

PPBS for Extension?

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EXTENSION personnel across the country are beginning to hear the jargon associated with the planning-programming-budgeting system (PPBS). "Multi-year financial plans," "program structure," "cost-effectiveness" and other phrases will become familiar to more and more Extension workers. All federal agencies have been ordered to adopt PPBS, and they are trying to do so. Thus, Extension personnel will be exposed to PPBS even if the system is not adopted by the state, county, university, or other non-federal organizations with which Extension is involved for financial purposes.

New forms, new language, and new demands for budgetary information that seem strange to many Extension workers might be easier to live with if the reasons for adopting a PPB System were widely known and accepted. Until quite recently, however, little has been done to make PPBS comprehensible to the public or to public employees engaged in non-defense activities. Agreement is far from universal on what PPBS is, whether it can be implemented (especially in education), and what it will accomplish. After reading a collection of articles devoted to the subject, one authority on government budgeting lamented that he was "more confused now than before."¹ Another eminent student of the budgetary process reviewed the techniques of "systems analysis"—considered basic to PPBS—and concluded that "no one can define what systems analysis is or how it should be practiced."² PPBS has stirred enough interest to make it a subject of congressional inquiry.

Despite the apparent confusion about PPBS the pressures to adopt this system are mounting. And at least some of the difficulty in implementing PPBS will be caused by a misunderstanding of

¹ Frederick C. Mosher, "PPBS: Two Questions," *Public Administration Review*, XXVII (March, 1967), reprinted by The Subcommittee on National Security and International Operations of the Committee on Government Operations, U.S. Senate, *Planning-Programming-Budgeting: Selected Comment* (Washington: U.S. Government Printing Office, 1967), p. 23.

² Aaron Wildavsky, "The Political Economy of Efficiency: Cost-Benefit Analysis, Systems Analysis, and Program Budgeting," *Public Administration Review*, XXVI (December, 1966), p. 298.

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what the system seeks to accomplish—why it is supposed to be better than existing systems, what function it serves, and *whom* it is to serve. Without getting into the question of how the system is implemented or whether it works, an attempt will be made to explain the purpose of a planning-programming-budgeting system for government, based on what seems to be the opinion of a majority of authors on the subject.

WHAT ARE BUDGETS FOR?

Different budget classifications are designed to do different jobs. Jesse Burkhead reminds us that "above all, a budget classification system is purposive, and its usefulness must be judged by its purposive character."³

A political scientist might like the budget presented in terms which would tell him who gets what and how. An economist might like government revenue and expenditure expressed in such a way that he could tell what impact the government's financial transactions were having on the Gross National Product. A chief executive might view a budget as the "strongest single device for administrative control and executive leadership."⁴ A budget classified by departments or agencies may, as Burkhead has pointed out, be most useful for legislative authorization: to show where obligations may be incurred, to show where legal authority to spend has been extended by the legislature. A "line-item" classification, listing the objects (salaries, equipment, supplies, etc.) of expenditure may be most useful for establishing tight legislative control over the administrator's discretion to spend. A performance budget, to take another example, shows the cost of different work processes (licenses issued, letters typed, pamphlets distributed, etc.), and would be most useful to administrators who have operating or supervisory responsibility.⁵

Those who would like to see PPBS installed feel that none of these traditional forms of budgeting are of much help to top policy-making officials. Schick⁶ has noted for example, that the performance budget is "of scant usefulness for top-level officials who have to determine organizational objectives and goals." He wonders if it

³ Jesse Burkhead, *Government Budgeting* (New York: John Wiley and Sons, Inc., 1956), p. 131.

⁴ L. P. Cookingham, "Budget Review and Adoption—Opportunity or Ordeal?" *Municipal Budgeting Policy* (Chicago: International City Managers' Association, 1961), p. 17.

⁵ Burkhead, *op. cit.*, parts II and III.

⁶ Allen Schick, "The Road to PPB: The Stages of Budget Reform," *Public Administration Review*, XXVI (December, 1966), 252-53.

really is helpful to top officials to know that it cost \$0.07 to wash a pound of laundry or that the average postal employee processes 289 items of mail per hour? These are the main fruits of performance measurements and have an important place in the management of an organization, he says. "They are of great value to the operating official who has the limited function of getting a job done, but they would put a crushing burden on the policy maker whose function is to map the future course of action."

PPBS, on the other hand, is designed to help top-level officials improve the quality of their decisions. The promise of PPBS is that funding decisions will be made on the basis of program costs and anticipated accomplishments. The budget will thus more clearly become a statement of basic policy. The authors of a recent monograph on PPBS say that "its essence is the development and presentation of information as to the full implications, the costs and benefits, of the major alternative courses of action relevant to major resource allocation decisions." Problems such as budget implementation, manpower selection, the assessment of the work-efficiency of operating units, and cost control of current operations are generally outside the purview of PPBS, they say. "Cost accounting and non-fiscal performance reporting systems are very important in providing basic data required for PPBS analysis (as well as for fiscal accounting and management control purposes). However, such systems are usually considered complementary to PPBS rather than being directly part of it. . . ."

By recommending or approving the program budget, the policy maker has automatically indicated which goals are to have priority, how far the agency expects to go toward achieving those goals, and what it will cost to accomplish those goals. He does so by using a budget (1) that has been adopted on the basis of program analysis and long-range planning (in terms of needs, costs, and accomplishments), (2) where the consequences of pursuing one course of action rather than another have been estimated, and (3) in which the choice of a particular "mix" of programs has been made. Such a budget will still be an estimate, just as it always has been, and the program plans will always be subject to adjustment, as needs, costs, and accomplishments are continuously evaluated.

Typically, government budget makers begin shaping their budgets by concentrating on the budget document itself. Budgets have been built on budgets; that is, next year's budget requests normally grow out of current or past years' budgets, out of cost experiences. And

⁷ Harry P. Hatry and John F. Cotton, *Program Planning for State, County, City* (Washington: The George Washington University, 1967), p. 14.

next year's estimates are calculated and cast in terms of expanding or cutting back on the agency's operating and capital costs, e.g., salaries, equipment, supplies, travel, rent, heat, light, and so on. These line-item costs then may be added together to arrive at an agency total, and added again to determine the government-wide total. Only rarely have inputs been expressed as parts of programs, outputs articulated and their volume estimated, future implications stated, and alternative programs considered as a part of the budgetary process itself. The process in traditional budgeting, as Wildavsky has described it, "is incremental rather than comprehensive, calculated in bits and pieces rather than as a whole, and veils policy implications rather than emphasizing them."⁸

Budget making under PPBS does not begin with the question of "what we've got," and how much we want to increase or decrease what we've got, but with asking and attempting to answer the questions: What is our purpose? What are we doing for whom?⁹ What should we be doing for whom? Executives and legislators should not have to make decisions about which agencies are to get money for typewriters, paper-clips, and office space. They should be concerned with choosing which programs, of those seeking to achieve the same goal, will receive support, or even with making choices among alternative goals.

Ideally, therefore, funds are requested and appropriated for alternative programs, rather than for items or agencies. In fact, one of the major advantages claimed by PPBS advocates is its disregard for organizational lines. All costs of all governmental agencies that contribute to the same goal are grouped together as elements of a single program or of several programs. The activities contained in a total program package, therefore, may cut across agency lines, since there are few agencies that are so homogeneous and self-contained that their activities contribute only to a single program or a single goal.

A POLICY-MAKING TOOL

PPBS is an attempt to improve the quality of governmental *policy* decisions by deliberately linking planning directly to budgeting. This is accomplished through the device of programming in such a manner that governmental services will yield the highest possible

⁸ Aaron Wildavsky, *The Politics of the Budgetary Process* (Boston: Little, Brown and Company, 1964), p. 136.

⁹ See Paul L. Brown, "Wisconsin's Conversion to Program Budgeting," a paper presented to the American Association of State Highway Officials, Subcommittee on Uniform Accounting, Wichita, Kansas, 1966, pp. 8, 10-14.

benefits to the public at the lowest possible cost. The main function of PPBS is to provide solutions to an economic problem. It seeks to answer the basic economic question: How do we best allocate scarce public resources to seemingly boundless public needs? The system rests on the assumption that the resources of any government are limited. This means that no government can immediately achieve each and every one of its goals. Some priorities must be established. It is the job of top policy makers to establish priorities; their decisions should be made on the most rational grounds possible.

Before it can be determined which goals are to have priority, the first thing any government must do is *define* its goals. Once these have been defined, every program is also identified. Every program that could contribute to the same goal is then analyzed and compared with alternative contributing program possibilities. The analysis is to determine, so far as possible, the program's total costs and its total benefits. These must be estimated for as long as the program will generate costs and benefits, within reason. (Five years generally is the time period used by the federal government.)¹⁰ The program which yields the greatest benefits (or is the most effective, as measured by its estimated output) and/or costs the least compared to programs offering a similar level of output, then can be identified.

It must be emphasized that PPBS does not claim to tell policy-making officials which program is best, or which goals should receive the highest priorities. That is up to the policy maker to decide. But in making that decision he should know not only the cost and output of the program which receives more favorable support, he should also be aware of alternative programs. He should be aware of what will not be accomplished if those other programs are not funded, or if their level of support is reduced.

INCREASED EFFORT AND CONFLICT

The introduction of a planning-programming-budgeting system will not eliminate the need for the various types of financial and other data processes currently being generated and used by agencies. It will demand *additional* information, analyses, procedures, and presentations. In short, it will require a considerable increase in effort for some and perhaps many Extension personnel and could necessitate an increase in staff and/or the training of existing staff.

¹⁰ Program plans may be projected for as long as twenty years. See State of New York, Executive Department, *Guidelines for Integrated Planning-Programming-Budgeting*, 1967.

Besides an increase in effort, conflict over public policy issues also is likely to increase. Because of this, some persons have viewed the appearance of PPBS with little enthusiasm. Wildavsky, for example, argues that one of the widely-shared values in our society is the mitigation of conflict, and that the "incremental, fragmented, non-programmatic, and sequential procedures of the present budgetary process aid in securing agreement and reducing the burden of calculation. It is much easier," he says, "to agree on a small addition or decrease than to compare the worth of one program to that of all others." With a program budget, however, the "gains and losses for the interests involved become far more evident to all concerned."¹¹

The proponents of PPBS argue that even if consensus becomes harder to achieve, the policy implications of funding decisions should *not* be avoided. The cost and benefits of alternative decisions should be spelled out as clearly as possible. Hirsch¹² argues that it is past time to interject some economic rationality into our public decision-making process which, he says, has been guided primarily by political rationality. Maybe it has. And maybe PPBS is the bright new hope that will substitute economic for political judgment, or perhaps supplement political judgment.

However, PPBS may turn out to be a fad and, like the hoola-hoop, be destined for attic storage or the junk heap, especially if its usefulness does not justify the amount of effort it requires. It may work for some governmental agencies but not all of them. For example, it may be relatively easy for the Department of Defense to implement PPBS, but particularly difficult for Extension to define its goals and programs and measure its output with any precision. This is especially true if we operate, as some Extension professors have noted, "on the assumption that programs will be unique," and if our "purposes and products are intangible. . . ."¹³

CONCLUSION

A planning-programming-budgeting system undoubtedly means a lot of hard work and hard choices for Extension. For example, do we attempt to evaluate the benefits or effectiveness of research bulletins, conferences, and personal consultations? If so, how? Do we define needs and develop programs in terms of the clientele to be

¹¹ Wildavsky, *op. cit.*, pp. 136-37.

¹² Werner Z. Hirsch, "Toward Federal Program Budgeting," *Public Administration Review*, XXVI (December, 1966), 269.

¹³ Robert L. Bruce and G. L. Carter, Jr., "Administrative Climate," *Journal of Cooperative Extension*, V (Spring, 1967), 7, 9.

served? How do we discover what those needs are and what they will be? Which of those needs are or should be served by Extension rather than some other public or private agency? Are our units of measurement the number of persons taught, the hours of teaching offered, or some combination of both? Or do we try to estimate the effectiveness of our activities by our students' use of new techniques, by changes in their attitude and behavior, or in their income or productivity?

In many cases, these questions will not be answered by the employee in the field, although he will have to supply much of the required information. He must adjust to decisions made elsewhere which affect the level of financial support his agency receives.

The decision to adopt a PPB System probably will be made for Extension elsewhere, either by state governments or through federal or local¹⁴ government pressures or requirements. In short, PPBS is here or is on its way, and Extension must learn how to live with it. We should also learn to use it to clarify our own goals, and to see if our activities really are directed toward the accomplishment of those goals. We should see whether the full cost of those activities can be justified by their accomplishments, or if different approaches would allow us to do the job more effectively or at less cost. Some states and the federal government now want the answers to these questions, and, obviously, so should Extension. A planning-programming-budgeting system may be a way of getting those answers for chief executives, legislatures, and our own principal Extension administrators.

¹⁴ A discussion of PPBS, for example, was included in the latest guide to federal assistance for local governments "because of the steadily growing interest of local government officials in such systems as a result of their desire for better overall planning and allocation of increasingly scarce resources." See Office of the Vice President, *Handbook for Local Officials* (Washington: U.S. Government Printing Office, 1967), pp. xviii-xix, and Appendix D. It is not inconceivable that Extension staff in the field will begin to hear of PPBS from county board members since the handbook was distributed to county managers and the chairmen of county boards of supervisors, as well as other local government officials.

THERE ARE two kinds of fools. One says, "This is old, therefore it is good." The other says, "This is new, therefore it is better."

—DEAN INGE