing of services and the use of vouchers with which individuals may choose among service suppliers have been suggested (Stockfish). Within the existing bureaucracies, the provision of greater salary differentials, more opportunities for merit related benefits, and perhaps even bonuses for increased efficiency and cost cutting could be implemented. In addition, limited tenure for agency heads, "sunset laws" and more carefully clarified criteria for career progress might alter the process of bureaucratization and differentiation.

If the proposed model is in fact correct, alterations are implied for the way in which we analyze public service delivery systems for purposes of policy recommendations. The analysis of alternative conceptual approaches and of the feasibility of alternative delivery systems are areas in which the need for research emphasis is clearly both immediate and essential.

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<sup>1</sup>The activities used to do this include 1) organizational activities, including formation of a formal group structure, 2) public relations activities including propaganda favoring the position of the group, 3) lobbying activities, 4) challenge of officials who do not support group positions, 5) formation of coalitions with those public agencies that provide a particular service of benefit to the interest group and 6) formation of coalitions with private firms who produce the factor inputs required in the production of the service.

<sup>2</sup>The major criteria for success of bureaucratic management reflect this reward system. They include 1) range of responsibility, 2) budget size and 3) increases in these over time. These and related factors constitute the bureaucrat's preference function which he attempts to maximize.

<sup>3</sup>Bureaucracies have been found to continue growth even in the face of a declining constituency. Rather than indicating agency ineptness or inefficiency, such growth results from the pursuit of a set of rewards relevant to the agency. That the total public service system remains unimproved simply reflects the separate nature of subsystem and total system goals and rewards.

<sup>4</sup>California's Proposition 13 appears to be a revolt against high costs of public services in general. In Texas, a special legislative session on taxation is dealing chiefly with issues of redistribution of the tax burden rather than tax reduction overall.

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