German Public Administration and its Reform

TELPS Summer School 2016

Prof. Dr. Stephan Grohs
German University of Administrative Sciences Speyer
Agenda

- German Public Administration: The Basics
  - Administrative Federalism and the Basic Architecture of Public Administration
  - The Civil Service Service
  - Administrative Rules: The Rechtsstaat Tradition

- Current Challenges of Public Administrations
  - Fiscal Challenges
  - Demographic Challenges
  - Performance Challenges

- Trajectories of Reform
  - (New) Public Management Reforms
  - Territorial and Functional Reforms
  - Civil Service Reform

Outlook
German Administrative Federalism

- Germany is a federal state (federation: *Bund*) with 16 federal states (*Länder*). The Länder are states with sovereign rights and responsibilities that are not devolved from the federation, but are granted to them by the Basic Law. Each state has its own government, parliament, courts and legislative as well as executive powers.

- Beyond their own tasks, the states execute federal law delegated to them (Administrative Federalism). The Administrative resources of the federation (bund) are rather weak and restrain to policy formulation and the execution of highly specialized tasks.

- Besides, the federation and the states two other types of public bodies are important: Local Governments and indirect administrations (funktionale Selbstverwaltung), especially in the area of social insurances.
  - Local Governments are provided with a guaranteed autonomy in local matters in the Basic Law. Additionally they fulfill tasks delegated to them by the states.
  - Indirect administration fulfills rather specialized tasks (as the administration of pensions, or unemployment benefits) and is locally and legally autonomous from the federal administration.
## Competencies in the Federal System

<table>
<thead>
<tr>
<th></th>
<th><strong>Federation (Bund)</strong></th>
<th><strong>States (Länder)</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Law Making</strong></td>
<td>• Extensive (exclusive and concurrent legislative powers)</td>
<td>• Few exclusive legislative powers</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Approval of federal law</td>
</tr>
<tr>
<td><strong>Administration</strong></td>
<td>• Few own implementing administrations</td>
<td>• Extensive fulfillment of administrative tasks</td>
</tr>
<tr>
<td></td>
<td>• Delegation to the states and indirect administrations and legal oversight</td>
<td></td>
</tr>
<tr>
<td><strong>Jurisdiction</strong></td>
<td>• Federal courts</td>
<td>• State courts dominate jurisdiction</td>
</tr>
</tbody>
</table>
German Public Administration
The Administrative System of Germany

Federal Administration

Direct

- Federal Ministries
  - Intermediate Authorities
    - Federal "Agencies"
    - Social Insurances etc.
  - Lower Authorities

Indirect

State Administration

Direct

- State Ministries
  - Intermediate Authorities
    - State "Agencies"
  - Lower Authorities

Indirect

Local Government

- Counties (Kreise)
- Free Cities
- Chambers, Universities etc.
- Cities and Communities
German Civil Service

- In international comparison, Germany has a small-sized Public Sector in terms of employment: about 10 percent of the working population work in the public sector.

- Two categories of public staff: Civil servants (Beamte) vs. Public Employees (Angestellte).

- Career based system of civil service: Vertical differentiation in 4 groupings: Higher service, higher intermediate service, intermediate service, lower service.

- German Public Administration is law-led: dominance of lawyers in the higher service and law-trained staff in the higher intermediate service.
Public Employment in the OECD


Source: International Labour Organization (ILO), LABORSTA Database. Data for Turkey are from the Ministry of Finance and the Turkish Statistical Institute. Data for Japan for employment are from the Establishment and Enterprise Census. Data for Korea were provided by government officials.

StatLink: http://dx.doi.org/10.1787/888932390538
# Civil Servants and Public Employees

<table>
<thead>
<tr>
<th></th>
<th>Civil Servants</th>
<th>Public Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legal status</td>
<td>Public Law</td>
<td>Private Law</td>
</tr>
<tr>
<td>Installation</td>
<td>Appointment</td>
<td>Labor Contract</td>
</tr>
<tr>
<td>Remuneration</td>
<td>Law</td>
<td>Trade Agreement</td>
</tr>
<tr>
<td>Principle of rewards</td>
<td>Alimentation</td>
<td>Compensation</td>
</tr>
<tr>
<td>Right to Strike</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Duty of Allegiance</td>
<td>Neutrality and Loyalty</td>
<td>Not specified</td>
</tr>
<tr>
<td>Tenure</td>
<td>Lifetime</td>
<td>Permanent/ temporary</td>
</tr>
<tr>
<td>Old-age-compensation</td>
<td>State Pensions</td>
<td>Social Insurance</td>
</tr>
</tbody>
</table>
Distribution of Public Employment

Public Service on the main Levels (in 1000) for 2013

- Federal Level: 458,0
- State Level: 378,6
- Local Government: 1,220,7
- Social Security: 2,114,4

Legal status of Public Servants for 2013

- Federal
- State
- Local Government
- Social Insurances

- Civil Servants
- Employees
Employment by Tasks

State Level
- Schools: 26.4%
- Police: 6.8%
- Universities: 8.3%
- Courts: 10.5%
- Tax Administration: 12%
- Other: 36%

Local Level
- General Services: 20%
- Education and Culture: 11%
- Social Services: 13%
- Health and Environment: 9%
- Planning and Housing: 23%
- Agriculture and Forestry: 11%
- Public Utilities: 20%
- Traffic: 0%
- Fiscal Affairs: 5%
Career Paths to the Civil Service

- General Education System
  - 1st University degree (Bachelor)
    - Administrative School
      - Preparatory stage (Referendariat)
        - 2nd University degree (Master)
          - Higher Service
            - Intermediate Service
              - Lower Service
Current Challenges and reform strategies

- Fiscal constraints:
  - „Minimize“: Cost cutting, retrenchment and/or Privatization
  - „Modernize“: Increasing efficiency /effectiveness
  - „Capacity building“: Increase revenues: tax enforcement

- Demographics:
  - Functional reforms: Scaling up

- Performance Deficits
  - Coordination
  - Customer orientation
  - E-Government
Revenues and Expenditures in Germany (Federal level)

Quelle: BMF; in Euro
Demographic Change Prognoses for Germany

Intergovernmental/Interorganizational

Datenbasis: BBR-Bevölkerungsprognose 2005-2025
Administrative Reforms

Institutional Policies

Participatory Reforms (Input-Legitimacy)
- Direct Democracy; Participatory Instruments
- De/Recentralization; Territorial Reforms; Re-Structuring PA

Administrative Reforms (Output-Legitimacy)
- External Institutional Policy
  - Intergovernmental/Interorganizational
  - Inter-sectoral
- Internal Institutional Policy
  - Privatization; Re-Nationalization/Municipalization
  - Internal Administrative Modernization; Management Reforms
Administrative Reforms I: NPM

- NPM in Germany was primarily a local Matter: New Steering Model (NSM as a blueprint of reform)
- Bottom-up-Movement
- Discursive Hegemony: 82.4% NSM-oriented municipalities (over 10,000 Inhabitants)
- But large implementation gaps
# Implementation of NPM

<table>
<thead>
<tr>
<th>NSM-Elements</th>
<th>Comprehensively Implemented</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Department Structures</td>
<td>43.6%</td>
</tr>
<tr>
<td>Strategic Steering Units</td>
<td>25.9%</td>
</tr>
<tr>
<td>Decentralized/ Operative Controlling Units</td>
<td>10.9%</td>
</tr>
<tr>
<td>Internal Service Centres</td>
<td>23.9%</td>
</tr>
<tr>
<td>Abolishing Levels of Hierarchy</td>
<td>34.5%</td>
</tr>
<tr>
<td>Decentralized Management of Resources</td>
<td>33.1%</td>
</tr>
<tr>
<td>New Budgeting Procedures</td>
<td>33.1%</td>
</tr>
<tr>
<td>Output Analyses (Definition of “Products”)</td>
<td>29.0%</td>
</tr>
<tr>
<td>Cost and Activity Accounting</td>
<td>12.7%</td>
</tr>
<tr>
<td>Reporting</td>
<td>22.1%</td>
</tr>
<tr>
<td>Contracts between Top Management and Services</td>
<td>24.3%</td>
</tr>
<tr>
<td>Contracts between Politics and Administration</td>
<td>14.8%</td>
</tr>
<tr>
<td>Quality Management</td>
<td>13.9%</td>
</tr>
<tr>
<td>One-Stop-Agencies (Bürgerämter)</td>
<td>57.5%</td>
</tr>
<tr>
<td>Customer Surveys</td>
<td>54.7%</td>
</tr>
<tr>
<td>Citizens’ Charters/ Service Guarantees</td>
<td>7.1%</td>
</tr>
</tbody>
</table>
## Effects of Reform

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Inputs</strong></td>
<td>- Partly Efficiency Gains, but no clear evidence available</td>
</tr>
<tr>
<td></td>
<td>- High costs</td>
</tr>
<tr>
<td><strong>Outputs</strong></td>
<td>- Partly (sectoral) quality improvements: (Quality improvements, Customer orientation, Processing times)</td>
</tr>
<tr>
<td></td>
<td>- „Window of Opportunity“ for sectoral approaches of reform</td>
</tr>
<tr>
<td><strong>System and Cultural Changes</strong></td>
<td>- Rather limited use for internal steering (inapt „bureaucratic indicators)</td>
</tr>
<tr>
<td></td>
<td>- Demotivation effects</td>
</tr>
<tr>
<td></td>
<td>- No transparency gains</td>
</tr>
</tbody>
</table>
Functional and Territorial reforms

- Territorial reforms in many states, esp. in Eastern Germany: Re-sizing the jurisdiction on the county-level
- Accompanied by functional reforms: Decentralizing of tasks to the new (larger) counties
- Discussion of the intermediate level of public administration: Baden-Württemberg vs. Lower Saxony
- Effects diverge widely according to tasks (social vs. Regulatory policies:}
Civil Service Reform

- Opening of the strict career system in some states
- Appraisal talks: Appraisals to superiors: Feedback of the performance of line-managers
- Performance-related pay (esp. for employees: §16 TVL/TVöD): Only used for small parts of the total pay
- New Methods of Selection (Assessment center, tests, consultants)
- Teamwork and development of comprehensive competencies (holistic processing)
Conclusion

- Germany has a law led, career based, and federal system of public administration.
- These characteristics are consequential for the nature and effect of the administrative system.
- Currently, fiscal constraints, changing demographics, and performance deficits are the main challenges of German administrations.
- NPM-reforms and functional reforms were only partly successful.
- E-Government as a challenge in the federal system.