

Y4
Ec 7
P 69/3

92

GOVERNMENT } Congress
t Session }
Storage

JOINT COMMITTEE PRINT

DOCUMENTS

MAY 18 1973

THE LIBRARY
KANSAS STATE UNIVERSITY

INNOVATIONS IN PLANNING, PROGRAMING,
AND BUDGETING IN STATE AND LOCAL
GOVERNMENTS

A COMPENDIUM OF PAPERS

SUBMITTED TO THE

SUBCOMMITTEE ON ECONOMY IN GOVERNMENT

OF THE

JOINT ECONOMIC COMMITTEE
CONGRESS OF THE UNITED STATES

KSU LIBRARIES
A11900 979045 ✓



Printed for the use of the Joint Economic Committee

U.S. GOVERNMENT PRINTING OFFICE

WASHINGTON : 1969

32-100

For sale by the Superintendent of Documents, U.S. Government Printing Office
Washington, D.C. 20402 - Price \$1.00

JOINT ECONOMIC COMMITTEE

[Created pursuant to sec. 5(a) of Public Law 304, 79th Cong.]

WRIGHT PATMAN, Texas, *Chairman*

WILLIAM PROXMIRE, Wisconsin, *Vice Chairman*

HOUSE OF REPRESENTATIVES

RICHARD BOLLING, Missouri
HALE BOGGS, Louisiana
HENRY S. REUSS, Wisconsin
MARTHA W. GRIFFITHS, Michigan
WILLIAM S. MOORHEAD, Pennsylvania
WILLIAM B. WIDNALL, New Jersey
W. E. BROCK III, Tennessee
BARBER B. CONABLE, Jr., New York
CLARENCE J. BROWN, Ohio

SENATE

JOHN SPARKMAN, Alabama
J. W. FULBRIGHT, Arkansas
HERMAN E. TALMADGE, Georgia
STUART SYMINGTON, Missouri
ABRAHAM RIBICOFF, Connecticut
JACOB K. JAVITS, New York
JACK MILLER, Iowa
LEN B. JORDAN, Idaho
CHARLES H. PERCY, Illinois

JOHN R. STARK, *Executive Director*

JAMES W. KNOWLES, *Director of Research*

ECONOMISTS

ROBERT H. HAVEMAN

JOHN R. KARLIK

RICHARD F. KAUFMAN

FRAZIER KELLOGG

LOUGHLIN F. MCHUGH

Minority: DOUGLAS C. FRECHTLING

GEORGE D. KRUMBHAAR

SUBCOMMITTEE ON ECONOMY IN GOVERNMENT

WILLIAM PROXMIRE, Wisconsin, *Chairman*

SENATE

JOHN SPARKMAN, Alabama
STUART SYMINGTON, Missouri
LEN B. JORDAN, Idaho
CHARLES H. PERCY, Illinois

HOUSE OF REPRESENTATIVES

WRIGHT PATMAN, Texas
MARTHA W. GRIFFITHS, Michigan
WILLIAM S. MOORHEAD, Pennsylvania
BARBER B. CONABLE, Jr., New York
CLARENCE J. BROWN, Ohio

LETTERS OF TRANSMITTAL

AUGUST 29, 1969.

To the Members of the Joint Economic Committee:

Transmitted herewith for the use of the members of the Joint Economic Committee and other Members of Congress is a study entitled "Innovations in Planning, Programing, and Budgeting in State and Local Governments," prepared for the Subcommittee on Economy in Government.

The views expressed in the document do not necessarily represent the views of members of the committee or the committee staff, but are the statements of issues intended to provide focus for hearings and debate.

WRIGHT PATMAN,
Chairman, Joint Economic Committee.

AUGUST 28, 1969.

HON. WRIGHT PATMAN,
*Chairman, Joint Economic Committee,
Congress of the United States,
Washington, D.C.*

DEAR MR. CHAIRMAN: Transmitted herewith are papers prepared by experts and specialists who have responsibility at the State and local level for the systematic analysis and evaluation of public programs. The compendium is entitled "Innovations in Planning, Programing, and Budgeting in State and Local Governments."

This compendium is part of the study being conducted by the Subcommittee on Economy in Government of the Joint Economic Committee on the economic analysis of public expenditures. It is a follow-up to the recently published three-volume study entitled "The Analysis and Evaluation of Public Expenditures: The PPB System," the contributions to which focused on major policy issues and analytic problems which must be resolved if Federal Government spending programs are to become more efficient and responsive to the needs of the people. The focus in this volume is on the expenditures for State and local programs. The subcommittee believes that in view of the increasing demands on Federal, State, and local governments, it is essential that the full range of alternatives at all levels of government be subject to appropriate and objective economic analysis.

The 12 papers included in this volume will be useful to the Congress, agencies and bureaus in the executive branch of the Federal Government, and those State and local governments responsible for the systematic analysis and evaluation of public programs. In addition, these papers will serve as a part of the overall study for professional economists and other social scientists concerned with the implementation

IV

of sound and economic public expenditure policy, as well as for administrative people responsible for program planning and budgetary analysis.

Dr. Robert Haveman, who is on leave of absence from Grinnell College, is responsible for the planning and preparation of the study. Mrs. Anne McAfee assisted in preparing the manuscript for publication.

As the executive director's letter indicates, the compendium should not be viewed as an expression of views or conclusions of the committee staff, nor should it be viewed as an expression of views of the subcommittee or individual members.

WILLIAM PROXMIRE,
Chairman, Subcommittee on Economy in Government.

AUGUST 27, 1969.

HON. WILLIAM PROXMIRE,
*Chairman, Subcommittee on Economy in Government,
Joint Economic Committee, U.S. Congress, Washington, D.C.*

DEAR SENATOR PROXMIRE: Transmitted herewith is a collection of papers entitled "Innovations in Planning, Programing, and Budgeting in State and Local Governments." The papers in this compendium have been prepared by experts and specialists at the State and local level who have responsibility for the systematic analysis and evaluation of public programs. The papers in the compendium describe the development of planning-programing-budgeting systems with which the authors have been involved. Attention has been given to the structure and components of the program evaluation and budgeting systems, their current stage of development, plans for further implementation of such systems, and an appraisal of the significance of program evaluation in the budgetary process.

In the overview paper introducing the study, Dr. Selma Mushkin discusses PPB systems application to State, city, and county governments and the lessons which have been learned in those jurisdictions which have developed such systems. She outlines the next steps for improving the quality of analytical work in program evaluation and gaining more widespread introduction of program budgeting techniques.

This collection of papers comprises one part of the study by the Subcommittee on Economy in Government of the Joint Economic Committee of the economic analysis and evaluation of public expenditure decisions, and its investigation of the implementation of planning-programing-budgeting systems.

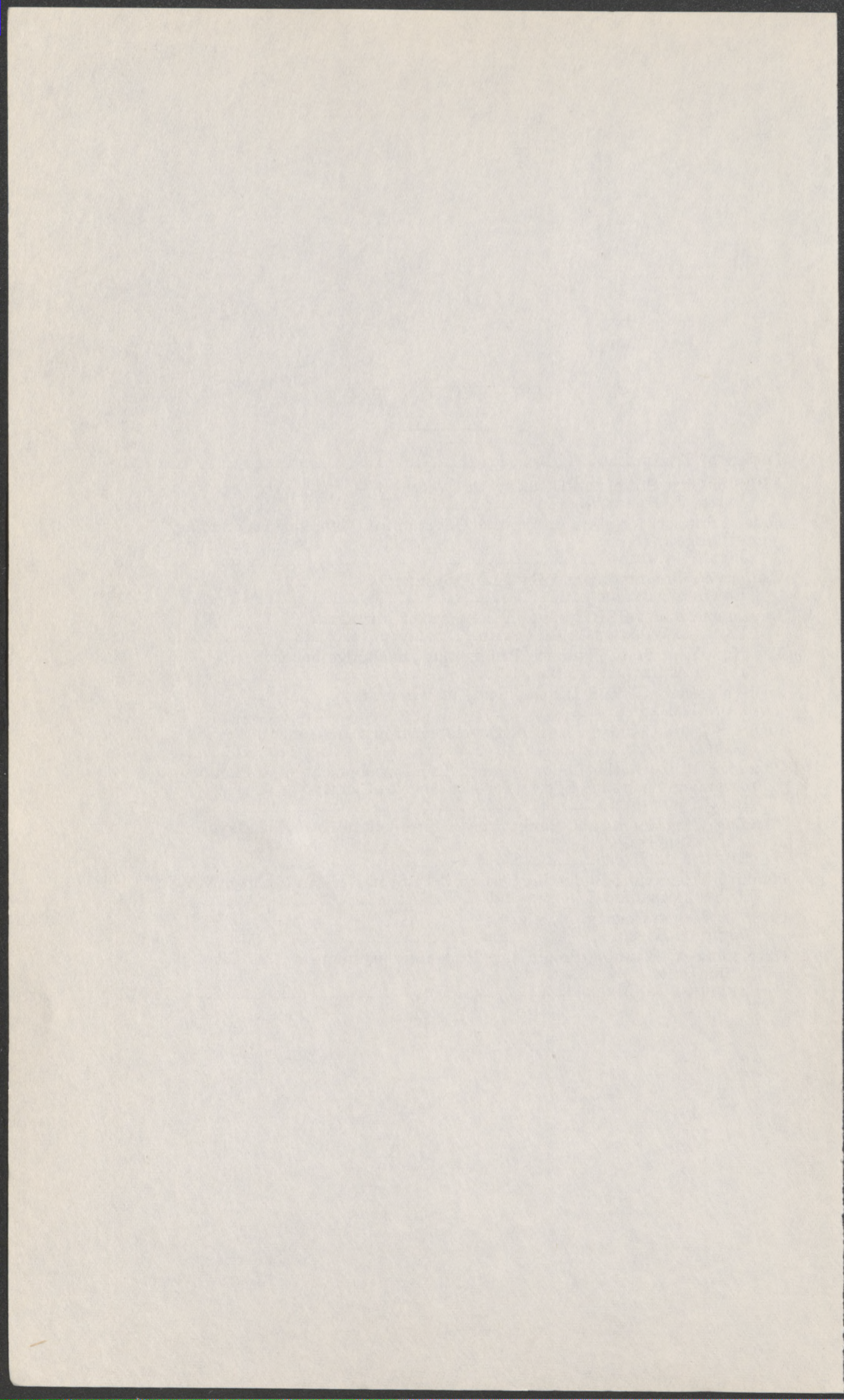
The major work in planning, compiling, and editing this study was undertaken by Dr. Robert Haveman, who is on leave of absence from Grinnell College, with the advice and suggestions of other members on the staff. He was assisted in preparing the manuscript for publication by Mrs. Anne McAfee.

The papers contained herein should be interpreted as representing the opinions of their authors.

JOHN R. STARK,
Executive Director, Joint Economic Committee.

CONTENTS

	Page
Letters of Transmittal-----	III
PPBS in City, State, and County: An Overview: SELMA J. MUSHKIN-----	1
Federal Support for State and Local Government Planning, Programing, and Budgeting: JACK W. CARLSON-----	15
California's Programing and Budgeting System: EDWIN W. BEACH-----	27
Development of a PPB System in the State of Michigan: PAUL H. WILEDEN-----	36
The New York State Planning, Programing and Budgeting System: DAVID A. SEYLER-----	48
An Evaluation of PPBS Developments in Wisconsin: PAUL L. BROWN-----	53
PPBS in Dade County: Status of Development and Implementation: GLORIA GRIZZLE-----	63
Changing Rules of the Budget Game: The Development of a Planning- Programing-Budgeting System for Los Angeles County: L. S. HOLLINGER-----	75
Planning, Programing, and Budgeting in Metropolitan Nashville-Davidson County, Tennessee: ROBERT A. HORTON-----	91
Planning-Programing-Budgeting System (PPBS) in Nasssau County, N.Y.: H. STERNBERGER, J. RENZ, and G. FASOLINA-----	105
PPBS in Wayne County, Michigan: LOUIS G. BASSO-----	191
Developing a Planning-Programing-Budgeting System in the City of Dayton, Ohio: NICHOLAS M. MEISZER-----	213



INNOVATIONS IN PLANNING, PROGRAMING, AND BUDGETING IN STATE AND LOCAL GOVERNMENTS

PPBS IN CITY, STATE, AND COUNTY: AN OVERVIEW*

SELMA J. MUSHKIN**

Introduction

Charles Dickens' Mr. Gradgrind was a man of fact, "with a rule and pair of scales, and the multiplication table always in his pocket ready to weigh and measure any parcel of human nature and tell you exactly what it comes to * * * In his charmed apartment the most complicated social questions were cast up, got into exact totals, and finally settled—if those concerned could only have been brought to know it."

PPB systems bring the Gradgrinds of today into public service to weigh and measure, and to inform those who make the hard decisions.

My task here is to describe briefly applications of PPB systems in the State and local governments, and to ask: With what result?

PPB SYSTEMS APPLICATION

In little more than ten years, PPB techniques have developed and spread from RAND, to the Department of Defense, to Federal civilian agencies, and to States, cities, and counties. Only 4 years ago, in August 1965, President Johnson directed all the major civilian agencies of the Federal Government to install planning, programing, and budgeting systems along the pattern of the DOD model.

The State-Local Finances Project of The George Washington University set about formulating work on PPB in State and local governments, under the auspices of an advisory board made up of representatives of the national organizations of State and local governments and eminent scholars. Conversations were held with State officials in January 1966 about the design of a project that would support the embryo Federal agency PPB efforts and move toward PPB implementation in the States and localities. During the following months, the idea emerged of a pilot project in five States, five cities, and five counties that would demonstrate the processes of installing a PPB system. The five States were California, Michigan, New York, Wisconsin, and Vermont. The five cities were Dayton, Denver, Detroit, New Haven, and San Diego. The five counties were Dade (Florida), Nashville-Davidson (Tennessee), Los Angeles (California), Nassau (New York), and Wayne (Michigan). The demonstration—to be known as

*This paper is based on an address prepared for the Joint National Meeting of the American Astronautical Society and the Operations Research Society, Denver, Colo., June 17-20, 1969.

**Program Director, Studies in State and Local Finances, the Urban Institute.

the 5-5-5 project—gained the cooperation of the U.S. Bureau of the Budget as an intergovernmental effort. In July 1967, letters of agreement for a year's demonstration were signed between the participating governments and The George Washington University, and the 15 governments undertook to begin work on a PPB system. During the same period—January 1966 to July 1967—The application of a PPB system was also being discussed by officials in New York City and in Philadelphia.

In a 1968 survey, 28 States reported beginning steps toward implementing PPB systems. While it is tempting to quip that on this round, 1966-1969, the steps taken by the States would put in place the Hoover Commission recommendations on program and performance budgets of two decades earlier, something more by way of analytical processes is taking place. The schedule for installation is a long-term one, except perhaps in a few States—Hawaii and Pennsylvania, for example.

A similar survey was made of 600 cities with populations of 30,000 and over and of 534 counties of 50,000 and over. About 50 general local governments, other than the 10 in the 5-5-5 project, answered "Yes" to the question: "Are you taking steps to implement PPB," and 155 reported that they were considering implementation. Seventy-three reported that they had rejected the notion of installing PPB for reasons including lack of staff with analytical capability and lack of authority for an official program budget.

We know that not all local governments that were taking beginning steps toward implementation of PPB responded to the questionnaire. (Some of the 5-5-5 governments did not, nor did one or two others about which we had independent information.) Perhaps more important, it was difficult to judge from questionnaire responses whether program and performance budgeting were being confused with PPB.

APPROACHES TO PPB IMPLEMENTATION

The State and local governments are taking two general approaches to PPB systems application. The first is the path that was followed in most, if not not all, of the governments in the 5-5-5 project. [1] It was clearly adopted in Philadelphia, [2] and it appears to be approach of most other States and localities. The second is perhaps represented best by New York City. Hawaii, and more recently Pennsylvania, also appear to be following the second pattern, and perhaps several other local governments as well.

For purposes of contrast, I label them (a) the incremental approach and (b) the systematic approach. In reality there is more shading of difference than sharp contrast between the two approaches, for the systematic approach has been applied flexibly and opportunistically, and the incremental approach has been planned as "installation in installments."

Charles Schultze, in his *Politics and Economics of Public Spending*, [3], attempts a synthesis of the Lindblom political theory of incremental decisionmaking and the systematic analysis of choices that underlies PPB systems. A synthesis of a different kind is being forged, in fact, by the incremental processes of PPB systems application in State and local governments.

In the five States, five cities, and five counties that undertook to join in demonstrating how analytical processes can be used in decision in-

forming, PPB has been folded into ongoing policymaking. In *most* of them, the PPB initial effort had the following characteristics:

1. The chief executive gave his formal endorsement, but not a strong supporting hand.
2. The budget and the staffs for implementation were small. (We don't have a full cost statement, but PPB expenditures in New York City possibly exceed the total for all 5-5-5 local governments combined.)
3. Experienced analytical staffs were not recruited.
4. Implementation was heavily dependent on training of staff already working for the government.
5. The effort was supported and nurtured by the career professionals with due caution, and steps taken were faltering.
6. Line-agency cooperation became essential but was difficult to attain on almost a voluntary basis.
7. The timetable for implementing the procedures was a long one.

The concepts underlying the design of the 5-5-5 project, with its small funding, included the following: (a) a build-up of in-house capability (rather than the more usual turning over the project's doing to a consultant), (b) considerable staff development through training in step with phased implementation, (c) work toward a single system in which the different staff- and line-agency competencies would be brought to bear in a collaborative and coordinated effort.

In the systematic approach, represented by New York City, the Mayor determined on the installation of PPB. Fred Hayes was recruited as budget director, and although the organizational placement of the PPB work was not decided initially, a staff to begin an analytical effort in the city was later funded and personnel recruited as part of the budget office. The New York City approach had the following characteristics:

1. A strong commitment was made by the chief executive.
2. Sizable staff resources were provided for analytical efforts, and considerable emphasis was placed on recruitment of new talent.
3. Some experienced staff was recruited, and new staff was trained on the job.
4. A link was made with RAND of New York to carry out analytical studies in at least four areas—housing, fire prevention, police, and health and hospitals.
5. The staff was largely new to the city government and enjoyed the excitement of a new adventure.
6. The timetable for the showing of a payoff was brief.

THE CHOICE OF APPROACHES

Can PPB yield results only if introduced systematically, on a scale large enough to have a sizable budget for analytical staff, and with full and active participation of the top elected officials? The project's findings suggest a negative answer.

Smaller scale efforts on PPB can work to improve information in support of decisions, as will be noted later.

Such incrementalism can weather partisan political turnover. In California, PABS was continued, although it had been initiated under directives from Governor Brown, when the Republican administration took over. In Vermont the change in administration created some uncertainty for a time, but the new Governor issued a directive continuing the PPB work within a few months after he had taken office. The evidence is not yet at hand on what happens in a State or local government when PPB becomes sharply identified with a political figure—identified as his contribution to management of government.

The approach of the 5-5-5 project is heavily dependent on the career professional. Such guidance of a PPB system is compatible with the system's longer term horizon. For example, the concept of estimates of full, longer run consequences of current decisions within a PPB system calls for a time perspective that outruns the 2- or 4-year term of office of the incumbent Governor or mayor. While multiyear program and financial plans can become significant briefing and information documents for the subsequent administrations, they demand of those currently in office a risk taking in political debate on future fiscal demands. Little experience, in fact, was gained during the course of the 5-5-5 project period on multiyear program and financial plans. Only California and New York now require agencies to submit such plans. Vermont, prior to its PPB effort, had launched an agency effort on multiyear projection work.

The small-scale gradualism is dependent on the line agencies. And the educational effort that is required to gain agency acceptance and adoption of cost-effectiveness analysis also serves to institutionalize such analysis in the States and localities as the approach to program planning. We may expect the question-raising proclivities of a more analytical approach to carry over into the routine of agency response to budget preparation and reviews of proposed legislation.

Incrementalism may fit the political and vertical agency processes, but it is out of step with the urgency of public-sector response to interlocked problems. It has a long timetable. It is in danger of losing ground and, as the volume of urgent policy issues increases, of being overwhelmed or kept in the status of a project apart from the rest of government. Unless an enthusiastic PPB staff can see the impact of their work, they will not remain on the job, and new recruitment of persons with analytical talents will be handicapped.

States and communities face public service issues of growing urgency. Public-sector imbalances in an economy approaching a GNP of \$1 trillion are highly visible. External effects of private decisions requiring compensatory public action are evident in air pollution, water pollution, traffic congestion, slum creation, noise. Those public problems are compounded by high unemployment or subemployment rates in a high employment economy, by preventable deaths and disability in an era of dramatic medical advance, and by undereducation when complex machines require complex manpower skills.

It comes as no surprise that there are pressures on cities, counties, and States to reach out and find ways of improving their understanding of problems and of the consequences of alternative courses of action to meet them. The problems are compound—highly interrelated with complex behavioral relationships. Government action to wipe out slums may create new slum areas, partly as a consequence of dislocation and partly because of new populations attracted into the city.

Similarly, an effective program for finding jobs for the core city residents may attract new entrants into the labor force from either inside or outside the city. The building of a new highway may increase rather than reduce traffic congestion and time spent in travel. Moreover, activities designed to cure one ailment may bring a flareup of another infection. Air pollution may be reduced when an incinerator is closed down, but that action may overburden existing solid-waste or liquid-waste treatment facilities.

Moreover, a system for program planning and resource allocation is needed that can take account of interprogram effects. Action by functional agencies to improve health care, or educational achievement levels, or to control alcoholism and drug addiction, or to lower juvenile delinquency rates yields fragmented attacks on multiple disabilities of single individuals and families. It is "old hat" by now to emphasize that within a single family there may be illiteracy, illness, drunkenness, delinquency. Each disability contributes to another in the cycle that transmits poverty from one generation to another. Fragmented approaches by separate agencies, each working on its own mission, fall short of meeting family needs.

Today, when the urgency of using local tax dollars effectively is being dramatized by taxpayer strikes, better information in support of program and budget decisions in States, cities, and counties takes on national importance. Mass media reporting of local events and problems makes them more than local—in fact, national. Population movements underscore the closely knit community that this nation is in fact. Moreover, recent Presidential support of unconditional grants for States and localities and for consolidation of categorical grants generates Federal agency concern for the efficient spending of additional revenue from the Federal Government—additional, that is, to the existing \$25 billion in Federal aid to States and localities. A new Federal emphasis on State planning accompanies the pressure for relaxation of Federal grant-in-aid rules.

What is the pattern of PPB implementation to be fostered by the National Government through grants-in-aid and technical assistance? How is continuing progress to be made, at an acceptable and even an accelerated pace, toward analyses of public problems and practical remedies? We clearly cannot answer these questions. The experience is far too brief. And the questions posed are difficult, involving both the basic issue of our Federal structure and all the uncertainties about what is and will be an "acceptable" time schedule.

OBJECTIVES OF PPB SYSTEMS AND EVALUATION CRITERIA

Let me back off from the question of choice of approaches and ask why we seek PPB systems application in State, city, and county in the first place.

The purposes of PPB systems are specified in two ways. The first is the achievement of greater efficiency and effectiveness in public policies, or more rational public decisions on the allocation of scarce resources. The second is a somewhat more moderate informing role—improvement in giving the necessary information to policy deciders by analyses comparing the relative cost and effectiveness of program options.

Each purpose necessarily calls for its own measures of effectiveness.

A direct yardstick of output of a PPB system, viewed in terms of efficient and effective program decisions, would require a showing that better public products have been produced, or a combination of better and cheaper products. Even if public services were better and cheaper, some evaluations would demand that the causal relationship be established between the change observed and the system for deciding.

The second order of purpose—an improved informing of decision-makers by the staff—requires a measure of the staff work done. It would show, for example, the number of budget and program decisions affected beneficially, or the dollar outlays involved in such decisions, or—backing off to a lower criterion—a count of the analytical studies completed. In other words, for how many public issues involving resource-allocation decisions have analytical documents been prepared that give the policy officials more information on program alternatives and their resource use (and resource creation), as well as information on their satisfaction of consumer ends (enjoyment, the good life, etc.)?

Or we can ask: Do top executive officials find that they have the support of better staff work? To what extent has there been improvement? From what agencies? And in interpreting the answers, it is important to note again that PPB systems cannot be expected to make the problem of choosing easier for the public official. From one perspective, his task may be made harder by the range of decision required in place of the more familiar yes-no decisions. From another perspective, analysis of programs may help the public official by informing him in advance on the uncertainty, and the range of constraints represented by political and group interests.

The retreat from decisionmaking as the purpose, to decision informing (if, in fact, anyone had the notion that analysis could be equated with decision) reflects the development of the analysts and their education in the complexity of the political processes that enter into the final decision on any one program, no less a set of programs. The world of state and local public production, and income transfers is pluralistic. Program analysis may be built into a system leading up to the taking of decisions on resource use, and on the program policies that such resource use implies, but decision itself is another and more complex matter. Nor is there one single point of decision. Many checks and balances come into operation in the processes of government.

Some analysts have examined the PPB system's performance by tracing a specific program analysis carried out to the decision taken at top departmental levels or, for the Nation, by the President. But the President does not legislate—nor does a Governor or mayor. There is a substantial distance between executive proposals and legislative enactments of programs and appropriations that could improve the effectiveness and efficiency of public policies. And there is a long distance between the informing by staff through carefully conducted analysis and the decisions of executive officials. The effectiveness of PPB systems in this specific direct sense of staff work performed and decisions taken can be evaluated only in terms of how successfully those systems carry out their informing role, recognizing that information, well evaluated and well documented, may influence the decisions.

THE 5-5-5 PROJECT OUTPUTS

It is premature to take stock of the 5-5-5 project in terms of improved allocation decisions or even in terms of the decision-informing role.

But has staff work in support of the policy officials been improved? Is this staff work more analytical? Has a spirit of inquiry been aroused? In a number of the governments the answers appear to be "yes." The record presented in the reports from the 5-5-5 jurisdictions on the pilot project indicates that at least a beginning toward more analytical problem solving is in process in each of the five States and in nine of the city and county governments.[1]

Have staff documents changed the decisions taken? A count would yield in one government about one negative decision on an expenditure that had been actively proposed before a quick question-raising exercise and, in another government, three decisions that were altered on the basis of the problem statements prepared.[4]

During the brief project period, 14 of the governments prepared at least on a trial basis the categories and subcategories of a program structure; the 15th, New Haven, hardly began the process of PPB implementation. The analytical work done in the 5-5-5 jurisdictions as part of the PPB system processes was limited. Eleven governments undertook what may be loosely called analytical studies of the full range of costs and the effectiveness of optional ways to reach a defined, measurable, objective. Dade County, Los Angeles County, and the State of Michigan completed at least one study and have several additional cost-effectiveness analyses in process. In the other eight governments that undertook fairly large-scale analytical efforts, work was still underway as of the close of the project period. The problems that were considered include infant mortality rates in a county hospital, subemployment in a model city neighborhood, swimming opportunities in a deprived neighborhood, and State action in response to changes in Federal eligibility provisions for AFDC families.

At the urging of Robert Richards, a member of the State-Local Finances Project staff and formerly Mayor of Lockport, New York, about the midpoint of the project year the notion of a problem statement was formulated and developed as a method for getting the governments started on analytical work during the project period. Termed "issue paper," the statement was intended to represent the first stage of a program analysis—the definition of the problem—and to stop short of assessing the costs and effectiveness of alternative ways of meeting the identified governmental objective. [5] Five of the 15 governments put considerable staff time into the problem-definition statements, and almost all the 5-5-5 participants applied a version of the issue paper on at least a limited scale. Among the areas covered were relocation of displaced problem families, noise abatement at a municipal airport, a crime reduction program, waste collection, supplementary food programs, a countywide juvenile delinquency prevention program, highway safety, vocational rehabilitation, recreational community centers, and county programs to remedy adult illiteracy.

In addition, five governments—California, Michigan, and New York State, and Dade and Dayton—experimented with request for output and cost information on alternative programs as a part of the budget submission. Except in California, the information requested was restricted to proposals for new programs or vast enlargements of existing programs.

The problem-definition statements proved to be an important process within the incremental approach. Inhouse staff with some training could relate what they knew and understood to the process of working out an issue paper. Some of the issue papers could be completed within a relatively short time, and interagency conversation could be started in problem-defining terms. When used as a combined training-doing exercise, the staff training itself took on added meaning and relevance for the day-to-day work on the job. But no way was found to break down further the processes of cost-effectiveness analysis to facilitate the next round of a gradual build-up of staff competence.

Do we conclude from this stock-taking that the demonstration failed, or at best moved only in some small way in a few governments toward achieving the basic purposes of a PPB system?

The 5-5-5 demonstration yielded mainly intermediate outputs of two kinds—process outputs of the combined project and process outputs in the individual governments. The outputs that are being considered were the yield of the brief project period—formally just 12 months.

With respect to the individual governments, the project yielded—

1. The beginning of a more questioning attitude toward budgeting and program planning in the 11 governments that have undertaken analytical-type studies.
2. New emphasis on the beneficiaries of public services, on the people for whom the government functions.
3. In 14 of the 15 governments, a new emphasis on formulation of objectives and programs in terms of those objectives.
4. A new enthusiasm about State and local government work among staff assigned to PPB work, most of whom were given the opportunity to begin learning about analysis.
5. A start in a few governments toward an interagency dialog on common objectives and interrelated programs.

With respect to the combined effort, the project outputs are:

1. A body of experience limited to first-phase startup problems, and to an incremental approach to PPB installation. It is an actual experience that is being shared with other governments both within the United States and outside.
2. A market, and accordingly a basis, for a buildup of training resources and training materials on PPB addressed to State and local problems. (The State-Local Finance Project staff also prepared materials that could be used for training.)
3. Development of State and local personnel with actual government experience in first-phase implementation who could teach (and have taught) others in State and local governments.
4. Formulation of the concept of a problem-definition statement, or issue paper, for both training purposes and application as part of a beginning toward analysis in State and local govern-

ments (or stated differently, a way to relate analytical efforts to the competencies of inhouse personnel and to develop staff capability further).

5. A beginning toward identifying problems of personnel turnover, and accordingly, the basic role of the universities in preparation of analysts for public services.

6. Better understanding of the meaning of "planning" in a PPB system and the necessity for a collaborative effort among central staff agencies, budget and planning, and between central staff and line agencies both in structuring programs in a government and in program analysis.

7. A multigovernment foundation that has encouraged many governments to begin PPB implementation.

To elaborate somewhat further, the experience that has been gained provides a better understanding of the difficulties involved in the implementation of PPB, and also a better understanding of the next steps ahead.

Some of the lessons learned on startup problems may be listed as follows:

- Generalization about the processes that are applicable to individual governments is difficult. Each government necessarily will adapt the processes of PPB to the on-going style of decision-making in its own way.
- Top executive support appears to be vital to a large-scale initial PPB effort. The full support of professional career employees was all important in the 5-5-5 project. If PPB is to become a tool for elected executives, however, there must be a ready dialog between analytical staff and the chief executive.
- Methods of organizing and staffing for a beginning on PPB implementation are related to the extent of the commitment to install the processes of a PPB system. Without a strong commitment from the chief executive, the installation processes are likely to be small scale and hesitant, with attendant difficulties of obtaining active participation and support of the functional departments and agencies.
- Organizational arrangements should insure (a) availability of full-time staff, (b) a high-level sanction for PPB efforts, and (c) effective means of communication and cooperation between central and line agencies.
- Salary levels in State and local governments generally are too low to permit recruitment of experienced analytical staff. Thus, governments undertaking PPB will have to depend primarily on training of inhouse staffs and recruitment of talented young persons.
- It is possible to develop analytical capability by a planned training effort. The governments in the 5-5-5 project did not recruit highly qualified analysts, but they did, as a concomitant, undertake to develop staff competence at the central level and later in the agencies. Talented personnel already employed by States and localities can acquire the capacity needed to define and assess programs analytically, even though beginning efforts are rudimentary.

- Staff for a PPB effort must have an appropriate combination of skills and talents. Emphasis should be placed on developing staff personnel as analytical generalists able to define the problem, rather than on tool specialists. Tool specialists may be obtained from other governmental departments, or from outside government, such as universities, local business firms, or consulting groups.
- The central PPB staffs must be large enough to produce a critical mass, and include at least three full-time professional persons.
- University inservice training for State and local staffs needs to be made more responsive to the PPB processes of governments; stronger university programs of preservice education and training are needed for the longer run.
- A considerable body of experience has been built up on appropriate training for State and local officials. There are now personnel in the 5-5-5 governments who can teach PPB implementation from the perspective of real-life practice, and there are now case studies and other teaching materials available.
- The issue paper, or problem definition statement, provides a useful method both for training and for beginning analysis in the governments.
- Agency cooperation is needed. To gain such cooperation, a payoff will have to be demonstrated for the agencies as well as for the top executive officials.
- Existing planning grant funds should be used more effectively in support of a single coordinated PPB system.
- Some governments may not be willing or able to commit sufficient resources for working through all the procedures of a PPB system, at least initially. They may find it useful, however, to strengthen the staff work by staff development and training on cost-effectiveness studies.

OUT-YEAR IMPACTS OF PPB IN A FEDERAL SYSTEM

Evaluation of PPB by the usual direct count of analytical studies completed and decisions taken is only partial; PPB is having a more subtle, less direct, but nonetheless important impact on policy decisions. An anabolism is taking place in which the question-raising matter of program analyses is becoming a part of the living tissue of governments. The time that may elapse before that matter represents a major part of the living organism of government is not clear, but much tissue is being formed, largely as a consequence of the Federal agencies' and New York City's efforts. As a result—

1. Public discussion of policy questions is tending to give a new emphasis to "outputs" and "results." And public debate is beginning, on a different plane, to consider outputs and costs.
2. Options are being presented openly and are coming to be part of judicial processes of law.
3. Intermediate program policies are being placed on the agenda for action, including intergovernmental programs and experiments.

The thesis, thus, is that analytical processes as a routine of government, at each of the levels in our decentralized system, are beginning to have a widespread and pervasive influence on public policies. A direct finding of decisions taken per analytical study carried through neglects the impact in our society of open debate on public policies, intergovernmental reactions, and the role of the third and fourth estates.

EMPHASIS ON OUTPUTS AND RESULTS

In the brief period of 3 to 4 years, central program issues have come to be redefined in output terms, or in terms of their meaning for people. Is Head Start bringing improved learning? Is Upward Bound resulting in more of our economically disadvantaged youth going to college? Does police surveillance reduce crime, and what kinds of crime and to what extent? Are fires prevented by existing fire station practices? Will a new highway or bridge reduce congestion, save travel time, lower accidents, improve the appearance of a community? What does snow-removal equipment cost, what is the gain in reduced accidents and congestion time? Will a job assistance program reduce unemployment in a ghetto area? All these questions are becoming familiar to the readers of the daily press.

There is a growing insistence on results for the public dollar spent. The query: With what results? is raised in the newspapers and weekly and monthly journals. It arises in debates in the Congress and in the State legislatures, and in local councils. And major professional groups involved in public services—educators, vocational rehabilitation workers, highway engineers, public welfare workers, public health practitioners, and the police—perceive the change in question and the meaning of the querying of results for their professional activities. In the past, as John Cotton of the project staff has put it, workload performance measures used by government gave some basis for the caricature of the government employee as one who sees the public purpose as processing forms and producing paper.

The redefinition of the central policy issues, from the traditional workload measures or even the inputs in which they are characterized, such as class size or health practitioners per 100,000 population or dollars per capita spent, to outputs and results, have much of their origin in analytical studies that have been carried out. *They cannot be sustained without more analytical studies, more program evaluation efforts, and further requirements for evaluation.*

We may expect that analytical studies casting doubt on the results of a popular program will, in time, produce additional studies seeking different answers. As a consequence, debate will be raised to a new level, a level at which agreement is often reached on the outputs or results sought and the differences are in weights given the biases, or one or another inadequacy of the studies, or the scope of their applicability—and the cost of carrying out such studies. That is what is happening in the Head Start and Job Corps programs, and there is every reason to anticipate that the experience will be repeated in State and community for programs that are newsworthy and have a political potential.

THE PROPOSITION : CHOICE

The proposition of choice is being put prominently before the people. It is no small gain to move from the familiar pro and con arguments on single proposals to discussion of different methods—their relative strengths and relative costs in a setting easily comprehended by the public—namely, restricted resources and therefore restricted choices about use.

Charles Schultze, in recognition of the limited political capital that can be spent or, in his terms, the political opportunity costs of selection of issues for action, concludes that “the effectiveness, and indeed survival, of PPB will depend on recognizing, but not slavishly following, political constraints in the selection of issues to be examined and alternatives to be considered” [3, p. 101].

A search for alternatives, including the inventive option, is essential if the barnacles are to be scraped off the encrusted local ships of state.

For local government PPB efforts, Charles Schultze has conceded too much, I believe, to political constraints. Gainers and losers in local communities have always been identifiable, even by name; but there well may be options that alter the traditional division between groups—for example, between the property-tax-conscious groups and the beneficiaries of a proposed public service. New technologies that circumvent the traditional lines are one class of alternatives that may well be acceptable.

The extent of encrusted and outmoded routines cannot be overlooked. In one city, for example, arsenic continued to be the treatment for venereal diseases long after the antibiotics were widely used. A 1934 design for a school was adopted by a community without change, despite current views on flexibility in educational plant use. Similarly, programs and services that have been outmoded by scientific advances or altered circumstances, such as changed groups of residents, are continued without question because the processes of questioning have not been built into budget and program decision. Some local TB hospitals are maintained even though chemotherapy has reduced the patient load drastically, and there are optional ways of providing necessary hospitalization. I am told that milk-inspection practices have not been changed since the early 1900's, despite the effective control of typhoid in the United States. School health programs designed at a time when infectious and contagious diseases took a heavy toll in childhood illness have not been amended in some places to take account of available immunizations. Or to give a contrasting type of case, school meals are not provided in some communities because there is no cafeteria facility—despite the fact that affluent children who were fed well at home had left the area and poor children had moved in.

The potential for a fundamental assessment (or base-case analysis) of local programs is great, simply because there have been no systematic processes for review and assessment. And there is a sizable agenda of analysis buried in the history of the cities. The emphasis given by PPB to the search for alternatives opens an occasion for change in time-honored practices, especially since the concepts of analysis illuminate the question of “incentives”—those now built in and those necessary to achieve the purposes sought.

It must be borne in mind that the legal and economic constraints under which cities and counties operate are so numerous that options

within traditional patterns tend to be very restricted. Federal regulations and conditions are mounted on top of State constitutional and legal restrictions and local ordinances. It is a necessary first step to remedial action in intergovernmental programs to identify restrictions in terms of their impact on local action and its efficiency and to document the costs and losses in particular local settings.

I do not intend to underplay either the force of inertia or that of vested interests in on-going programs and activities. But local government generally is exposed government, highly accessible to its citizens. Hidden inertia can be uncovered by the process of a base-case analysis. Vested interests of public employees, as opposed to the public interest (if there are such cases) can be exposed. Even a clear defining and documenting of a problem and of optional ways of meeting it can produce a public discussion about change.

It is important, too, that a body of law on planning is evolving in court decisions that seek to insure that administrative decisions are made by the right processes, including assessment of alternatives. In a 1965 Appeals Court Decision (Second Circuit) involving a proposed power facility to be built by Consolidated Edison at Storm King Mountain along the Hudson River, the Court returned the case to the Federal Power Commission. The Court told the Commission to give serious consideration to alternatives in view of the many values at stake (including preservation of natural beauty and historic sites, as well as the cost of producing power). "The failure of the Commission to inform itself of these alternatives cannot be reconciled with its planning responsibilities under the Federal Power Act"[6].

When administrative law requires adherence to the processes of analysis as part of decisionmaking, those processes will become truly imbedded as a routine in government.

NEW PROGRAM DIRECTIONS

Intermediate outputs of PPB are evidenced by new program directions. Only a brief listing is possible in the context of this paper.

1. Experimental programs are being designed that seek to gain information about program results and production functions of social programs. Federally financed experiments on negative income taxation in New Jersey are one example. The planned modification in methodology in Head Start programs is another.

2. Evaluation requirements are included in newer Federal programs, such as the Model City program, Title I of the Elementary and Secondary Education Act, and the Safe Streets and Crime Control Act of 1968.

3. Cost effectiveness has become a statutory criterion for selection of projects to be federally aided under the Juvenile Delinquency Control Act of 1968.

4. Federal grant-in-aid proposals are now being advanced informally that seek to alter conditions for the aid and measure progress toward the objectives sought and, at the same time, to relax the regulations and requirements on methods or personnel qualifications. The application of PPB points in this direction of change in patterns of Federal categorical aid.

5. Federal planning grant provisions are coming to be reinterpreted to require State or local adoption of the process of a PPB system.

6. Prospects of adoption of unconditional Federal grants may depend on analytical capability in State and local governments that can assure effective and efficient use of the untied Federal funds.

Implementation of PPB in State, city, and county, on which we are engaged, is no small task. And to quote Charles Dickens again, "if we didn't get to Heaven that way, it was not a politico-economical place, and we had no business there."

REFERENCES

- [1] State-Local Finances Project, *PPB Pilot Project Reports from the participating 5 states, 5 counties, and 5 cities*, The George Washington University, Washington, D.C., 1969
- [2] Selma J. Mushkin, "PPB in Cities," *Public Administration Review*, 29:2:167, March/April 1969
- [3] Charles L. Schultze, *The Politics and Economics of Public Spending*, The Brookings Institution, Washington, D.C., 1968
- [4] Gloria Grizzle, *PPBS in Dade County: Status and Implementation*. Paper prepared for the Subcommittee on Economy in Government, U.S. Congress, Joint Economic Committee. (See p. 63 of this volume.)
- [5] State-Local Finances Project, *PPB Note 11*, The George Washington University, Washington, D.C. 1968.
- [6] Charles A. Reich, "The Law of the Planned Society," *Yale Law Journal*, 75:8:1248, July 1966.

FEDERAL SUPPORT FOR STATE AND LOCAL GOVERNMENT PLANNING, PROGRAMING, AND BUDGETING

JACK W. CARLSON*

Introduction

The appropriate division of responsibility between the Federal Government and the governments of States and cities is a longstanding issue in American history. Since World War II, this question has become more pressing; it has become one of our most acute domestic concerns, precipitated by the increase in the activity of government at all levels that has been fueled by increases in technology, income, and urbanization.

Partly because State and local governments are constrained by their traditional tax sources, they have sought increased assistance from the Federal Government. Federal aid as a percentage of total State and local revenues rose from 13 percent in 1961 to an estimated 18 percent in 1969. When coupled with demands placed on State funds to match Federal grants, more than 25 percent of State and local budgets may be influenced by Federal dollars.

On the basis of the dollar magnitudes alone, there has been some erosion of local discretion. This conclusion is reinforced by the fact that Federal aid dollars come through roughly 400 channels, each distinctively marked "Made in Washington." It is not surprising that the intergovernmental decision process has become somewhat clogged and cumbersome. This management problem has been accompanied by a growing demand from citizens everywhere that they be given a more direct voice in Government decisions affecting their lives.

The result of these forces has been an emphasis in the Federal Government on the need for decentralization. However, even before this new emphasis is acted upon, decentralization to a great extent already exists because State and local governments spend \$2 on domestic purposes for every \$1 spent directly by the Federal Government. These factors provide an important impetus toward the improvement in decisionmaking processes at the State and local levels that must occur if domestic programs are to become more effectively and efficiently managed.

Moreover, the Federal Government has come to recognize that the best way to fulfill its responsibilities in such areas as housing, manpower training, urban renewal, education, or crime prevention is not always to create massive bureaucracies of its own, but to rely upon existing governments for program operation. This also nicely coincides with political preferences to strengthen and enhance State and local powers.

*Assistant Director for Program Evaluation, U.S. Bureau of the Budget. Helpful information was supplied by James DeLong, Walter Haase, John Haldi, Egils Milbergs, Selma Mushkin, William Robinson, and Lee Schoenecker.

The advantages of local control also extend to better program evaluation in some instances. Given the size and complexity of programs, many of the inter-program tradeoffs can be made more manageable by viewing them from a lower, more restricted vantage point ("sub-optimization"). Moreover, uncertainty can be dealt with more easily on the spot, as new circumstances develop and warrant modification of the program. Finally, the speed of adjustment may be increased, and the adjustment itself may be finely made to suit local circumstances and adapt to local preferences.

Decentralization may also permit some simplification of program requirements and restrictions, a goal of some significance to State and local administrators. The existence of unnecessary complications is not the entire story, however, because there are occasions when Federal preferences are appropriately different than local preferences. This may be the difference between suboptimization at the local level and superoptimization at the national level, or may be the expression of different values by Federal decisionmakers.

NEED FOR BETTER ANALYSIS

Unfortunately, it is easier to expound on the theoretical advantages of local control, real as they may be, than it is to be certain that these advantages will accrue in practice. It is easy to construct alternative scenarios in which operational responsibility for Federal programs is delegated, but in which money is poured into existing State and local governmental processes without analysis of alternatives, in which no systematic evaluation of existing programs is made, and in which each agency guards its own programs without any thought for possible interagency tradeoffs.

One of the concomitant problems of the rapid growth in Federal aid programs is the development of working relationships whereby bureaucracies at all levels of government rely heavily upon their counterpart interest groups, and frustrate the attempts of policy officials at all levels to impose priorities. Thus, to be responsible, decentralization must assure that the means for wise use of funds exists and that elected officials at all levels are given the tools they need for both effective and responsible action.

The need for such improvement cannot be overstated. The administration has proposed that all the Nation's manpower programs be operated at the local level. Moreover, it recently recommended the adoption of a revenue sharing program, whereby Federal income tax receipts would be shared with the States and cities without any strings attached. These initiatives not only require better program evaluation, but they make it possible in many areas. Policymakers at the State and local levels will be better able to impose their own priorities, and to make tradeoffs across the lines demarcating functional bureaucracies. These programs are not sufficient conditions for better analysis at the State and local levels, but they are necessary ones.

The Federal Government has a strong interest in doing what it can to ensure that the development of decentralized programs is accompanied by a corresponding increase in the management capability of State and local governments. Clearly, as we rely even more heavily on

these units for the delivery of social services, investments in improving these capabilities will have a high payoff. Equally clearly, it is not a job that can be done automatically or through some kind of Federal auditing system; the complexities of trying to delve into all aspects of every program in every location are simply too great. Thus, the emphasis has to be on internal improvement of management capability and, perhaps more importantly, on self-generated and self-sustaining improvement—to make it both effective and lasting.

The techniques of program planning and budgeting and systems analysis are promising and available tools for improving governmental decisionmaking. These terms should be used with caution, however. To say that these techniques should be used by State and local governments and that the Federal Government should encourage their use does not mean that the system of PPBS as developed by the Federal Government for its own use should be engrafted onto other governments. The particulars of application of PPBS by the Federal Government—e.g., Budget Bureau Bulletin No. 68-9—were designed for the problems of the Federal structure and function, not necessarily for those of other units, and even the Federal approach is continually being modified. Rather, it means that the basic concepts of program planning and budgeting—the emphasis on tying plans to resources, on explicitness about expectations of programs and systematic evaluation, on consideration of alternatives and future impacts, and on analysis of the total system necessary to produce a program output—should be incorporated into the governmental process.

Thus, it is important that Federal aid to program planning and budgeting at the State and local levels avoid prescribing any highly structured system or family of requirements that might not be relevant to a particular situation. These units of Government must be free to adopt the general principles to their own situations, capabilities, and interests. The policy of the Federal Government is to provide support and encouragement in the form of money, technical assistance, and support of innovation without rigorous specification as to how these inputs are used.

TECHNICAL ASSISTANCE

In 1966, the State-local finances project of The George Washington University with the cooperation of the Federal Government started the first major experimental program to apply a PPB system to State and local governments. The project developed the shorthand title of "5-5-5," since it was being applied to 5 States, 5 counties, and 5 cities.¹ The U.S. Bureau of the Budget made some funds available for special reports by the State-local finances project, and the Department of Housing and Urban Development (HUD) has been financing followup work on analytic studies done by some of the county and city governments.

Although the project was underfunded from the beginning, it provided assistance to the participants and valuable experience for other governmental units.

¹ See Selma J. Mushkin's article in this *Compendium* for a description and evaluation of the Project.

HUD has also continued to finance PPB experiments with money from certain of its comprehensive planning (such as "701" and community renewal programs. At present, HUD-funded development is continuing in at least seven States at a modest level of \$100,000 to \$200,000 in each State.

INTERGOVERNMENTAL PROGRAM COOPERATION

One of the harder lessons learned by the analysts who have participated in PPBS in the Federal Government is that the information based on dollar expenditures and the outputs and effects of programs is grossly inadequate. Until recently, for example, the Federal Government has not even had information on the amount of money it was spending in various locations, aggregated across program lines. Perhaps worse, State and local governments did not and do not have such information. A mayor or Governor might not know either the aggregate or distribution of the Federal funds being spent in his jurisdiction. Since such knowledge is obviously essential to any attempt to make a rational analysis of whether spending is in accord with the preferences of the locality, the Federal Government has been making a serious effort to fill in the worst gaps in this area.

At the Federal level, both the dollar expenditures and the characteristics of the beneficiaries of public expenditures are being estimated. The attempt is to display both the level of knowledge and the level of ignorance concerning the impact of each program. A table is attached to show the experimental format used for manpower training programs.² Similar ones are being developed for health, education, income security, natural resources, law enforcement, research and development, transportation, housing and community development, international affairs, and general government. Although the Program Overview Project is experimental, it offers enough promise that State and local governments may find the approach useful.

² For further explanation, see *Guidelines for Estimating Benefits of Public Expenditure*, hearings of the Subcommittee on Economy in Government of the Joint Economic Committee, May 12, 1969, pp. 20-30.

Program (agency)	Participant unit cost						Benefit values							
	NOA ² (millions) 1970 estimate	Expendi- tures ² (millions) 1970 estimate	Built-in growth to 1973 ³ (millions)	Man- years, 1970 estimate	Average duration (weeks)	Allow- ances and subsist- ence	Other	Total, Govern- ment ⁴	Private ⁵	Total	Trainees' average wage gains ⁶	Aid to net national income ⁷	Benefit- cost ratio ⁸	Income transfers ⁹
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
On-the-job training	\$596	\$398		180										
MDTA regular (Labor)	64	66		37	20									
JOBBS (Labor/OEO)	438	256		89	24									
JOBBS (Labor)	50	33		11	24									
Veteran's OJT (VAO)	40	40		42	21									
Indian OJT (Interior)	4	4		1	15									
Institutional training	440	455		90										
MDTA	229	240	\$240	60	18	780	650	1,430	((170))	1,600	((700))	((3,097))	((2.9))	(780)
Job Corps	180	188		22	24									
Indian training	31	27		8	36									
Work support	337	334		174										
NYC out-of-school (Labor)	103	102	102	34	20	825	275	1,100	((0))	1,100	((190))	((775))	((1.7))	(825)
NYC in-school (Labor)	62	62		73	(28)									
NYC summer (Labor)	121	120		53	(8)									
Operation Mainstream (Labor)	41	41		10	34									
Foster grandparents (HEW)	9	9		4	42									
Comprehensive	896	837		682										
Vocational rehabilitation (HEW)	500	460		497	53									
Veterans' vocational rehabilitation (VA)	38	38		12	24									
Work incentive (HEW)	130	148		135	(36)									
CEP (Labor/OEO)	209	178		35	(16)									
Title V MDTA	20	13		3	18									
Labor market adjustment	459	459												
Employment Service (Labor)	373	373												
CAP Manpower	17	16												
Equal Employment Opportunity (EEOC)	16	15												
Project Transition	18	18												
Indian mobility	8	10												
Project 100,000	27	27												
Research and development	23	24												
Other, including overall administration	76	75												
Total	2,828	2,582		1,126										
National distribution														

See footnotes at end of table.

MANPOWER PROGRAM DATA 1—Continued

Program (agency)	Enrollee characteristics (percent)										
	Household income ¹⁰				Education			Race		Location ¹¹	
	Minus 3,500	3,500 to 10,000 plus	10,000 plus	Age to 21 to 55	55 plus	Minus 8	11 plus 12	White	Non-white	500K CC	Other urban Sub
	(16)			(17)		(18)		(19)		(20)	(21)
On-the-job training											
MDTA regular (Labor)											
JOBBS (Labor/OEO)											
JOPS (Labor)											
Veterans' OJT (VAO)											
Indian OJT (Interior)											
Institutional training											
MDTA	(65)	(35)	(0)	(40)	(58)	(11)	(53)	(36)	(50)	(50)	(46)
Job Corps											(10)
Indian training											(18)
Work support											(26)
NYC out-of-school (Labor)	(97)	(3)	(0)	(100)	(0)	(12)	(81)	(7)	(50)	(50)	(28)
NYC in-school (Labor)											(8)
NYC summer (Labor)											(16)
Operation Mainstream (Lab)											(48)
Foster grandparents (HEW)											
Comprehensive											
Vocational rehabilitation (HEW)											
Veteran's vocational rehabilitation (VA)											
Work incentive (HEW)											
CEP (Labor/OEO)											
Title V MDTA											

As a complement to the overview, an experimental effort, the Social Achievement Indicators Program, is being undertaken to show indications of the need or lack of need for public expenditures. For each functional area in the overview project, indicators are selected that best display the conditions that exist. For example, unemployment and underemployment data by age, race, and location can be displayed along with manpower program data—which shows the effect of public programs to improve the condition. Some estimates are being attempted to show the rate of expenditures needed to achieve a specified improvement in particular indicators. Obviously, this effort is experimental and is fraught with poor data or, often, none at all. Also, scholars do not know, in many cases, what level of expenditure is necessary to improve each measure of well-being to a specified level.

A Public Expenditure Model has been developed to assist with broad priority analysis. As progress is made on these experimental Federal projects, State and local governments may find useful adaptations for their own attempts at project analysis.

It is important that State and local governments improve their own program data and the process to obtain it. As stated by a city government official:

“... In an ordinary Federal agency of no great efficiency ... on the 10th of the month you ordinarily expect, and get, a list of all grants, expenditures, and obligations. ... And perhaps you also get some evaluation of what's going on. [Here] ... , however, finding out how much a particular operation is costing becomes a research project. But analysis of costs is a very important tool of management, as is analysis of what it would cost to do some things differently.”³

The problem stated is not unique to one city. While there are grave problems with Federal information services, it is clear that those of State and local governments are even more acute. Federal funds spent in upgrading such systems could be very well spent.

There is no systematic information about how much the Federal Government is spending in this area at present (thus illustrating the point that information available to the Federal Government also needs improvement) but funds from the many Federal planning programs could be available for the purpose. Some agencies are specifically targeting funds for the development of management information systems and the analysis needed to provide information useful for program evaluation.

While some States and localities have developed information systems as an aid to planning and program analysis, no attempt seems to have been made to align this information in similar classification terms to the Federal information classifications. An experiment was conducted with the Federal Government and the city and county of San Francisco to develop a city budget displaying all the Federal funds received and expended for fiscal year 1968. This federally-sourced city budget related all Federal funds to existing Federal appropriations, functional and program classifications, as well as to San Francisco's city program and agency classifications.

³ Quoted in Hentoff, “The Mayor: The Worst Alternative Is Doing Nothing,” *The New Yorker*, May 10, 1969, p. 72.

This project was useful to see the multiplicity of the Federal impacts in a particular urban area and has been helpful in convincing Federal personnel of the need to improve grant administration. In addition, it helped city officials see the entirety of the Federal impact and to better plan and coordinate it.

The development and use of common, comprehensive, and understandable information will help reduce the present confusion at all three levels of government over grant-in-aid programs as well as put Government decision makers in a better position to interrelate Federal, State, and local effort more effectively.

Another Federal activity now underway, which will have varying effects on State and local planning systems, including those for program planning and budgeting, should be mentioned. That activity is the effort to improve and simplify, first, the 35 to 40 Federal planning assistance grant programs to State and local governments, and second, the planning requirements of 100 or so Federal grant-in-aid programs.

Under the direction of the interagency Planning Assistance and Requirements Coordinating Committee (PARCC), with the Department of Housing and Urban Development as the lead agency, three interagency task forces have been established.

The first task force—planning assistance—is concerned with simplification of Federal planning assistance programs (i.e., HUD's 701 program, HEW's comprehensive health program) and is investigating such matters as joint funding procedures, development of a standard planning information base, a rationalization of the Federal planning assistance system, and other like matters.

The second task force—administrative simplification—is studying the auditing and accounting, fiscal, manpower, and reporting requirements of Federal planning assistance grant programs.

The third task force—planning requirements—is investigating ways and means of improving the planning requirements that are prerequisites for over 100 Federal grant-in-aid programs. These grants to local governments are for hardware and operating program moneys and should not be confused with the Federal planning assistance grant programs, which aid planning per se.

All three task forces will complete their reports later this Fall. The results will receive the advice of State and local officials and will undoubtedly lead to improvements.

EDUCATION AND TRAINING

When any new approach to Government problems is initiated, it is important both that specialists be developed and that general education programs be started which familiarize officials with the approach. It is not necessary that all officials become competent analysts and technicians, but it is necessary that they learn to be competent users and requirers of analytic work. This means that they must have a rudimentary knowledge of the methods, strengths, and weaknesses of program planning and budgeting techniques and system analysis.

The Federal Government has been filling its own needs in this area through a combination of programs of different types, ranging from

a 9-month course in systematic analysis (Educational Program in Systematic Analysis) to 2-day orientation sessions and on-the-job training.⁴ Arrangements have been made whereby State and local officials can also participate in these courses. In fact, several State and local governments have taken advantage of these courses, including the governments involved in the 5-5-5 project. Obviously, this is an area that can expand with resulting high payoffs.

Courses tailored for each governmental organization's particular needs are often useful and have been recommended by technical assistance teams.

Under title I of the Higher Education Act, the Federal Government provides funds for the training of State and local government personnel. A portion of this goes specifically into training in program planning and budgeting. Systems analysis programs for State and local officials in particular functional areas—education, for example—are also sometimes paid for by grants from the Federal agency that operates in the functional area.

The training materials developed by Federal contractors for use in the various Federal training programs have also been made publicly available. For example, the U.S. Bureau of the Budget has contracted for the development of a series of case studies specifically for use as teaching tools.⁵ Also, some cases have been developed from State and local government experience.⁶

RECENT APPLICATION OF PPB

Presumably, Federal officials, as a result of their experiences with PPBS at the Federal level, have gained some insights into techniques and problems of PPB useful to State and local officials interested in the field. At the very least, continuing duplication of mistakes can be avoided, and knowledge of successes can be shared. There are several formal and informal methods of providing this kind of technical assistance to State and local governments.

Federal Technical Assistance Teams, nicknamed the "Flying Feds," spend a week with State or city officials in intensive discussion of the State or city government's planning, programing, and budgeting functions. After a week of intensive interview and evaluation, the team recommends improvements and provides a briefing and a report for the Governor and his agency heads. Usually, some 701 planning funds are then given to assist with the improvements that are subsequently selected by the Governor and his agency heads. The teams consist of groups of specialists from BOB, HUD, other Federal agencies, the Urban Institute, and other consultants. So far, such programs have been put together in three different States—New Mexico, Tennessee, and Colorado—and one city—Denver—and the results warrant the

⁴ See Jack Carlson, "The Status and Next Steps for Planning, Programing and Budgeting," in Joint Economic Committee, *The Analysis and Evaluation of Public Expenditures: The PPB System*, vol. 2, p. 624 (1969).

⁵ These are now publicly available through the Intercollegiate Case Clearing House, affiliated with the Harvard Business School.

⁶ Hinrichs and Taylor, *Program Budgeting and Benefit-Cost Analysis: Cases, Text, and Readings*, 1969.

continuation and expansion of the effort. In such a context, the technical assistance given works both ways: Federal officials profit from learning firsthand about State and city problems and techniques along with State and city officials. Even if the Flying Feds are unable to recommend the best action steps, they provide "strawmen" against which the Government unit involved can react to identify better improvements.⁷

This effort, while notable in that it is specifically oriented to program planning and budgeting, is not the only current effort at improving the contact between State and local officials on the one side and Federal personnel on the other. The Intergovernmental Cooperation Act, passed last year, provides basic authority for the Federal Government to provide a number of specialized and technical services, several of which are important to PPB.

OTHER ASSISTANCE FOR SOME FUNCTIONS OF PPB

There are a number of areas where program planning and systematic analysis can readily be supported within the framework of existing Federal programs, in that such activity falls within the broad guidelines of permissible action laid out in the statute or in the relevant regulations. This is true for both the Federal planning assistance programs and for the Federal grant-in-aid programs having planning requirements of some type.

In some cases, the Federal Government is beginning to emphasize that systematic analysis is a vital part of planning. This is especially marked in some recent statutes. The Juvenile Delinquency Control Act of 1968 emphasizes that comparison of costs and benefits is a necessary criterion in judging projects that will be federally funded. Under the Safe Streets and Crime Control Act, also passed last year, the planning guidelines state that systematic analysis of the relation between inputs and outputs and of the cost-effectiveness of programs is a necessary part of a comprehensive anticrime plan.

There are also some general evaluation moneys which may be available for State and local efforts to study the impact of programs. Seven Federal programs specifically provide that between one-half percent and 1 percent of the program funds can be spent on evaluation efforts.⁸ There is no reason why such funds should be spent only by the Federal Government or by Federal contractors; a comprehensive or intensive State or local evaluation effort could also yield useful information about the actual impact of a program.

All of these programs and efforts add up to a considerable amount of Federal support. Compared with the needs, however, the support is still small. It is likely, however, that these efforts will expand as program evaluation and planning become more familiar to State and local officials and as the expansion of State and local responsibility for Federal programs makes the need more imperative.

The extension of assistance may take many forms, such as:

- Additional funds for *comprehensive* planning and analysis as contrasted with planning wholly within each *functional* area;

⁷ Director of the Federal Technical Assistance Team is the Assistant Director for Program Evaluation, U.S. Bureau of the Budget.

⁸ See Carlson, *op. cit.*, p. 624.

- Assistance to legislatures for carrying out their program evaluation responsibilities;
- Funds to experiment with the use of program structures for *both* strategic planning and priority setting *and* control over the actual use of funds;
- Assistance in actually carrying out policy analysis at the State and local levels and sharing relevant and useful examples with future participants in orientation and training programs;
- Federal funds to State and local governments for training on a continuing basis.

These and other forms of assistance will undoubtedly be considered in the future as complements to the assistance that is already available. Thereby, the resulting improvement in planning, programming, and budgeting can increase the likelihood of more effective public programs.

CALIFORNIA'S PROGRAMING AND BUDGETING SYSTEM

EDWIN W. BEACH *

Introduction

Our society and its governmental institutions are faced with many complex issues. These problems truly call forth from the leaders of government, the very utmost in creative, innovative problem-solving efforts. These efforts are compounded by a problem that we are all familiar with; we are faced with more demands for services than we can afford. Because the needs and demands for services exceed the income, hard choices must be made. It is necessary to decide which services and what quality of each service best meets the people's needs, within the income. The development of the Programing and Budgeting System is one of the most logical approaches to use in helping to make such decisions. One of the main values of the Programing and Budgeting System is that it provides an increased capability to consider the costs and benefits of program alternatives.

Generally, the report will include a review of the structure of California's Programing and Budgeting System, and our progress, to date, in implementing it. It will also discuss the relationship of the Programing and Budgeting System to the function of planning.

I want to first emphasize that the Programing and Budgeting System was not a brand new concept to us, nor should it be to anyone. In fact, as a concept, PABS contains nothing new except a more formalized—systematic—way to look at our problems and their solutions.

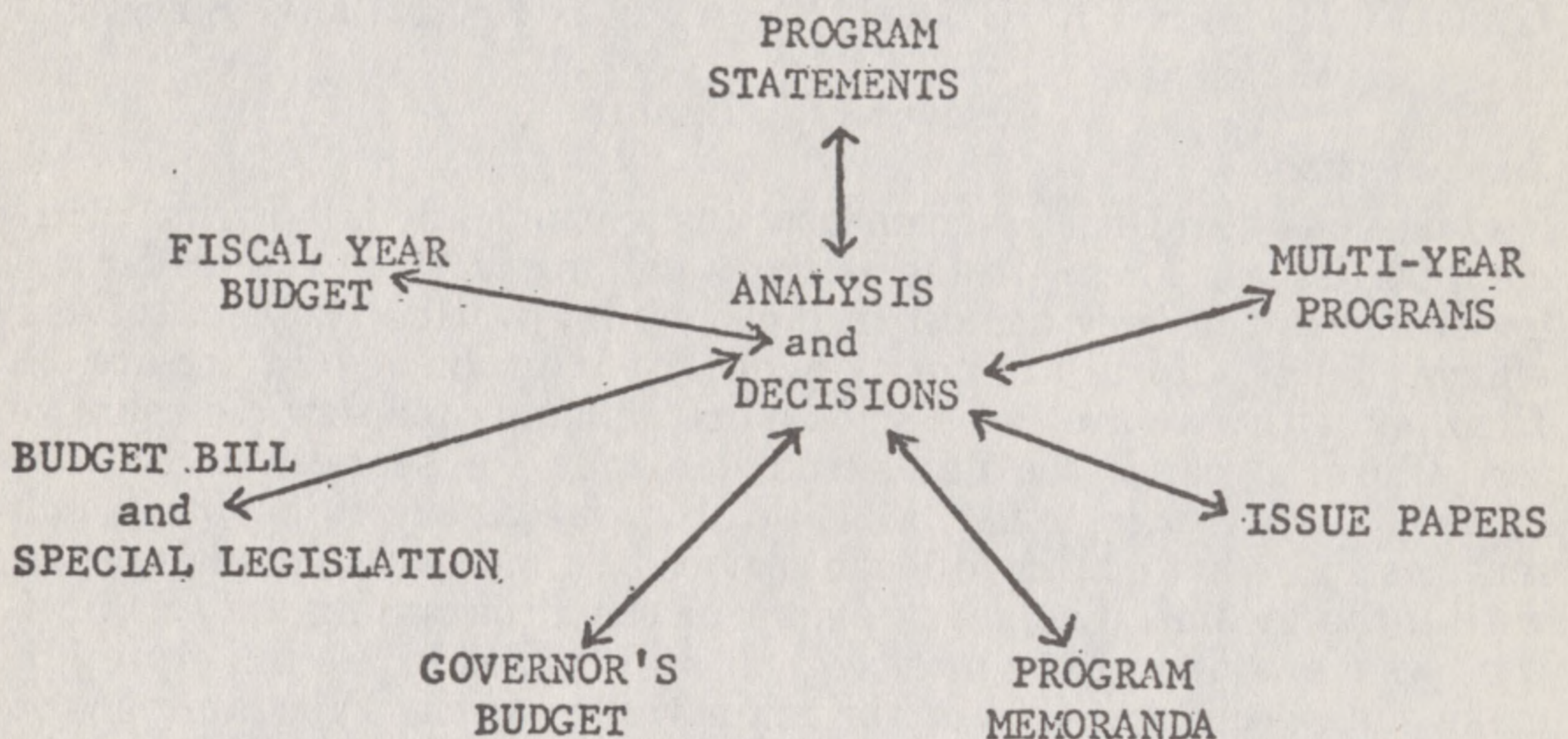
The heart of the system is really the application of the problem-solving method, which the physical sciences have used for years. The systematic method of problem solving consists of:

1. Defining the problem.
2. Establishing a clear, accurate statement of objectives.
3. Choosing criteria for measuring the achievement.
4. Generating alternative ways to achieve the objectives.
5. Analyzing and evaluating related data.
6. Interpreting the results.
7. Testing the results.
8. Reevaluating.

This is the process which we, in California, are attempting to apply in the adoption of PABS. As you can see, it is nothing new. What is new is that we have established a system for integrating or institutionalizing these techniques into our day-to-day decisionmaking process. The way in which this effort is carried out is through the development, by agencies, of the key documents in the Programing and Budgeting System.

*Chief, Budget Division, Department of Finance, State of California.

Essentially, we have identified seven documents, or steps, in the development of the system. These documents interact with each other, and all involve steps of analysis and decisionmaking. These interactions are depicted in the following illustration:



For example, the Governor's final decisions on budget matters affect the Multi-Year Programs. Issue Papers define and lead into the development of Program Memoranda. Program Memoranda are prepared, and decisions are made which affect Multi-Year Programs.

Briefly, these documents serve the following purposes:

Program Statements.—The Program Statement essentially, provides the skeletal information about an agency's program structure—the the need—objectives, general description and activity for the program. Our effort at developing program structure in California has stressed that. Program structures should be developed from the bottom up, on the basis of the decisions which are made. In that regard, we agree with the description of program structure contained in Federal Bulletin No. 68-9:

The program structure should group agency activities in a way that facilitates comparisons of the cost and effectiveness of alternative approaches to agency objectives. To serve this purpose, program classifications should be objective-oriented, grouping activities with common objectives or common outputs.

One difficulty in developing program structure is the matter of organization structure. Many agencies initially assumed that their organizations were their programs. In some cases this was true; in many cases, it was not true. Organizations are oriented and exist for a variety of reasons apart from programs.

As our State agencies begin to reflect upon their decisionmaking processes of the end product for which they are responsible, they recognize the need for reorganization—and many have proceeded to do so.

Multi-Year Programs.—This document emphasizes the planning aspect of our system. (I will discuss the relationship to planning later on in this paper.) The information which we ask for, requires the manager to look at the future and reflect the impact of the future upon his programs. In order to do this, he must clearly define his

needs, objectives, what he proposes to accomplish in the form of outputs, and what resources he will require in the form of inputs. It is critical to the success of multiyear programing that future-year cost implications for authorized programs be considered. This provides management with a base from which to evaluate changes. Our formal requirements are that program costs and outputs be projected at least 5 years into the future; however, depending upon individual program requirements, the projection may be much further ahead in time.

Issue Papers.—This is a new concept introduced into our system this year. The purpose is to provide a vehicle which can cross organizational and program lines, and which management (particularly at the higher levels of government) may use to consider major policy and program issues. The Issue Paper provides information about a problem in sufficient detail for our managers to determine if further in-depth study is warranted. If it is warranted, then a *Program Memorandum* is prepared. This document, which is also prepared as an ongoing part of the PABS process by program managers, seeks to answer the following questions:

“What are the needs of the public?”

“Is California State Government getting results?”

“Are we supporting programs at the most effective and sufficient levels?”

“What programs can or should be abandoned?”

“What new programs, if any, should be substituted for existing programs?” “Why?”

“Are all levels of government working together?”

It is in this phase that comprehensive analysis of program alternatives is conducted. Based on the analysis, decisions may be made which amend the Multi-Year Program.

The Budget.—Each year the Governor's Budget is prepared, based on the Multi-Year Program. The Budget represents a slice out of the Multi-Year Program. The important thing is that the budget decisions are made on programs.

This point leads to the fact that we should, and must, present the Budget in program terms; although for many purposes, particularly accounting, the traditional organization Budget is also required.

With two Budgets, there is a need to provide crossover information so that we can see the relationship of organizations to programs, and vice versa.

Budget Bill.—The Budget Bill represents the Legislative action on the Governor's Budget, and special legislation provides changes to Agency program structures and objectives. Both the Budget Bill and special legislation may result in changes to the Multi-Year Program.

Fiscal Year Budget.—Changes in programs take place even after Legislative approval. The system has to be flexible enough to accommodate changing conditions.

The above, then, are the key documents and processes in the Programing and Budgeting System. Their principal aim, objective and value is in their contribution to an improved management-decision process, based on program analysis.

Prior to the development of PABS, we did provide considerable explanation of organization and program changes in the traditional

budget narratives. We printed sample program budgets for three Departments, beginning in 1964-65, and added additional Departments in sample formats each year. In the case of one Department—Water Resources—we were printing their actual budget in program format before we even considered the implementation of the Programing and Budgeting System.

We actually began implementing the Programing and Budgeting System in May 1966, when the Governor directed its establishment. As we have developed it to date, the system is only partially implemented.

The steps of developing the policies and procedures, and the implementation of this effort can be categorized into five areas:

1. Instruction.
2. Training.
3. Departmental program structure and information.
4. Preparation of Multi-Year plans, Issue Papers, Program Memoranda, and
5. Statewide program and cost analysis.

The first official step taken was to establish the requirement for the system and develop the necessary policies, procedures and instructions. A separate staff of four professional positions was established in October 1966—within the Department of Finance, Budget Division, to coordinate, develop and guide the implementation of California's Programing and Budgeting System. Shortly after the general policies were announced by the Governor, in 1966, the Department of Finance issued a series of instructions to Departments for the preparation of the basic materials.

Since our State managers, at that time, did not have a firm understanding of the concepts involved in the Programing and Budgeting System, training programs were conducted in the Fall of 1966 to familiarize managers with the general concepts of the system.

A number of Departments supplemented the Department of Finance Training Programs and instructions with their own training efforts.

These familiarization programs were followed by a rather extensive program of skills training in the techniques of the Programing and Budgeting System. In State Government the programs and services are varied and, in many cases, don't readily lend themselves to tools of analysis; however, these tools so important to industry and management in the private sector can be applied—although it takes understanding and hard work. Beginning in the Spring of 1967, sessions were held with many Departments, where the application of the basic principles of program analysis were given in small discussion sessions that centered around an actual State program.

Throughout 1968, an intensive skills and familiarization training program was carried out by our Department, in cooperation with the State Training Division. A five-point training program was developed, which included:

1. Seminars to familiarize Cabinet Members, Secretaries and Departmental Directors with the principles of PABS.
2. A special course for 150 key Departmental and Budget Division Fiscal Managers, emphasizing the technical skills of program analysis.

3. A course in instructor development (management personnel), emphasizing the principles of program analysis.

4. Management trainers to develop and conduct their own training programs for both their line managers and fiscal managers. The Department of Finance and the State Personnel Board are to have specialists available to assist in developing Departmental training programs.

5. Three courses in program planning and evaluation, to be given each year in a continuing effort to train new managers.

The personnel of the Departments that have taken advantage of the training opportunities have benefited, as evidenced by the quality of the material they have prepared.

Every State Department and Agency has produced a structured program statement which identifies needs, objectives and outputs.

Support and local assistance budgets of all State agencies were presented in program budget format for the first time in the Governor's Budget, which was presented to the Legislature in February 1969.

Leading up to this presentation, the Department of Finance held program and policy hearings with each State agency during September and October 1968, to review the program requests.

Although we have made considerable progress in implementation, there are several major areas for further effort. In the material developed to date, inclusion of output criteria has generally emphasized workload data rather than measures relating to objectives achieved. This is due to the historical emphasis on collection of control and efficiency data rather than on collection of information to be used in evaluating effectiveness.

Multi-Year considerations have generally been arithmetic extensions of currently authorized programs. It will be some time before these documents reflect changes in program mix based on an in-depth analysis.

Another area of concern to us involves the relationship of planning to the Programing and Budgeting System. It is important to note that planning is embodied in the Programing and Budgeting System which we are implementing in California, even though we don't use the word in the title as many other jurisdictions do.

Planning traditionally has been one of management's most troublesome responsibilities. Troublesome in the sense that we have too often ignored doing the job and if we did it, or had it done by professionals, we too often ignored the results.

There are many reasons why planning has had its difficulties, but most of these stem around one central question running through a manager's mind: "How can planning—particularly long-range planning—help me solve today's problems?". This question is vital because we, as managers, are usually struggling from one crisis to the next, and it is difficult to find either the time or the inclination to worry about what our programs ought to be concerned with 5-10 or 20 years from now.

One of the very great potential benefits of the Programing and Budgeting System is that it is, I believe, a vehicle for linking planning

to the practical world of day-to-day management. This is true for two reasons:

First, the requirements of PABS encourage managers to properly set forth both their long-range and intermediate-range goals and objectives. At the same time, it also encourages managers to examine these goals in the harsh light of fiscal constraints.

How else might the Programing and Budgeting System aid the planning activity? Let us examine the role of planning. Basically planning is concerned with identifying long-range goals, coordinating actions of various groups toward some common goal and providing information or planning factors to the executive for use in the decisionmaking. These functions all have at least one common thread. They require a base of information for their achievement.

I believe that a fundamental ingredient to that base is the planning information already contained within the Programing and Budgeting System.

Additionally, the Programing and Budgeting System serves as the vehicle for agencies to portray their short-range and intermediate-range execution plans in greater detail.

What I have been saying is that the nature of planning and the Programing and Budgeting System are interrelated, and both are complementary to each other. A common thread which links them both is the analysis of issues and solutions to problems. More than 70 California State Departments and Agencies are actively participating in the PABS System. Many are engaged in either the preparatory steps of program analysis or are conducting analysis in the preparation and management of program statements and Multi-Year Programs. Program considerations which cross Departmental lines are beginning to be possible as Agency Secretaries and our Department complete the synthesis of a Statewide Program Structure. Let's look at a few examples where program analysis has been utilized to tackle some of our current problems, both large and small.

One example of continuous program analysis is found in the Department of Agriculture. The plant quarantine activities of that Department have been under continual analysis for some time. This is a program where border stations are maintained on major highways leading into the State, maritime ports, and airports—for the purpose of intercepting infested or infected plants, plant products, or animals that are detrimental to agriculture. It is interesting to note that after study, it was decided to transfer the plant quarantine work at the International Airport and the maritime ports to the Federal Department of Agriculture. It was also decided to reduce the hours of coverage at the highway quarantine stations—depending on the experience of intercepting plant pests. It was decided to offset these reductions by increasing pest detention and eradication programs within the State. At the same time it was proposed to eliminate several plant disease control projects, close the seed laboratory in Los Angeles, and provide service from the Sacramento Laboratory. These changes took into consideration the changes being made at the Federal level. There is a lot of risk involved in making these sorts of decisions. Resistance can be expected from employees and private industry. There is an element of risk with respect to an outbreak of plant pests and disease. The

decision of whether or not to run the risk is made on the basis of the general public good. These are real-life problems.

There are many examples of program analysis that cross Departmental lines. One example involves the efforts of the Governor's Coordinating Council on Alcoholic Problems, a Task Force on evaluation and planning. The primary objectives of this Task Force are:

1. To review methods being used by Departments for evaluating alcoholism treatment programs;
2. Suggest ways for improving evaluation programs, if necessary; and
3. Suggest short and long-range planning to enable more effective use of resources now allocated to treatment programs.

It is felt that, by proper methods of evaluation, it will be possible to ascertain which programs are really paying off, and which may have more marginal results. In this case, we are dealing with a direct alcoholism service program of approximately \$12,000,000 in the Departments of Mental Hygiene, Public Health and Rehabilitation. These are direct costs and do not take into account the tremendous indirect costs to those affected by alcohol. We suspect that the problem is so great that the Task Force Recommendation will, in effect, constitute an "Issue Paper" toward the formulation of a future study that will be undertaken by the Human Relations Agency.

A second example of analysis that crosses departmental lines is the new look we are taking at our Welfare Programs, particularly the problems of overcoming the causes of dependency. This study is exploring alternatives, such as efficiently providing support for the permanently dependent, a more effective alignment within the various levels of Government, and stimulating participation of the private and independent sectors. An information system will be designed to measure results, in order to evaluate the effectiveness of the program. This is an interdepartmental study, and truly dedicated to the system concept where the required services are related to the program objective.

As Departments progress in implementing the Programing and Budgeting System, we can see substantial improvements. As they proceed through each subsequent phase—Program Analysis, Budget Preparation, Publication, Presentation, Enactment, Administration and Evaluation of Accomplishments—they strengthen succeeding steps by the lessons learned. The basic design of the system provides for reinforcement of weak phases through analysis in succeeding PABS cycles.

In some Departments, the quantification of outputs and inputs has progressed very well. In almost all cases, even the fundamental considerations of output and benefits has led the Department to a reappraisal of program objectives and program structure.

We are pleased that the system is being used. Many of our Departments are using the system in the preparation of their budgets, and in conducting the analysis behind the budgets. Agency Secretaries have had an increased ability to cope with the broader program considerations than they would have had.

As mentioned earlier, one of the key features of the system is that it calls for the development of Multi-Year Plans in which the Departments are asked to conduct an analysis of the authorized programs, and provide a projection of costs and outputs over a 5-year period. This is the second year that Departments have submitted these plans and the first year in which we will seriously be evaluating and discussing with them the implications of their proposals.

We will this year, for the first time, be accumulating Multi-Year projections of program expenditures by a Statewide Program Structure.

This structure will reflect the broad purposes of State Government in such areas as economics, environment, health, safety and security, and transportation.

When accumulated, the Governor will be able to assess the relative allocation of State Government's resources, and consider the priorities in relation to the needs. It will—in a sense—be an opportunity for broad gauge cost-benefit analysis.

We have initiated, this Spring, an effort to get meaningful consideration of program issues early enough to have an impact on the budget process. Departments are now preparing Issue Papers on key problems which are currently being considered in meetings between the Director of Finance and the Agency Secretaries. The results of these Issue Hearings will be decisions regarding areas for further study and development of a Program Memorandum, another key document in the system. The Program Memorandum will contain a report on the analysis of alternatives, together with a recommendation for changes to the Multi-Year Plan and the Governor's Budget.

By this process, the Governor and key Cabinet Personnel will have a timely opportunity for considering issues of major importance; decisions can be made which will have an impact on our 1970-71 Budget.

With regard to the preparation of the 1970-71 budget, the Governor has issued instructions to all agencies to significantly reduce expenditures by submitting budgets within allocations which are lower than current year authorizations.

This allocation process represents a significant difference in previous approaches. It will be necessary for each department to identify through application of the Programming and Budgeting System their higher priority programs which can be financed within the basic allocation. Each department may submit a supplemental list of requests in priority order. This supplemental list must provide a thorough program analysis, including a cost benefit comparison of available alternatives and the probable consequences if the supplemental request is not approved.

The Governor and his Cabinet will review the basic allocation and supplemental request and make a final decision on the budget for each department.

We believe this approach places the responsibility for effective program decision-making and resource allocation where it properly belongs—with the departments.

In closing, I would like to add that I think the Programing and Budgeting System is one of the most significant improvements to the management process to come along in many years.

It has aided, and is aiding, the Executive Branch of Government to more critically examine the central issues with which we are faced. It is providing better information, and improved decisionmaking.

However, a word of caution about the Programing and Budgeting System; it is not a panacea; by itself it can do nothing; there are weaknesses in it, as well as strengths. More important than any system, are the individuals responsible for managing programs—they are the ones who make Government effective or ineffective. A system such as PABS can only aid an effective manager; it cannot make a manager effective.

DEVELOPMENT OF A PPB SYSTEM IN THE STATE OF MICHIGAN

PAUL H. WILEDEN*

I. *Introduction*

There has been a general trend during the past two decades for State budgets in Michigan increasingly to reflect the programmatic aspects of its agencies in the annually recommended and enacted appropriations. Included among the reasons for this trend are (1) rapid growth in the size and complexity of State government expenditures, (2) emergence, with increasing frequency, of new problems not generally related to existing structures, such as mass transit, comprehensive law enforcement, health care or housing programs, (3) a rising concern by the Governor and his staff and other responsible officials for an improved system of resource allocation decisions in any fiscal period, but particularly when available resources were to be more than usually limited and (4) a growing awareness by agency administrators of the increased competition for funds among existing and proposed new activities or functions of the State government. Illustrative of the dimensions of the postwar dynamics of Michigan's budget is the fact that the general fund increased from \$221.9 million in 1948 to \$1,152 million in 1968, an increase of 419 percent, or an average of 20 percent a year. Such data underscore the need to replace earlier types of input-oriented budget decisions about agency size and change with those more relevant to purpose, performance, and related cost factors.

The past 5 or 6 years have been marked by especially significant and accelerated progress toward a new emphasis on more systematic program planning and budgeting in Michigan. A basic factor in this recent period of progress unquestionably has been the State's new Constitution, effective in 1963. It required fundamental restructuring of the executive branch into not more than 20 principal departments. The basis for restructuring was firmly rooted in an amalgamation of agencies along broad program lines and reflected a strong concern for improving the State's fiscal tools including its executive budget provisions and the requirement of a performance post audit. Thus it was quite appropriate that, starting in 1965, Michigan executive budgets have followed a distinct program format. Two years later this new system of budgeting was further enhanced by participation, during 1967-68, as one of five selected States, in the "5-5-5 Project" of The George Washington University State-Local Finances Project. That project, involving five States, five counties, and five cities, was a 1-year pilot effort to adapt PPB processes to their governmental jurisdictions. It provided a timely and useful added boost to earlier on-going efforts to develop a better mode of budgeting for Michigan State government.

*Assistant State Budget Director, State of Michigan.

II. STRUCTURE AND COMPONENTS OF THE BUDGETING SYSTEM

The general long-range objective is the typical one of PPBS, that is, to produce an output-oriented program budget within a multiyear framework, based on adequate systematic analysis of alternatives reflecting pertinent costs in relation to results. Essentially, the system rests on a continuous development and presentation of information regarding the full implications of all major alternative courses of action in basic resource allocation decisions. It is recognized that the system must be methodically and carefully developed over a fairly lengthy period of time, must have adequate policy level leadership and support, must be responsive to new initiatives and circumstances, and must not be expected to produce once-and-for-all answers. The entire system hinges on carefully identified goals and objectives with, wherever possible, the desired kinds of outputs indicated along with quantitative and qualitative standards. In order to organize relevant information and to examine or evaluate program outputs, a program structure has to be conceived and developed. Only after an acceptable program structure has been developed can the system begin relating contributions of the several parts to the overall statewide goals.

The process of identifying State goals and objectives calls for a rigorous examination of why various activities are being performed. All State governmental activities carried on by the individual organizational units, after being classified according to the objective or objectives to which they contribute, can be more clearly observed in terms of their interrelationships within a set of overall statewide program goals and objectives (the so-called umbrella structure). This approach also holds potential for eventually providing a clearer indication of the role State government plays in accomplishing those objectives within a larger system comprised of Federal and local jurisdictions as well as the private sector.

Another feature of an output-oriented program structure is to permit decisionmakers to more clearly observe how available State resources (inputs) were being dedicated for the accomplishment of the several objectives. In other words, it contributes to a more rational allocation process by making the social impact of related policy decisions more apparent. Such a structure also facilitates identification of those activities which either reinforce or tend to accomplish the same objective. These are significant advantages over the traditional budgetary approach with its nearly exclusive emphasis on objects of expenditure and organizational units.

Not only can the output-oriented program structure contribute to a more rational allocation process, but its development is a basic requirement of a meaningful planning-programing-budgeting system. Components of such a system include both short and long-range planning and budgeting, in which future-year implications are identified; systematic program analysis, reflecting assessment of policy alternatives; comprehensive management information as well as timely and adequate reporting of financial information. While these components of a PPB system can be functional on a self-standing and independent basis, they are far less effective operating separately than as parts of a well coordinated system. However, bringing these various compo-

nents together into a more structured allocative system requires a framework as well as a common unit around which to organize them. The common unit is the output-oriented program and the framework is the program structure. Once these elements are established, relevant information generated and collected within the system can be ordered and made available for analysis and evaluation in resource allocation decisionmaking. It should be recognized, however, that judgmental elements are not excluded by this system, neither are decisions made automatic or easier. Indeed, accepting the new kind of discipline of objectively analyzed information by policymakers can represent a rather difficult adjustment in some cases.

III. CURRENT STAGE OF DEVELOPMENT

There are two general methods of implementing a PPB system. One is to set up a specific schedule covering the sequential steps in a desired order over a specified time frame. The other approach is to gradually evolve the several elements of the system within a general sequential priority pattern, with timing fitted to the circumstances as they exist and emerge in a short-run period. The first, or highly structured method, has certain benefits and limitations which when assessed in terms of the Michigan setting lead to the adoption of the less structured method of development. If the more scheduled form of implementation were being followed it would be easier to specify the exact extent to which the system has been developed and the remaining theoretical steps to be planned and activated in the future. However, since that has not been the approach in Michigan, the description of progress necessarily must be given in more general terms.

A minor gauge of PPB development is the extent of program identification. Viewed in terms of an agency program structure, the fiscal 1969-70 executive budget documents and appropriation bills now before the Michigan Legislature in its regular 1969 session represent the second year in which all executive branch departments and agencies have been displayed on a program basis. For two consecutive years the executive budget has shown recommendations by major programs for each of them. All of the agency program structures reflect an initial, but developing, set of goals or objectives to which they relate. In most cases, there also are component and further subprogram structures supporting the agency's major programs, which help meet the needs of management.

In addition to agency program structures, preliminary work has been done on designing a set of broad output-oriented programs. This so-called umbrella structure cuts across departmental organizational lines and results in a series of nine or ten major statewide goals or objectives for State government. They are broad in scope and provide an overall framework within which to classify the individual departmental and agency programs. Because this statewide program structure emphasizes an output orientation, a series of effectiveness criteria are being developed for each category to the extent there are meaningful criteria which can be associated therewith. An important use of this objective-oriented structure is that of a useful tool for the chief executive in conceptualizing what the government is trying to achieve and

in focusing related allocative decisions in terms of responses to social needs.

It is generally recognized that the crux of PPB is systematic analysis. There are two types of analysis, short term and long term. Both of these forms of program analysis have been utilized only on a limited basis; but a definite start has been made in Michigan toward incorporating program analysis into the budget system. Several in-depth program memoranda have either been completed or are currently being prepared in such limited problem areas as health, education and natural resources. For the short-term analysis the issue paper has been utilized with a limited degree of effectiveness. Briefly, an issue paper defines a problem, suggests alternative courses of action to cope with it, but does not incorporate extensive data and quantification of the costs and benefits of proposed alternatives. Rather limited use was made of issue papers in forming policy decisions for the 1969-70 executive budget. As will be noted in a later section of this paper, there will be more extensive emphasis upon both the short and longer range program analysis techniques in connection with the 1970-71 executive budget process.

Effective implementation of an output-oriented program budget also requires improved information and accounting systems. In addition to more compatible account structures and capabilities to generate financial data in forms useful for program structure reporting, new data needs must be met. These needs include data which provide some measures of performance and, where possible, it is highly desirable to collect data to demonstrate program effectiveness—in other words, a program accounting system for resource allocation and a system of output indicators to measure effectiveness of resource allocation. A certain amount of this kind of data already exists but not in a readily available or usable form. Michigan currently has underway an extensive project aimed at restructuring the financial accounting system to be compatible with PPB concepts. The first phase of this project will be completed and become operational beginning with the next fiscal year, 1969-70. A future phase of this project contemplates the design and installation of a companion system to generate the desired information for management and analysis of programs.

IV. FURTHER IMPLEMENTATION PLANS

In general, further development of the system in Michigan probably will first concentrate on extending and refining the developments already achieved in the components discussed in the preceding section. In addition there is need to provide training in several areas and to achieve a greater degree of relationship with Federal and local jurisdictions as well as with the private sector.

A specific step toward further implementation of the system was taken when the Governor recently issued a communication¹ to the heads of all departments and agencies on the subject of issues analysis and program review. Its purpose was to provide a systematic basis for (1) evaluation of present programs, their adequacy and alternative

¹ See Attachment 1.

approaches for achieving the desired objectives, and (2) identification of issues facing State government, assessing their priorities and the alternative actions to meet them. Central to this procedure is the preparation and presentation of issue papers which will provide the basis for determining those program analyses to be given priority for short-term issue papers and those programs and problems requiring longer term in-depth analysis. The short-term selections will be considered in conjunction with the 1970-71 budget preparation cycle, while the long-term program analyses are expected to impact on program reviews for the 1971-72 budget and subsequent execution.

Efforts to improve the program analysis capability must be expanded in the future. At this time there is need to improve both the quantitative and qualitative tools with which to measure program results. In part this situation is complicated by the fact that many of the principal State programs have objectives which involve people and social values. Consensus on precise definitions of objectives or measurable criteria of effectiveness in these programs can be difficult to reach. In those instances where human or social values form a large part of the analytical model there can be special problems in terms of realistic evaluations of program efficiency or results. While recognizing there are limitations in the scientific method applied to social problems, improved analysis can contribute useful information and array alternatives for consideration in setting policy and resource allocations.

Despite rather extensive training efforts during the past year or two, one of the major drawbacks to expansion of effective program analysis has been the dearth of personnel, particularly in the line departments, who possess adequate analytical capabilities. In addition, key program staff and executives in many State agencies need a better understanding of the essential requirements for achieving effective implementation of, and benefits to a manager from, a PPB system. To overcome both shortcomings a series of training sessions covering PPB concepts, techniques and skills needed for analysis and documentation are indicated for the near future.

Michigan's participation in the previously mentioned 5-5-5 project provided an opportunity to more clearly perceive the potentials for PPB to contribute to improved intergovernmental relations through an integrated analysis of governmental service delivery systems. This potential will be even greater when there is an output or objective-oriented program structure for each of the governmental jurisdictions. At that point a comparative analysis of interfacing program relationships can surface findings of programmatic gaps, duplication, conflict, competition, reinforcement or other interactions not now evident. The ideal situation in which there would be compatible output-oriented program structures at the Federal, State and local levels now obviously does not exist, nor is it likely to be approached very soon. However, with an awareness and a cooperative attitude between the jurisdictions, considerable benefit can accrue from joint efforts toward this objective. Attention will be given this aspect of PPB as implementation proceeds in Michigan.

V. AN APPRAISAL

There can be no serious doubt that PPB has constructively contributed to the budgetary process in this State. It has served to awaken a new awareness among those engaged in governmental affairs of the necessity to more rationally determine priorities in allocating scarce public resources through systematic analysis and evaluation of program productivity in response to social needs. It has served as a conceptual vehicle for interrelating the several parts (issue or problem identification, planning, program development, budgetary analysis and management) into a comprehensive continuous system. However, complete development and implementation of this rather vast and complex integrated decision process will require several years of concentrated effort and the investment of substantial resources. Furthermore, there is ample experience to indicate that this system does not eliminate the continuing need for application of judgment regarding social, political and economic realities.

The extent to which PPB has been significant in the State's budgetary process cannot be gaged very adequately as yet because not enough time has elapsed since the concept began to develop as a part of the process. Because of this limited development, it has not yet had a significant effect on any major State program or policy decision so far as can be determined at this time. But there is evidence that its elements have served as positive forces in the direction of improved public decisionmaking at policy as well as at management levels. In addition, the thinking and attitude of some program executives, department heads and policy decisionmakers have been constructively influenced by it. The commitment of the chief executive to the concept has been consistent since its inception and has emphasized its significance as a decisionmaking tool at that level.²

Several other impacts of significance which PPB has had should also be noted. It has reduced the time compression in the preparation phase of the annual budget cycle by earlier identification of issues and problems which permits more orderly analysis and evaluation. It has, in some instances, resulted in realignment of organizational structure to be more responsive to need for effecting budget decisions. It has stimulated a long-needed updating and extension of the State's accounting system to be more supportive of the budgetary structure and program analysis. It has provided an orderly basis for healthy competition among programs, both existing and new ones, and a better opportunity for the expression of views regarding relative program priorities. There also is a distinct advantage resulting from the fact that output-oriented program data are much easier for the average citizen to comprehend than the traditional object-oriented budgetary data.

Thus, while there are numerous problems and limitations, the general appraisal of the impact of PPB on the State's budgetary process is that it has had an overall positive effect. However, much remains to be done before it can be considered to be contributing at a level of significance which the system's potential promises.

² For example, see Governor's remarks at May 8, 1968, meeting with principal department heads. See Attachment 2.

ATTACHMENT 1

GENERAL DEPARTMENTAL COMMUNICATION

APRIL 25, 1969.

TO: All Department Heads.

FROM: Governor William G. Milliken.

SUBJECT: Issues Analysis and Program Review.

In my State of the State Message I made the following statement in regard to our fiscal responsibilities:

"Our fiscal realities and our real needs should be a call and a spur to creative fiscal management. We must use all the new techniques of systems management, cost effectiveness analysis, and budgeting systems from business and industry, adapted to public administration. We must identify and eliminate those services which are least important. These things we must do as a most necessary and constructive response to the need to make each tax dollar contribute fully to the solution of our pressing public problems."

In line with this policy, I am initiating a systematic review of issues facing state government, to assess their priority and to determine possible alternative actions to meet them. This review, running through late spring, will permit us to prepare more adequately and promptly for the 1970-71 budget when request instructions are issued a few months from now.

This Issues Review is an opportunity for each department to evaluate the adequacy of present programs in meeting objectives, and to consider whether there are more effective approaches for achieving desired results. In order to be of maximum benefit, this review must be given your priority attention.

To assist in this review, I am requesting that you develop issue papers on high priority program items which are of concern to you. This is your opportunity to bring to my attention those program changes which you feel will best meet the most urgent needs of the citizens of the State. These issue papers will be the basis for some proposals; they will also provide the basis for discussions and decisions on state programs for the coming fiscal year and future years. Instructions are attached on the general format to be followed in preparing the papers.

While recognizing the limitations of time, it is essential that these issue papers be completed and returned to me on or before May 23, 1969, with one copy each to Glenn Allen, Budget Director, and James Kellogg, my Director of Policies and Programs. If you have questions regarding any aspects of this process, please discuss them with your Executive Office staff contacts (Bureau of Policies and Programs, and Bureau of the Budget).

To summarize, I believe that serious attention to this process will lead to more effective programs and fiscal management. While the time schedule is tight, I am convinced that adherence to it will be productive this year and can lead to even better program results in the future. I want to make it clear that I expect your most concise and frank analysis of the best means to solve the problems facing Michigan. This

process is vital to meeting our responsibilities and I request your full cooperation.

Issue paper preparation

I. Definitions

A. *Issue*.—A major area of responsibility where an undesirable condition exists. This could involve a current program or an area of concern that is not presently covered by a program.

B. *Issue Paper*.—A document that proposes to analyze a major problem currently of concern to your department. The issue paper is a guide that suggests alternative ways of meeting departmental or interdepartmental objectives.

II. *Issue Paper Format*.—Each issue paper should adhere to the following format and should not exceed five double spaced pages. In some cases this suggested format may not be directly applicable to the issue you have been asked to analyze. Although a slight modification may be required in such an instance, you should follow the format as closely as possible.

A. State the issue. What undesirable conditions do you think should be corrected? If the issue concerns such things as an inadequate level of services aimed at some clientele, you should define and quantify the level of services desired and the population affected to the extent possible.

B. What is being done to correct the problem through current departmental programs?

C. Discuss briefly at least two alternative methods of attacking the problem. What happens if nothing is done? What are the advantages and disadvantages of different methods of solving the problem? If current programs attack the problem ineffectively, can they be reduced, eliminated, or redirected?

D. Give a tentative cost estimate for each alternative, along with organizational, administrative and legal changes which would be required if this alternative were to be adopted. If a new program concept or basic change is involved, please make this as clear as possible. To the extent possible, spell out implications for the next 5 years.

E. What factors affect State activity in this area? Mention limitations posed by law, positions taken by organizations, client groups, and others with influence on this problem. What resources or programs, other than your department's (e.g., other State, local, Federal, private sector) are being or can be used to help overcome this problem?

F. How is progress measured? What reporting processes and data sources are used to measure progress in overcoming the problem in this area? What information sources should be developed further to measure progress more adequately?

ATTACHMENT 2

IMPROVEMENTS IN STATE PROGRAM PLANNING AND BUDGETING

GOVERNOR'S MEETING WITH PRINCIPAL DEPARTMENT HEADS

Remarks by Governor GEORGE ROMNEY, Lansing Civic Center,
Wednesday, May 8, 1968

Our topic today is of fundamental concern to each of us. As a well known former department head used to say, "It's money that makes the mare go"; but there's more to it than just that.

You and I share a mutual interest, both as policymakers or administrators and as citizens of this State, in squeezing maximum benefit out of every available State dollar to meet basic public needs. We must continually seek ways to better carry out this primary responsibility. That's the reason for devoting today's entire meeting to just one subject: Improving State Program Planning and Budgeting.

From the beginning, a keystone of this administration has been fiscal responsibility and integrity. Nothing is more fundamental to

good government than efficient use of public resources in meeting people's needs. This was true 6 years ago when the general fund budget was only \$547 million; it is even more valid with today's \$1.3 billion budget.

This growth in spending reflects the skyrocketing demand for public services and clearly indicates the need for hardnosed analysis of our budgetary procedures and priorities. The hard facts of fiscal life are that we face a period of reappraisal and readjustment of state spending. The only question is whether readjustments will come as a result of prudent and selective judgment, or as a result of meat axe budget cuts.

You will recall that one of my first actions as Governor was to establish a task force on expenditure management, composed of an outstanding, dedicated and highly qualified group of business and financial advisors. In its formal report 2 years ago, the task force cited many significant improvements but emphasized that the most important element of effective expenditure management in the final analysis may well be what it called "Program Performance Budgeting." The report pointed out this form of budgeting

"Seeks to identify the nature or character of work to be performed and to use that as the primary basis for decision making, and that this method provides a systematic objective evaluation of past accomplishment, and enables a projection of costs into the future based upon workload, cost of performing services and the content matter of programs."

Our 1963 Constitution also reflected a strong concern for improving the State's fiscal tools. Among its improvements are the executive budget provisions, the principle that an appropriation is no mandate to spend, and the performance post audit. Based on this last constitutional provision, the legislative auditor general is consistently noting in his reports that

"Program budgets and performance standards are desirable prerequisites for an effective evaluation of performance."

In each of his reports, he is recommending that meaningful measures of accomplishment be developed for gaging program objectives and goals.

Starting in 1965, my executive budgets have followed a program budget format. This new format, coupled with executive branch reorganization, has given us two fresh opportunities: First, to establish a sounder basis for allocating our limited resources; and second, to attain greater service, effectiveness and efficiency in managing the State's business. In addition, the State Planning Program was transferred from the Department of Commerce to the Executive Office in March, and is now a part of the Program Development unit in my office. Thus all three elements—Planning, Programing and Budgeting—now are combined in my office, affording us a better capability to coordinate all three.

Michigan currently is among five States participating in a special project to further refine systematic planning and programing of the budget. Other States are New York, California, Wisconsin, and Vermont. This is known as the "5-5-5-Project", because five counties and

five cities also participate. It is being directed through the Council of State Governments with a modest foundation grant. Obviously, there is a strong element of intergovernmental relations in this project. In conjunction with developments at the Federal level, it can be an important opportunity for improving our position in the fiscal federalism of the future.

But if Michigan is to maintain its progress and fulfill its potential, we must have an increasing awareness, from top to bottom, of the benefits of a more systematic planning, programing and budgeting of our State resources. You, as principal department heads, have a vital role to play. With your understanding and full cooperation I believe we can materially improve the choices—and they are tough choices—that we have to make among the many competing alternatives for the use of available resources. As with anything worthwhile, this will require a new kind of effort and commitment by us all.

As we have struggled in these past months with the realities of making budget decisions vitally affecting human wants and needs, it has become increasingly clear to me that Michigan needs a better system of allocating fiscal resources in relation to people and program demands. The time has come to call a spade a spade. It is frankly exasperating to be confounded with statistics, to be confronted with “priceless” programs whose activities no one seems able to measure, to be promised fuzzy future results only if the needed money is forthcoming, to be told that “This is my most popular program,” or that “We cannot meet our objectives because of another agency’s actions or inaction.”

I have always felt it my responsibility, as chief executive officer of this State, to be fully involved in developing the State’s overall program and fiscal plans. But time after time, I have been asked on short notice to decide on a course of action which I felt was based on wholly inadequate information. Even when we simply ask basic questions about a request, questions like what conditions give rise to the need, or what are the future implications of this course of action—all seemingly reasonable questions—too often the answers show a lack of knowledge, preparation or concern for the necessity of their discussion.

Far too many program areas in our State services are graphic reminders of the lack of adequate foreknowledge or planning. I don’t have to list them because they have caused significant program adjustments in many of the departments you head.

I am not satisfied with this state of affairs. I recognize, however, that the situation will not be easily or readily corrected. We have reorganized into 19 principal departments. We expected this to strengthen the decisionmaking process within the executive branch by centralizing policymaking authority into a reasonably small number of agencies. I do not discount the potential of reorganization, but I am not completely satisfied with the efficiency and effectiveness it has produced thus far. It is your responsibility as department heads and principal executive officers to make certain that your agency program leaders attain the highest possible level of proficiency in operation and service.

As we are sometimes painfully aware, the decision process in government is different from the private sector. Each of you has a different segment of the public with which to be concerned; your relationships with the Legislature vary from time to time; your attitudes toward my decisions also fluctuate; the pressure points on your programs and their service levels are sometimes unpredictable; and innocent actions by other agencies can precipitate demands for decisions on your part. All these factors become involved in the politics of governmental decisionmaking, either in the form of policy politics (Which policy will be adopted?), partisan politics (Which party will win?), or system politics, (How will decision structures be set up?).

I'm realistic enough to recognize that these concerns have a real impact when a department or agency develops a program and a budget to implement it. Perhaps their greatest impact is on the sense of order or discipline that we need to bring us to the point each January when I must present the Executive Budget to the Legislature. For some reason, there seems to be a persistent belief in many agencies that if we wait a little longer we will become more clairvoyant and therefore better able to predict the needs of our particular publics. The result too often is more last-minute decisions, more jockeying for position, less rationality, and less efficiency.

In my opinion, a strengthened discipline and order in our budgetary processes is essential, along with more leadtime. I believe an improved program budget system can and will enable us to meet this vital need. Because it requires systematic appraisal and analysis of available alternatives, I believe program budgeting will directly assist you and me in the hard choices we must make.

The program budget concept is not just another starry-eyed attempt at budgetary reform. It will force program and budget decisions to the top of the organization, and this should greatly strengthen your administrative authority as department heads and chief executive officers. I have mentioned my dissatisfaction with our attempts at forced economies and efficiencies. I have stressed on many occasions the need for hardnosed review of your department's activities. In our 131 years of statehood, I am sure we have accumulated more than one or two activities in each functional area which either are no longer required or could be conducted more efficiently by more modern means.

I am considering directing the development of an executive budget without distinction as to continuations, expansions, or improvements. Such a policy would go a long way toward requiring thorough review of all existing State programs. This notion of "zero base budgeting" is not new, but it is in sharp contrast to the incremental technique of budgetary analysis, which too often penalizes efficiency and rewards inefficiency. But because you are responsible for administering the programs of State government, I would prefer that you exercise direct and responsible control over the initial decisionmaking process affecting present service programs.

I believe that a planned program budget system will be increasingly useful in helping relate what we should be providing with how we are providing it. It will help us focus much more clearly and emphatically

on the policy implications of budgeting. It will help us see more readily and clearly the impact of one program on another as we develop the entire State budget.

It would be wishful thinking for me to stand up here and tell you simply that this is what we are going to do. Your active cooperation is requested and necessary. Many of our recurring problems are not due to lack of cooperation but to a general lessening of sensitivity to the importance of careful program planning and management, accompanied by a slackening of compliance with form, substance and deadlines.

You are the vital link. I have instructed Glenn Allen and Charles Orlebeke to have their staffs greatly intensify their knowledge and concern about your programs. They will be actively pursuing you and your program staff in order to be able to adequately advise and assist me. As I indicated in General Departmental Communication No. 25, I am expecting you to be active participants in proposing program issues and alternatives to me which not only reflect a specific knowledge of this State's service objectives and needs, but which also show a systematic evaluation of the available choices and an adequate justification of the choice you recommend.

Now, as with Rome, we need to recognize that it takes time to develop a real system which will operate smoothly. Our approach to change is one of vigorous evolution rather than revolution. While we have made substantial progress, much remains to be done if we are to realize the full benefits of a strengthened budgeting system. I expect that today's meeting will be a significant step toward this objective.

THE NEW YORK STATE PLANNING, PROGRAMING AND BUDGETING SYSTEM

DAVID A. SEYLER*

Introduction

Since 1964, New York State has been developing a Planning, Programing and Budgeting System (PPBS) which systematically relates the expenditure of funds to the accomplishment of planned goals. As stated by Governor Nelson A. Rockefeller in an address to his Cabinet on February 28, 1967: "The overall goal of the Planning, Programing and Budgeting System in New York State is to provide a mechanism by which alternative goals, programs and expenditures of State government can be organized, analyzed and summarized for presentation to State policymakers to provide them with a more objective basis for making policy decisions." The Governor has given the Division of the Budget and the Office of Planning Coordination (the State's planning agency) the prime responsibility for implementation of PPBS. Over the past 4 years these two central executive staff agencies have worked closely with other State government agencies in the development of PPBS.

PURPOSES AND PROGRAM

The PPB System is intended to strengthen the State's decision-making process by focusing attention on the following important questions:

1. What are the objectives of State programs?
2. What is being accomplished by State programs in terms of their objectives?
3. How do programs and their alternatives compare in terms of their costs and benefits?
4. Who benefits from each program?
5. What are the future implications of State programs both in terms of cost and benefits, and in terms of their effect on overall State development?

In order to accomplish our PPB objectives, it has been found necessary to initiate several management improvement efforts as well as some changes in the State's resource allocation decisionmaking process. These include the development of a New York State program structure, increased emphasis on program analysis, initiation of a program plan reporting system and some specific changes in the State's executive budget process.

In the development of the New York PPB System, one of the initial steps was the development of a Program Structure. The pur-

*At the time this paper was prepared, the author was Director of Budget Planning, Division of the Budget, New York State.

pose of a program structure is to provide a framework for resource allocation decisionmaking. It establishes the basic classification scheme for the marshalling of information required for program analysis and policy decisions.

The program structure highlights the government's fundamental objectives and the competing and complementary programs involved in achieving them. Programs with common objectives are grouped together to facilitate consideration and analysis of major policy questions.

The New York State program structure has been developed at two levels. At the central governmental level, programs are grouped into major functions—Governmental Affairs, Education, Health, Transportation and Travel Safety, Social Development, Housing and Community Development, Business and Industry, Natural Resources, Recreation and Cultural Enrichment, and Personal Safety. Each of these major functions is subdivided into subfunctions on the basis of objectives. For each agency a program structure has been developed which relates the specific program activities that produce goods and services for society to the State's objectives. The program activities are grouped into subcategories and the subcategories grouped into program categories. Each program subcategory relates to one of the statewide subfunctions.

In the development of the New York State program structure, the following criteria have been considered:

1. The program structure should be end-product oriented; it should be useful for agency and central executive decisionmaking.
2. It should permit the comparison of alternative methods of pursuing each objective.

The program structures for the individual agencies were developed cooperatively by the individual agencies and the central staff. State agencies have been urged to begin the collection of data on the goods and services produced by their programs, the costs of their programs, and the accomplishments of their programs in terms of their objectives and to utilize this data in program decisionmaking and budget justification.

In addition to the development of a program structure, major emphasis is being placed on the scheduling and execution of program analysis throughout State government. Program analysis is being pursued at both central staff and agency levels.

The Division of the Budget is analyzing major issues. This analysis identifies and describes the major features of a significant problem facing State government. It addresses such questions as: What is the problem, what are the objectives and evaluation criteria, what are the current activities, who is involved, what are the political and other significant factors, how do the costs and benefits of the alternatives compare and what recommendations for follow-up are feasible?

For example, the New York State Business Advisory Council in conjunction with the New York State Division of the Budget and the Department of Education is beginning a systematic analysis of urban education in the ghetto. The purpose of this study is: (1) to determine the feasibility of utilizing systems analysis to provide solutions

in difficult social areas, and (2) to provide some basic guidance in solving one of the State's most difficult problems.

Because many of the major problems facing the State transcend agency lines, the Division of the Budget has found it necessary, in addition to performing program analysis, to develop an analytical framework to relate the outputs of individual agencies to overall State objectives. This is done by: (1) defining the major problem areas, (2) examining the State's overall objectives, (3) indicating the needed information to determine how well we are meeting the objectives, (4) identifying the different agencies involved, (5) defining the methods and procedures necessary to get the information, (6) selecting areas for more detailed analysis, and (7) describing ways of improving the decisionmaking framework within the Division of the Budget.

Individual agencies are also being asked to study the effectiveness of their various programs. Several studies are now underway which should provide a mechanism for both evaluating the effectiveness of current agency activities as well as developing suggested solutions to pressing agency problems. In many instances, the studies undertaken by the agency are similar to the analysis being done by the central staff. It is hoped, however, that agency studies will be able to develop more detailed information on the costs associated with various alternatives.

On the basis of the approved program structure, each agency submits to the Division of the Budget and the Office of Planning Coordination an annual Program Plan Report. The Program Plan Reports are submitted to the central staff agencies on July 1. They are later revised, if necessary, to correspond to the agency's budget request, which is submitted in September.

The Program Plan Reports present, for authorized programs and for proposed program changes, statements of program objectives of 5-year projections, program size indicators (estimates of the quantity of goods or services to be produced), program effectiveness measures and 5-year projections of personnel, fiscal and capital requirements. In addition, for a proposed program change, agencies list the alternatives they considered before adopting the program change and state the criteria for selecting the chosen alternative.

The Program Plan Reports also contain a description of proposed effectiveness studies and a departmental summary. The suggested effective studies in the Program Plan Reports assist the central staff in scheduling program analysis efforts throughout State government. The departmental summary summarizes both the major objectives and problems of the agency.

The Program Plan Reports are analyzed by the Office of Planning Coordination to determine the impact of agency program plans on the State comprehensive planning process. This linkage of PPB to State comprehensive planning is a unique feature of the New York State system. Program plans are also analyzed by the Division of the Budget as a framework for resource allocation decisions.

The PPB System has had a significant effect on the budgetary process. It has led to revisions in the format of the Executive Budget and, more importantly, in the types of information used in budget decisionmaking.

The conversion from a budget presented in object terms to a program budget began in 1962 when a program presentation format was included in the Executive Budget for a group of selected agencies. The development of the New York State PPB program structure has led to the redefinition of State programs on the basis of objectives. In this year's Executive Budget, to the extent possible, the program presentation has been made to conform to the PPB program structure.

In addition to the changes in the format of the Executive Budget, procedures have been developed to insure that the information contained in the program plan reports and the recommendations derived from program analysis are used in the budget decisionmaking process. For example, forms have been devised for use by the Governor in reviewing budget recommendations that present to him the following types of information for each major program: The objective of the program in terms of its impact on society, its current status, its projected output level, and the alternatives considered in developing the recommendations.

While much progress has been made in the development of New York State's PPB System, much remains to be accomplished. Now that the components of the system have been established the challenge facing State agencies and the central staff in New York is how to better utilize these developments to improve budgetary decisionmaking.

Several efforts have been initiated to improve the utility of PPB for decisionmaking. Plans are being developed by the central staff and individual State agencies to: delineate more clearly the objectives of the New York State PPB system; determine the steps to be taken in the next several years to achieve these objectives; and recommend specific activities that can be undertaken in the current year to make the PPB System more usable. In the development of these plans care is being taken to insure that the PPB System improvements are related to the total management process of the State. This means the coordination of PPB developments with improvements in governmental research, accounting procedures, long-range planning and program evaluation.

New York State policymakers have exhibited a receptiveness to the application of analytical techniques to government problems, as witnessed by the aforementioned systems analysis of urban education. The challenge facing analytical staffs at the central and agency levels is to provide analysis which is meaningful and useful for policymaking. The major focus in New York State's PPB System will now be on providing this analytical support for policymaking.

While New York State has developed program structures for individual agencies and for the State as a whole, considerable effort must be applied to the development of meaningful output information. Until units of output can be determined for specific programs, it will be impossible to provide governmental executives information that indicates the extent to which program objectives are being accomplished. The development of meaningful output information is closely related to the problem of performing useful program analysis in State government. The absence of detailed information on program output is perhaps the most serious deterrent to the utility of program analysis.

One of the most serious constraints to the full development of a PPB System is the lack of a trained staff. New York State has conducted numerous staff training seminars on PPB development for agency and central staff personnel. Our future plans call for training programs oriented toward the development of in-depth analytical capability, for both central and agency staffs.

The success of PPB in a governmental jurisdiction depends upon the commitment of governmental executives to the goals of PPB. Equally important are the willingness and ability of policymakers, administrators, planners, and budget personnel at all levels of government to utilize it for budgetary decisionmaking. The ultimate test of PPB will be the extent to which it assists decisionmakers in continuously improving the effectiveness of their programs to meet the changing needs of society.

AN EVALUATION OF PPBS DEVELOPMENTS IN WISCONSIN

PAUL L. BROWN*

Introduction

The basic issue which is being faced with the attention that is focussed on Planning-Programing-Budgeting Systems and their related skills is one of informational needs for management. This lack of proper management information is being recognized more and more. The issue is not that we do not have information available, but rather we don't have the proper information available for the right person at the appropriate time. If we could get the accurate answer to the question "who needs what information, when?" we would have the solution to the major problems we are attempting to resolve with PPBS, management sciences, operations research, cost-benefit analysis, and the host of other techniques which are becoming more and more popular today.

No one has really been able to get to the central question of what information we really need for management purposes. PPBS is one attempt to get an answer to this question. It attempts to restructure or reorganize data and present it in a different framework so that more cogent questions can be asked and answered. Thus, when we look at the approaches to PPBS we see that they are as varied as the desires or needs of their sponsors. As a person tries to fill an information void he concentrates on those aspects of PPBS that serve his most immediate need. Consequently, we see greater or lesser emphasis by different jurisdictions on cost-benefits analysis, multiyear programing, program structures, planning et cetera.

It should be understood that the central budget office in Wisconsin is totally committed to the concepts of PPBS as a management tool. However, as we viewed the ways that we could implement a workable PPB system, we arrived at an approach that differs from the general pattern outlined and being followed by the Federal Government and some other States. I think this difference is more one of degree than kind, and the final product that results when the total system is fully developed several years from now should not differ significantly from the products produced with other methodologies. It is important that we look at the final product that can be developed, rather than being too critical of any particular stage of development at some point in time.

It will take many years to fully develop a PPB system anywhere. However, we are faced with having to continue to make program decisions in the interim. Wisconsin's underlying concept is that it is possible and advantageous to use various aspects of PPB as they are

*Director, Bureau of Budget and Management, Department of Administration, State of Wisconsin.

developed rather than waiting for a totally completed product. Thus, the emphasis we have given to various aspects has differed in time and in degree as we faced realities and practicalities of making a system work.

Many people would not agree with our approach. That is to be expected. Our defense is that the system works and it enhances our decisionmaking process.

THE EXTENT OF PPB DEVELOPMENT IN WISCONSIN

In terms of the purposes of the State of Wisconsin we have accomplished several major steps in the development and application of a workable planning-programing-budgeting system. In summary, our development includes the following segments:

- We have developed a program structure which encompasses all of the elements of the State's operations and presents them in terms of the basic purpose for which they exist regardless of source of funds.
- We have converted our appropriations so that funds are appropriated by program and consequently our accounting system follows our program structure. Thus we do not have to build "cross-walks" to tie our program decisions and our expenditures together.
- We have implemented a uniform accounting system so that we can get a multipurpose classification of expenditures to meet the different informational needs of the agencies, the central budget office, the Governor, and the legislature. This accounting system enables us to categorize expenditures by program, several program sublevels, organizational units, geographical areas, major and minor object lines, project accounts, intermediate cost centers and an unlimited number of other bases that an agency may feel it wants for its own operating needs.
- We develop and present our budget materials for the Governor and the legislature in terms of outputs or end-products that can be achieved with the investment of various levels of resources.
- We identify major policy issues, present alternative solutions and publish these along with the Governor's recommended solution in a separate booklet for use by the legislature.
- We have computerized much of the budget development process so that thousands of hours of manual computations have been eliminated. Also, the budget adjustments by the Governor and the legislature can be entered and a basic operating budget can be returned to the agencies upon completion of the appropriation decisions.
- We have tied the allotment process into a reporting system that provides an ongoing record of program accomplishment which is directly related to the expenditures.

These aspects of our PPB system are all operational. Some aspects require further refinement to achieve the level of sophistication which is desirable, but the basic ingredients exist, and most important, the environment and the attitude for this approach exist. Consequently, we have a very favorable atmosphere in which to proceed to make the refinements which we consider essential. The system is very workable

from an ongoing program and political standpoint. And it is always important to recognize the role and needs of the legislators in the entire process.

Critics of our system point out gaps in our approach and indicate that we have not addressed ourselves to all the components of PPBS. As I stated earlier, we have some major refinements which we must make, but I look upon them as refinements and not as major conceptual changes which the agencies, the Governor and the legislature must address themselves to. The basic concepts have been adopted. Also, I stated earlier that it is too soon to judge the total product because we would be the first to agree that the total system is not fully developed and we cannot expect that total development for several years. However, we do have a workable system made up of the most important interrelated components. Also, we have created a frame of reference in the decisionmaking process which is output oriented rather than input oriented. We feel this orientation is a very basic component of the PPBS effort.

Perhaps it might be advantageous to describe Wisconsin's system and our approach in greater detail to provide others with the benefit of our thinking so that they can adopt parts of it or reject those parts which do not fit their immediate purposes. Also, such a presentation can serve to pinpoint where we are concentrating our present and future attention.

THE PROGRAM STRUCTURE

Progress in the various States, the Federal Government, counties, and the cities is not proceeding in the same direction at all levels. Some areas are concentrating on the planning activities, some on programming, some on budgeting, and some on performance measurement aspects. There is not a common terminology that is employed from one jurisdiction to another or between the various individuals that are involved in these activities. For instance, we can consider the matter of definitions of programs, goals, and objectives. These terms have not been similarly defined and, consequently, are not used in the same context. Therefore, for a proper understanding of the developments in any particular jurisdiction, it is necessary to understand the parameters which are used in discussing each of these various terms. There are those who would say what we in Wisconsin call a program is not truly a program in the PPB sense. Some people refer to these as a program category and argue that the programs are not broad enough in their coverage.

In the pure and ultimate sense of the final evolution and refinement of PPBS, we in Wisconsin would probably agree with this observation. However, we are faced with the reality of having to develop a program structure, a program budget, an appropriation structure, a management information system, and an accounting system that can be operational at the same time that we are working on further refinements to the overall PPBS. Consequently, our programs, as we use the term, fall within the general duties and responsibilities of single agencies at the present time. We recognize that there are aspects or activities engaged in by other agencies which have an impact on the programs we have defined. However, for the most part these are very negligible and amount to a small percentage of the overall effort which is being put into the program of providing services to a particular clientele group.

These programs as we call them were developed in 1965 when we converted to program budgeting. For our purposes the programs have been fully defined and identified. We do combine all of our programs and all of our departments into what we call functional areas so that all of the programs related to education are presented in one place, those for natural resources in another, those for human resources and development in another, etc. We have been quite satisfied with the program definitions themselves and have been concentrating attention on refining the various operations below the program levels.

At the program sublevels we have been trying to define some criteria which will enable us to identify these program sublevels in greater detail. This detail may be a more specific level of services performed or more clearly defined target groups served below the program and subprogram levels. We are aiming at an overall structure that will enable us to identify and consider the lowest desirable program sublevel as an autonomous building block that we can consider as a program element. Around this program element we will attempt to build our management information systems. We are in the process of identifying this program element, defining its basic purpose, and determining what kind of performance indicators need to be developed to assess the adequacy of the program to carry out that basic purpose. We will then incorporate this element as an identifiable entity in our accounting systems, reporting systems, statistical systems, etc.

One of the primary advantages that we see through the identification of these basic building blocks is the ability to develop a broader executive program budget through which major problem areas and/or specific target groups served by related programs in separate agencies can be identified. An example of this type of executive program budget is an effort we undertook in the present budget cycle to determine the State's efforts to combat poverty. We pulled together all the program elements in the various agencies from all funding sources which dealt with the problems of poverty. We were able to identify over 50 program elements dealing with poverty which spent over \$700 million. The important statistic that came from this effort was that over 77 percent of the funds were spent on maintenance-type operations. Things like welfare payments which are designed to provide a basic economic income for people. In contrast, we were spending comparatively little on prevention programs. Thus, we were able to address ourselves to the question of how to reduce the maintenance programs in the future by providing relevant education and training experiences for that potentially dependent clientele group. This made it possible to anticipate what that potentially dependent group was and how adequate our programs were in coping with their problems. Consequently, the Governor introduced a major effort in several agencies aimed at investing in our youth today to make them independent citizens in the future rather than an idle workforce dependent on welfare payments.

Thus our system enables us to pull out all of these activities that are related to a specific executive program budget that we might want to develop; line them up; determine what basic purpose each of these

activities is designed to serve; determine how effectively they are meeting this basic purpose; determine whether or not the purposes of the various activities are in conflict or whether the administrative techniques used to carry out the activities are in conflict. If we were to consider that the program is important enough that we would want to make it a special program, we can pull these basic building blocks out of the various programs and assign them to a new program. However, if we do not care to alter the program structure we can still pull them out for informational purposes to look at them in a different context or a different frame of reference and make decisions accordingly. Consequently, our attention of late has been directed toward defining the rationale that will enable us to better identify these program elements. Proper identification is necessary to insure that these elements are really the building blocks around which we want to concentrate our efforts in building our management information systems. Therefore, when we look at our overall progress in defining our programs we have to some extent identified programs at less than the ultimate program level, but have concentrated on more of an intermediate level which has been more directly related to our decisionmaking process. We feel that this level is more satisfactory for our purposes and have proceeded to define these program in more detail and at lower levels.

IDENTIFICATION OF GOALS

Our progress in defining goals and objectives has been directed to attempting to add a time and quantity dimension to program elements which have already been outlined. Thus we have not spent much time and effort in attempting to define the role of State government in society today, or the relative role of functional areas such as human resources or environmental resources. This has not been an area of major concern for us because of the pragmatic underpinnings of our PPBS development. We don't really have an immediate alternative to discontinuing local elementary school aids, closing down our universities, or discontinuing the operation of our mental hospitals. Perhaps some alternatives do exist, but they have to be developed over several years, and we think there is a greater advantage in doing a better job in evaluating today's programs today. Also, our concentration of effort is more meaningful for operational purposes and for the decisions the Governor and legislature are asked to make. Therefore, we have attempted to define and identify the basic purpose for which a program and the program sublevels exist. Around this basic purpose then, we attempt to identify performance indicators for this program. By performance indicators we mean the development of the types of statistics that tend to tell us how extensively, how effectively, and how efficiently a program is being carried out. With our extensiveness indicators we attempt to identify the total need of the clientele group being served by a particular program; the extent of the need which is being met by the program; and how much of an investment of resources will be necessary to close the gap which exists between the need today and the level of program which we have achieved. We attempt to identify how much of our resources we should be concentrating in this program in the next several years to move a program from, say, 50 percent problem solution to 70, 80, 90 or 100 percent coverage. With our efficiency indicators we attempt to identify some input-output ratios and an element of cost-benefit analysis. With our effectiveness indicators we

seek to present an assessment of just what impact the program is having on the problem it exists to solve. A final performance indicator is the over-riding impact of the program on other elements of our society. So, these definitions of basic purpose and attempts to develop performance indicators do enable us to identify the purpose for which the program exists, identify the clientele which is being served and give us some time-phased frameworks that can enable us to determine the extent to which the program should be changed in terms of meeting a total need.

MULTIYEAR REPORTS

Our progress in multiyear programing and pricing has been extensive in an informal sense. Since 1965, we have been receiving long-range projections of workloads and causative factors which will influence programs. We have not, however, formally developed a format for presentation of identical types of information for all agencies. Here again, this is an area in which we have followed a slightly different approach to PPBS in light of shortages of staff and concentration of time and effort in other areas. We have done some gross work in this area in attempting to identify within the programs some indicators of social and economic impact for the next 4 years beyond the budget cycle. Of course, we do concentrate somewhat on programing in terms of our performance indicators and our determination of the level of need versus the level of performance that we will be financing in the next 2-year budget period.

ANALYTICAL TECHNIQUES

Our use of analytical techniques is an area that we are concentrating some attention on right now. We have established a research and development effort and have assigned three people to work full time. We have been developing the criteria and the necessary systems for program evaluation. We have been attempting to utilize some aspects of cost-benefit analysis and other cost analysis techniques. In addition, the research and development staff is working on the development of guidelines, manuals, and reference materials for budget analysts and agencies to use in developing budgets and, subsequently, analyzing budget requests. Some techniques which are presently employed, but not very well documented are being put into guideline or manual form, developed more extensively and distributed to the entire staff for more universal application. Some examples of these types of techniques which will be included in this manual are postshift analysis for determining the staffing patterns in wards and hospitals, the use of percentages in budgeting for maintenance or repairs of capital structures, the use of percentages for replacement of furniture and equipment, and the development and use of formulas or ratios as these techniques evolve in the analytical process for these programs.

One broad system of program analysis which has been implemented for the 1969-71 budget is in the area of policy formulation. We developed a booklet entitled *Program Policy Reports* which contains instructions and outlines to all program agencies to develop more comprehensive analyses of policy issues of major importance. This identification serves to focus attention on issues which can be considered for each of the programs in the decisionmaking process by the Governor

and the legislature. This identification also serves to provide a general framework for the budget buildup by the lower echelons of a department.

These basic policy questions were reviewed in depth, alternatives were explored, and a basic policy position was taken by the Governor. These analyses and the Governor's policy positions were printed in a separate document and distributed to the legislature and the agencies along with the other budget materials when the Governor delivered his budget message to the legislature in February.

STATE AGENCY ACCEPTANCE AND UTILIZATION OF PPBS

For the most part there has been very good acceptance by the State agencies of program budgeting and the direction which program budgeting is proceeding. We have found that the personnel in the agencies are not fully aware of the total concepts of PPBS and the ultimate direction that this effort will take. Thus we have recognized the need to improve our communications and keep agencies informed of the developments as they take place, and get their reactions to some of the techniques as they are developed. We are attempting to transmit more and more information to the agencies about the philosophy underlying the planning-budgeting process through workshops and publications which are developed.

In any event it seems desirable to have a catalyst or focal point in stimulating thought and development so progress can be made in a coordinated way. The central budget-planning office can serve quite effectively as this catalyst.

PLANNING

The planning effort has taken a significant step forward with the transfer of the State program planning function from the Department of Resource Development to the Department of Administration. The State planning functions have been centralized in the Bureau of State Planning and that organization has made tremendous strides in developing an organization, recruiting necessary staff, and developing planning concepts and techniques. The planning effort should be in a position to contribute a great deal to the decisionmaking process in the next budget period and work on the development of medium- and long-range plans.

Planning aspects in the agencies have been rather minimal. This has been due primarily to a lack of staff. However, we have developed several proposals for the addition of planning staff in the agencies as part of our philosophy for the development of planning in the State. This philosophy embodies the concept that planning should be done by the agencies themselves and the agency should have an adequate staff to carry on these planning activities. We have been instrumental in adding staff to most of the agencies through a special appropriation which we had passed in the last budget for funding planning positions in the various agencies.

In emphasizing the development of a strong program agency planning capability, we surveyed the current planning capabilities of each major State agency. We then assisted each agency to evaluate their planning requirements and formulated requests for planning funds.

This staff effort is documented in a booklet entitled "Agency Planning Study."

STATUS OF LEGISLATIVE ACCEPTANCE AND USE

The legislature has been very amenable to program budgeting and the direction which program budgeting has been going. This is evidenced by their acceptance of converting the entire budget process to program budgeting in 1965. It is evidenced also in their manner of reviewing budgets and budget requests. There has been a greater emphasis on output orientation and program impact. It is essential to the effective utilization of PPBS that the materials which are presented to the legislature be presented in a PPB format rather than a line item format so that the issues can be properly identified and discussed. There is an interest and concern in the legislature for a more rapid development of some of the performance indicators which have been discussed in preceding paragraphs.

An example of this interest is the attention that the legislature is giving to the auditing function. The State auditing function was transferred from the executive branch to the legislative branch. There has been considerable interest and thought given to the subject of performance auditing, and how this type of audit can be effectively performed by the auditor. Thus there is a concern being expressed that the agencies be asked to give a performance as well as fiscal accountability.

STAFFING SITUATION

A major concern we have is with a consistent conceptualization in the minds of the people applying the PPBS concepts that we are developing. We need to spend more time, effort, and money on interpretation and workshops for our own staff and for the agency personnel. The Federal Government could be of great assistance in this effort by providing funds for broadly gaged programs to train planning and budgeting staff and make them conversant with the concepts, techniques and application of PPBS. It is difficult to get the State legislature to appropriate training funds at this time because of the fiscal plight we face with other program needs which have a more short term result. The Federal Government has the same problem, but perhaps it is time for the Federal Government to invest less funds in the theoretical aspects of PPBS and concentrate more attention to the practical application of some of the concepts where they have been identified and developed.

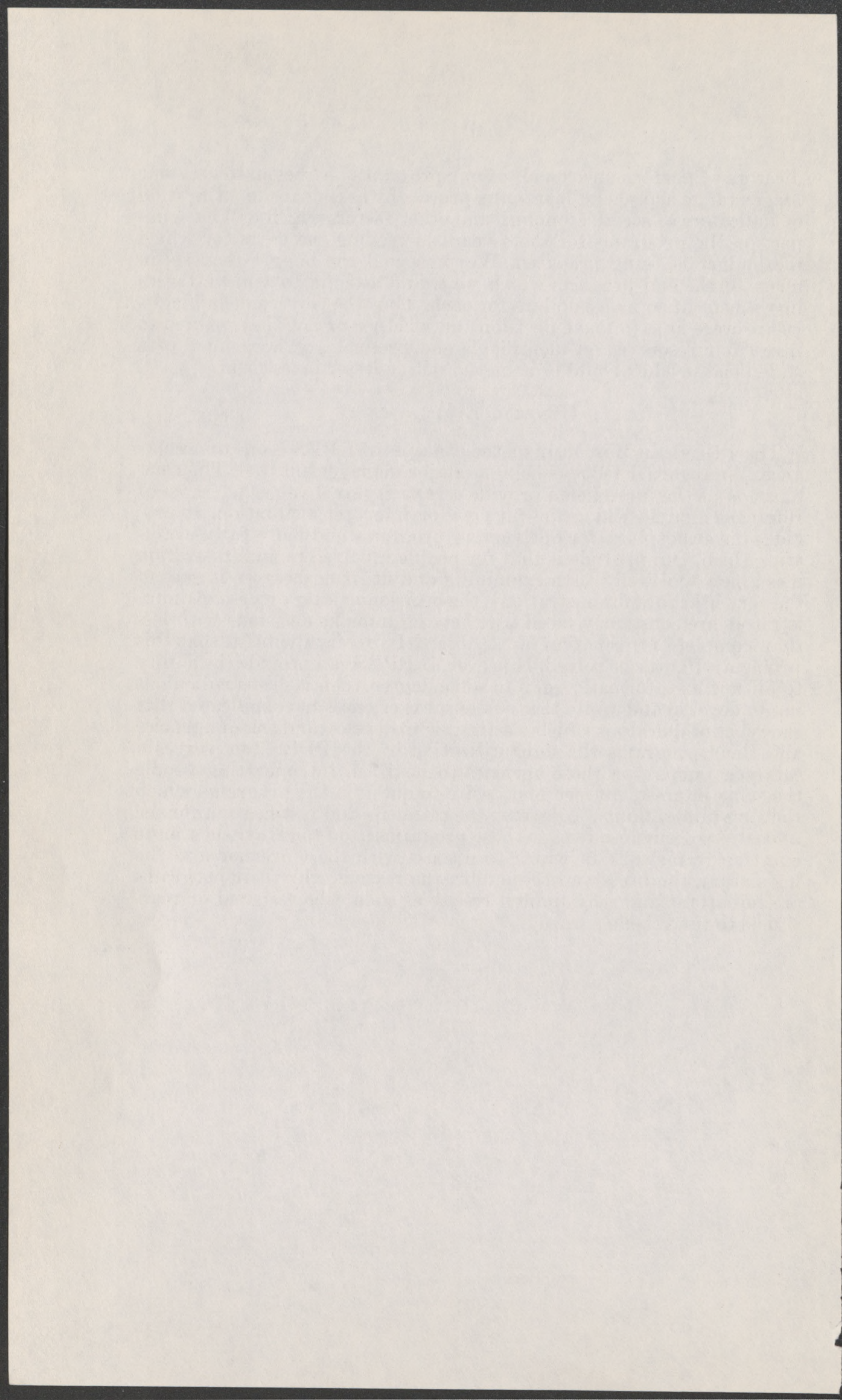
THE RELATIONSHIP OF PPB TO THE BUDGET

As the foregoing paragraphs indicate, various aspects of PPBS in their different stages of development entirely permeate the entire budget process in Wisconsin. The materials which are requested from the agencies and the analyses which are used are all reflected in the final budget document which is presented to the legislature. The budget which was submitted this February was a refinement over what we provided last time. We were able to formalize and present major policy questions and issues for the Governor and legislature to address themselves to on the programs. Also, we presented better in-

dicators of performance on all of our programs and began to get some longer range aspects built into the process by asking for identification of indicators of social, economic, and other factors which will have impact on the programs for the 4 years succeeding the years for which the budget is being prepared. We presented the budget requests in terms of the end products which we would attempt to achieve for an investment of so many dollars for each. Thus the Governor and legislature were able to make decisions on whether or not they wanted to invest our resources on identifiable end products, or how much of a stated end product could be achieved with a lesser investment.

GENERAL EVALUATION

The attitude in Wisconsin on the concepts of PPBS is one of acceptance. We regard PPBS as being a major management tool. The combination of the ingredients provide a capacity to change the frame of reference against which we can view or interpret a situation. It provides the atmosphere for questioning programs and more fully evaluating them. Our attitude is that for people involved in administration it is a new tool well worth examining and utilizing because it goes to the very heart of administration—the decisionmaking process. Administrators are constantly faced with having to make decisions with less than complete information on a subject. It is very doubtful that this problem will ever be solved. However, if PPBS can provide the ability to fill in this information gap to some degree, then it seems ridiculous not to develop and apply the tool. Our experiences have indicated that the types of questions which we are able to develop and ask of agencies and their programs through utilization of the PPBS tool serves a catalytic purpose in those agencies to instill in the operating people the same interest, concern and desire to question the programs which they are undertaking; to develop the rationale and justification for the allocation of our resources to those programs; and to give them a more effective framework in which to discuss with the Governor and the legislature, the press and the public, the reasons why their programs are important and why limited resources should be assigned or reassigned to fund them.



PPBS IN DADE COUNTY: STATUS OF DEVELOPMENT AND IMPLEMENTATION

GLORIA GRIZZLE *

HOW AND WHY THE EFFORT BEGAN

Dade County was one of 15 jurisdictions (five States, five counties, and five cities) selected to participate in a 1-year pilot project to explore the implementation of a planning-programing-budgeting system (PPBS) in State and local governments. This project was funded by the Ford Foundation and administered by the State-Local Finances Project of The George Washington University in cooperation with the Council of State Governments, the International City Managers' Association, the National Association of Counties, the National League of Cities, and the United States Conference of Mayors.

In July 1967, the board of county commissioners approved a letter of agreement between The George Washington University and Dade County which made available to the county the sum of \$20,000. These funds were to be used for staff, staff training, and related travel for the purpose of taking steps "to institute an integrated system of planning-programing-budgeting." The letter of agreement further stipulated that the County must provide additional resources for the project at least equal in value to the amount of the grant. The project officially began August 1, 1967, and terminated July 31, 1968.

It was hoped that PPBS would benefit the county in several ways: (1) encourage administrators to concern themselves with the effects that activities have upon the people in the county, (2) encourage cooperation among agencies in planning and developing programs, (3) provide additional information needed to determine priorities within program areas, (4) broaden the range of program and financial choices available to the county, and (5) relate the county government more closely to its citizens. How the implementation of a PPB system might produce these benefits will be amplified in the sections which follow.

Although the county is enthusiastic about the potential advantages of PPBS, it is recognized that PPBS is no panacea for all the government's ills. It will not solve the problem of insufficient revenue, though it may help the county use what revenue it has more effectively. It is oriented toward effectiveness rather than efficiency¹ and

* Director, Program Analysis Division, Metropolitan Dade County, Fla.

¹ In considering the results to be expected from a PPB system it is useful to distinguish conceptually between efficiency and effectiveness. Effectiveness means to attain the desired result or goal. Efficiency means to produce something without wasting resources. Since the primary focus of PPBS is upon the attainment of fundamental government goals, its emphasis is upon effectiveness rather than efficiency. PPBS does not focus upon the efficiency with which detailed operations are carried out, but rather upon the effect which bundles of such operations have in meeting the needs of the jurisdiction's constituents. There are times when it may be deemed necessary to be effective at the expense of efficiency. For example, the production of war materiel may be speeded up with a resulting loss of efficiency in order to attain the goal of winning the war.

will not guarantee that all tasks will be performed efficiently. Neither will it guarantee the availability of adequately trained manpower to carry out the many activities in which the county is engaged.

STRATEGY PURSUED

The county did not have the manpower needed to develop simultaneously all components on a comprehensive basis and others on a selective basis. The structural components—program structure, program budget format, and multiyear plan—were to be developed for use by all the departments and agencies which constitute the county government. Program analysis would not be conducted government-wide, but rather upon a few programs, as development of staff capability permitted.

What ought to be given priority during the first year was not immediately clear to those involved. On the one hand, it appeared that the county should, if it were serious about using PPBS to improve its decisionmaking process, emphasize those aspects of PPBS which would lay the groundwork for an effective system in the long run. At the same time, it appeared important to experiment with various components of PPBS, such as analysis, budget format, program structure, and multiyear planning, without foreclosing options for implementation in the future.

It was soon apparent that without substantially increased resources it was not feasible to make a mass conversion of the budgeting system to a program basis and also to make the supporting accounting and reporting systems compatible with the program budget by the beginning of the 1968-69 fiscal year. Since early mass conversion was not feasible and piecemeal conversion was considered undesirable, it was decided to give priority to the development of analytic capability through in-service training. As this capability was developed in various departments, analyses could be conducted upon selected issues without waiting for the development of analytic capability countywide. While training was to be emphasized during the first year, work would also begin upon the structural components in the system. Substantial involvement by departmental personnel in the development of these structural components would, however, be delayed until the second year.

THE APPROACH TO SYSTEMS ANALYSIS

Two terms—simple and in-house—describe the approach taken in experimenting with systems analysis. The analysis being attempted is simple, without the mathematics usually associated with operations research. The analysts are in-house, not consultants.

One might ask why this approach is being used. There are two basic reasons. First, Dade County is, relative to Federal agencies and some States, a small organization. Its size acts as a constraint upon the degree of specialization of its personnel. Because it is a small organization, allocation of sufficient resources to employ enough specialists in analysis to do the work needed would be extremely difficult. The term "specialists in analysis" refers to individuals who have a Ph. D in fields such as operations research, economics, or mathematics.

The second reason for taking this approach was supplied by the county manager. It is his wish that a capability for analysis be developed within the line departments rather than confined to central staff. With these two considerations in mind, size of organization and the manager's preference for decentralization, it seemed more feasible to adapt systems analysis for the use of line administrators than to create new positions for special analysts in each department.

Forms of Analysis.—Analysis has taken three forms: the issue paper, the team program analysis, and the budget justification. First to be attempted was the issue paper. Its purpose is to define a problem, clarify the objective, and point out the difficulties which might be expected in obtaining data, first, to measure the costs and effects of the alternative and, second, to measure program attainment once a program has been funded. It does not evaluate the costs and effects of the alternatives suggested; nor does it recommend one of the alternatives. Rather, it sets the stage for a subsequent in-depth analysis.

Individual budget staff members and line administrators have prepared issue papers on topics of their own choosing. The only restriction placed upon them was that it be a problem which required a decision by their department head, the manager, or the board of county commissioners. To date, some 25 papers have been completed.

It is interesting to note what happened to the issue paper concept when it was used by these individuals. The finished products deviated from the ideal issue paper in several instances. The deficiencies which occurred most frequently were these:

- (1) There was a lack of objectivity. Some authors attempted to justify their support of one of the alternatives rather than give equal consideration to each alternative.

- (2) There was a lack of clarity in articulating objectives and in relating the alternatives to these objectives.

- (3) There was inadequate quantification of the magnitude of the problem and of the groups who were to benefit from the program.

- (4) There was inadequate consideration of the multiyear implications of alternatives.

In spite of the deficiencies typical of many of the papers, the process of writing a paper has proved useful in several ways. There has been a tendency to view problems too narrowly. By writing an issue paper, several people have realized that what they originally thought was the problem was really only a symptom of the problem. They have also become more aware that the actions of various departments are interdependent, that what one department does to solve a problem may create problems for other departments. Because the format of the issue paper forced the authors to think in a systematic way about the implications of the many factors which impinge on a problem, it suggested alternatives which would not otherwise have occurred to some of the authors. Last, because of the explicitness required by the issue paper, it results in a document which can serve as a useful medium of communicating with other people who are interested in the problem.

Yet the most important question is, "What impact does the issue paper have on the decisionmaking process?" Even though those who

wrote papers felt that the process helped them to understand the problem more clearly, the investment of resources in the writing of these papers can hardly be justified if the same decision would have been made without the issue paper. It should be emphasized that the State-Local Finances Project staff did not intend that any program decision be made as a result of an issue paper. The issue paper was to determine whether an in-depth analysis was warranted. If it changed the basic approach to the problem, according to this rationale, then the issue paper served its purpose. In spite of the usage intended for the issue paper, it was in fact used as a quickie analysis by some of the authors. For this reason, its effect on decisions was considered relevant here.

Out of the 25 papers completed, a decision has been made to resolve the problem in 12 instances. Two of these 12 papers involved the development of the PPB system itself and will therefore be excluded. Of the remaining 10 papers, it was felt that the same decision would have been reached without the preparation of an issue paper in seven instances. In the other three instances, it was felt that the same decision would not have been made had no issue paper been written. Of the 13 issues which have not yet been resolved, program analyses are currently in progress for two.

The next form of analysis attempted was the team program analysis. This was to be a more detailed analysis than the issue paper. It would go a step further and quantify the cost and effect of each alternative. It should be emphasized that what is referred to as program analysis is at this stage in an elementary form. It lacks the sophistication associated with analyses produced by the U.S. Department of Defense or the Department of Health, Education, and Welfare.

To prepare for these program analyses, a course was set up for 12 line administrators. The objective was to teach them enough of the systems approach so that they could apply it to their own programs, yet keep it simple enough for them to grasp it in a short time. The first program analysis seminar covered a 7-week period and included 48 hours of lecture and discussion. It emphasized the concepts of objectives, alternatives, attainment measures, models, and data on the cost and effect of alternatives. The seminar was subsequently shortened to a 5-week period and has now been held three times.

About half the participants in the program analysis seminar appear to have grasped enough of the concepts of goal articulation, the development of attainment measures, and the evaluation of the costs and effect of alternatives to be able to use program analysis in their work. The impact that this ability will have on decisionmaking is not yet known. Most of the people who learned how to conduct program analyses and develop issue papers have not subsequently produced documented analyses upon their own initiative. Two program analyses were completed as a part of the course work for the first program analysis seminar.

As with the issue paper, problems emerged in the attempt to adapt systems analysis for the use of the layman. These problems centered around expertise, time, and the reward system. Because of the lack of expertise in analysis, the techniques which can be employed to help understand the problems are limited. Next, it was difficult for line administrators to divorce themselves from daily operational duties long

enough to complete an analysis. The topics selected for study did not require immediate decisions, increasing the tendency to procrastinate in order to attend to more pressing matters. Last, it was difficult to push the analyses to completion because there had been no change in the reward system. Nothing had been done to make their efforts worthwhile in terms of the kind of results they would get by using systems analysis instead of the usual methods.

After work on issue papers and team program analyses was underway, a third form of analysis was initiated. Requirements for the justification of programs in budget presentation were changed to include some of the concepts stressed in systems analysis. For the first time, departments were asked to make the objectives of new programs explicit, to construct measures for the attainment of objectives, to indicate which alternatives were considered and why the one included in the budget request was better than the others considered. They were also asked to estimate the cost and effect of the alternative recommended and to make a 5-year projection of total program costs. The requirements were made applicable only to new or substantially expanded programs.

This falls short of what one would visualize as being a program analysis. For example, it asks for an evaluation of the cost and effect of only one alternative. Nevertheless, it was a substantial departure from the type of information required for previous budget justifications and was considered to be an important first step toward the provision of more useful information for decisionmaking. As expected, the new requirement for budget justification did not produce much new information the first year. This information is being required again this year, and it appears that the justifications for new programs from several departments will contain the information requested on objectives, attainment measures, and 5-year projections of total program costs.

Types of Problems Studied.—The types of problems studied can be classified according to the impetus for the study. For some problems, the impetus came from a concern with the substance of the program itself. For others, the primary focus was not on whether to provide a program or even on which of several programs (all leading to the same objective) to select, but on *how to organize* for the delivery of a program. In Dade County, as in many local governments, the allocation of responsibility for programs among various governmental units is of concern to government officials. The effort expended on this problem probably reaches greater proportions in Dade County than elsewhere because of the emphasis which the news media and the community have placed upon division of responsibility between the county and cities since the creation of Metro in 1957.

These are examples of topics upon which issue papers have been completed or team analyses begun for which the primary impetus was the substance of the program itself:

- (1) Nursing home care.
- (2) Supplemental foods program.
- (3) Fire protection for waterfront property.
- (4) Swimming opportunities for children in model cities area.
- (5) Leisure time activities for residents of deprived areas.

These are examples of topics for which the primary focus was how to organize for the delivery of the services:

- (1) Emergency ambulance service.
- (2) Library services.
- (3) Police services.
- (4) Assurance of structurally sound buildings through enforcement of the building code.

The issue in each of the last three topics was whether delivery of these services should be consolidated under the county or whether both the county and the cities should provide service.

The Future of Analysis.—Of the three forms of analysis tried in Dade County, only the issue paper has progressed far enough along to determine whether it does have an impact upon decisionmaking. Based upon necessarily tentative findings, it would appear that analysis can play a useful role in Dade County by developing information to be used in evaluating whether or not a new program ought to be funded. Analysis should be a useful method of conducting studies when “yes” can be answered to the following questions:

- (1) Does the problem require a decision?
- (2) Can the analysis be finished before the decision must be made?
- (3) Would more information make a difference to whoever will make the decision?

During the first year, analyses and issue papers were not limited to those issues upon which analysis could be expected to have a major impact because of the need to involve as many people as possible in an elementary form of systematic analysis early in the first phase of PPB system development. The primary purpose of using the issue papers was to develop a capability for systematic analysis rather than to re-allocate resources. Full-fledged program analyses do, however, require the investment of a considerable amount of time in collecting data, documenting the evaluation, and displaying the results of the analysis. Because of the scarcity of manpower which can be allocated to the conduct of analyses, the county will in the future have to be quite selective in choosing issues for analysis.

STRUCTURE AND COMPONENTS

In addition to the display documents for issue papers and program analyses, the structural components of the Dade County PPB system are the program structure, the program budget, and the multiyear plan. The process used to develop each of these components is important, for it affects the readiness with which departmental personnel will use the components after they are developed.

Each of these three components will be implemented countywide. They are being developed by members of six teams, representing the following program areas: health, protection of persons and property, transportation, economic and social well-being, leisure time activities, and community development. Represented on the teams are the members of the major operating departments, the planning department, and the county manager's office. Development of these components

is proceeding slowly. Group decisionmaking takes time, but having components which are *developed* by members of the various departments, rather than *acquiesced* to by them is felt to be worth the effort in the long run.

The first component developed was the program structure. The program structure is a set of output-oriented categories within which all the activities of the county are grouped, according to their purposes. The categories themselves are based upon the broad goals the county seeks to attain. This is the structure to be used in presenting the budget and the multiyear plan on a program basis.

During September 1967, a first-draft program structure was developed through small group meetings held for each broad program area. Being unfamiliar with the process of stating goals explicitly, aggregating activities under common goals, and constructing attainment measures, the departmental representatives were unable to contribute substantially to program structure development. Further meetings of this type were postponed until training courses in systematic analysis had been conducted.

In October 1968, the six program area teams were organized. Most of the people on these teams have completed at least one course in PPBS orientation or in program analysis. Their first task was to develop a countywide program structure which would be used by all departments and agencies of the county government. By the end of November they had completed the second draft program structure. This is a three-level structure, composed of program areas, categories, and elements. An objective has been stated for each program area, category, and element. The county's activities have been grouped under the appropriate elements. Attainment measures have been developed to assess effectiveness in meeting the objective expressed for each element.

In local government, goals are multipurpose and are typically stated only in the most general terms. The relationship between these goals and the many activities conducted by the government are usually ill-defined. The process of bringing people from several departments together and having them jointly consider, over a period of several weeks, the relationship of their activities to the needs of the community and the relationship of one department's activities to those of another is important. It creates or reinforces an awareness of the need to plan and develop programs together. It heightens the concern for results which activities have in the community, not in terms of workload, but in terms of effectiveness in reaching objectives.

This is a significant step in developing the PPB system. It will be gradually refined as additional experience is gained in using the PPB system. The greatest need for improvement is the development of better attainment measures. We do not say at this point that it is or is not possible to qualify all the major effects that we would like to measure, but we do say that we will never know whether it is possible unless we try.

Next, the program area teams developed a sample program budget by converting the adopted budget for the current fiscal year to a program basis using the program areas, categories, and elements shown in the program structure. A crossover net was used to distribute divi-

sion costs among the appropriate elements. Some nondepartmental costs, principally fringe benefits and capital improvements, were also distributed among the elements. Other nondepartmental costs were left in a general support category. The teams wrote narratives for each element, category, and program area. At the element level, the purpose of the narrative was to indicate the magnitude of the problem toward which the element was directed, the activities which had been included under the element, and the effect which these activities would have in reducing or eliminating the problem within a given time period.

This sample program budget will be distributed in April to department heads and program area team members for review and improvement. For many elements, data sufficient to describe the problem was not readily available. For most elements, the description of the effects was either totally lacking or inadequate. It is expected that attention will now be given to locating the appropriate data and that the measures and information contained in the program budget will be much improved within 2 years.

The program budget is expected to have several advantages over the departmental line-item budget. The program format groups the activities of several departments under a common objective. For example, the objective of the consumer assistance element is "to promote and protect effective utilization of personal financial resources." Contributing to this objective are activities of the agricultural and home economics divisions, the trade standards office, and the welfare department. Allocating to the consumer assistance element that part of the efforts these organizational units devote to this objective and displaying these costs in one place in the budget highlights the importance of a coordinated effort among these agencies in planning and developing programs. Coupling this display with data showing the extent to which objectives have been attained should encourage administrators to concern themselves with the effects their activities have upon the people in the county.

Another advantage to the program budget format is the ease with which the average citizen can understand it. The budgeted costs are arranged in terms of the services which the citizen will receive rather than in terms of the organizational units which will deliver a variety of services or the manpower and facilities which these organizational units need to carry out their activities. It is expected that the program budget format will be more meaningful to the average citizen and that it will make it easier for him to engage in a dialog with his government.

The last structural component is the multiyear plan. It will project all revenues and expenditures of the county government 6 years into the future. The expenditures will be displayed by program, category, and element, using the classifications in the program structure. For the first year the multiyear plan will project revenues, expenditures, and manpower requirements. In subsequent years, projected outputs will be related to projected expenditures. By anticipating future demands for services and the money and manpower needed to render these services, the county hopes to increase the number of choices open to it in future years. For example, by forecasting the demand for different skills 6 years hence, the county can tailor recruitment and train-

ing programs to meet the demand. Instead of attempting to ameliorate a shortage after it occurs, the county would be better able to have the necessary manpower available when it is needed.

Development of the multiyear plan is the third task of the program area teams. This task will be undertaken late this spring. In preparation for this work, guidelines have been developed to coordinate the work of the teams and revenues have been projected through 1974.

How PPBS Is BEING IMPLEMENTED

A small interdisciplinary staff consisting of four people has been established at the central level to provide the overall direction, coordination, and review of PPB system implementation. This staff develops guidelines identifying responsibilities for implementing system components, provides instructional material and training opportunities, coordinates program analyses of selected issues and coordinates the work being carried out by the program area teams.

The objective is to implement the system in such a way that it will be useful, not only to the county manager and the board of county commissioners, but also to each department. Accordingly, the guidelines necessary to obtain one countywide PPB system will be made flexible enough to accommodate the needs of individual departments. The guidelines which have already been distributed are these:

- (1) Responsibility for instituting PPB system.
- (2) Justification required for proposed new or substantially changed programs.
- (3) Preparation of sample program budget.
- (4) Work program description for all budget requests.
- (5) Preparation and display of a program analysis.

In order that departmental personnel understand the PPB system and that the system be useful to and usable by them, emphasis has been placed on training existing departmental staff and recruiting them to develop the structural components and conduct program analyses on a team basis.

WHAT REMAINS TO BE DONE

The county first became involved in the development of a PPB system 20 months ago. Since that time the PPBS concept has become familiar to administrators and planners, some capability for analysis has been developed in the manager's office and in most departments, and the basic components of the system have been developed. It will be several years before the system is fully implemented. The two most important tasks which remain are to infuse PPBS into the existing budgeting process and to link planning to budgeting.

At present, the county's operating budget is based upon a two dimensional classification. Funds are allocated to organizational units and, within those units, to specific objects of expenditure. The change in the format of the budget to a program basis will have some salutary effects upon the budget process. It will present the county's annual plan in terms more meaningful to most people and will encourage people to ask questions about the relationship of costs to effects and

about the results which activities are expected to have in the community. It is anticipated that the proposed budget for the 1969-70 fiscal year will be displayed on both an organizational-unit-line-item basis and on a program basis. Both types of formats will continue to be submitted to the board of county commissioners for as long as it wishes to receive budgetary information in both formats.

The program budget format, however, cannot stand alone. It must be backed by the type of analysis which provides answers to questions which the program budget format will encourage. Much more effort and time will be required to produce the information needed than was required to produce the program budget format. Three efforts are underway to upgrade the analysis which precedes the determination of priorities and allocation of funds.

The first effort is at a gross and fairly superficial level. It is basically an attempt to have departments define their programs. For the 1969-70 fiscal year, narratives supporting departmental budget requests are required to include a description of the work program consisting of the following:

- (1) A statement of the public-service objective or purposes of the activities performed.
- (2) A summary of the needs which the program is designed to meet, including where possible quantitative indications of the magnitude of the problem.
- (3) A summary of the program developed to attain the objectives and an estimate of the effects which the program will have in reducing the magnitude of the problem.

The program descriptions from most departments will be inadequate the first year, but they should be substantially improved during the next several years.

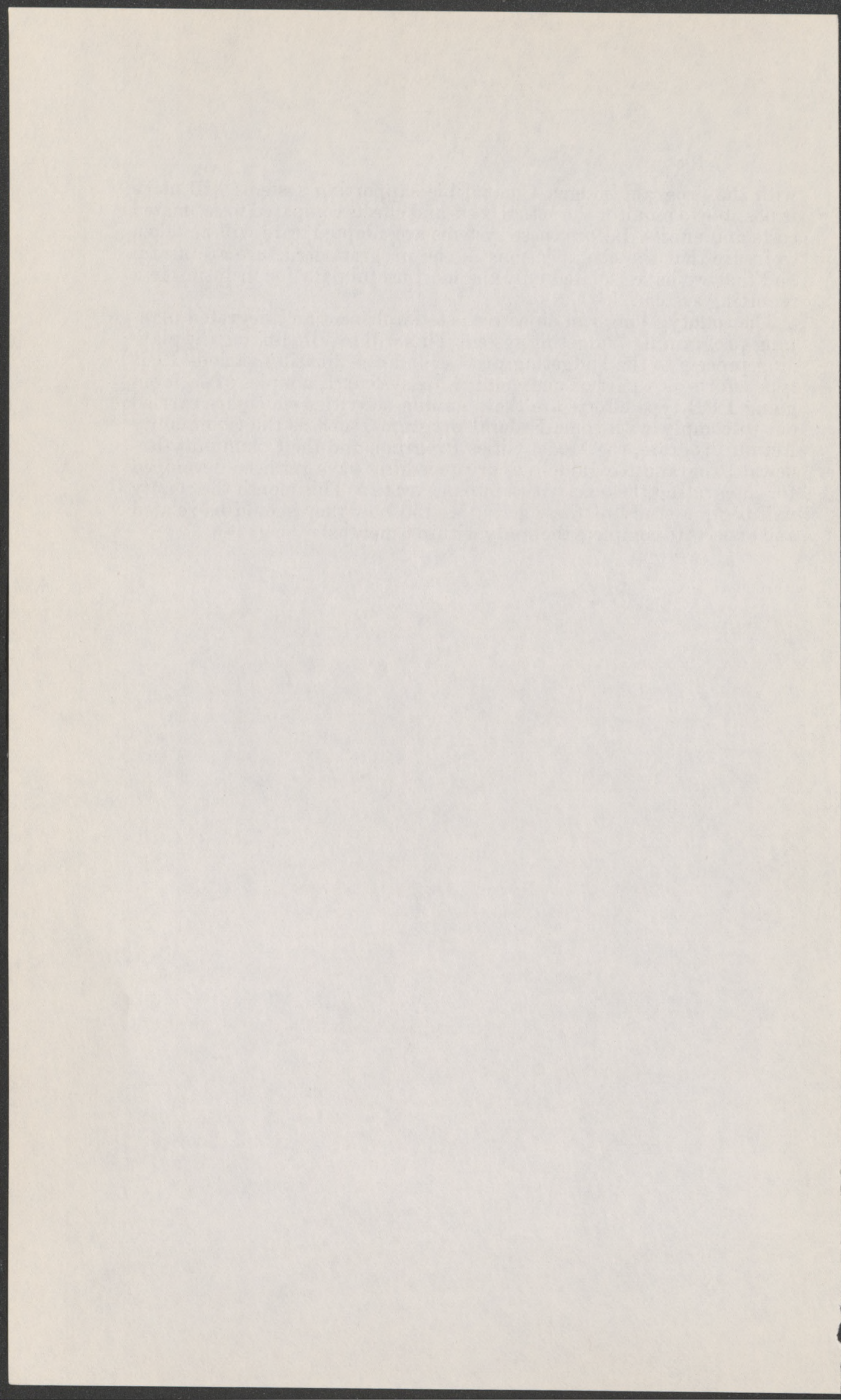
Second, requests to fund new or substantially expanded programs will be backed by an elementary form of analysis. This requirement has already been discussed under the section on analysis. In future years, this should become an increasingly useful means of providing information to be used in determining priorities within program areas. It will not be of much help in deciding whether it is better to spend more money on police protection or more on health, for this is essentially a value judgment. But it will be of considerable help in determining how much protection one type of program in the police area produces per dollar compared to another type of program in the same area.

Third, a few issues will be selected each year for an in-depth program analysis. In preparation for the 1969-70 fiscal year, three such program analyses are underway—waste collection and disposal, services for senior citizens, and emergency ambulance service. As county personnel become more experienced in conducting program analyses, they will be able to broaden the scope of the issues they can handle and use more sophisticated techniques in evaluating data on costs and effects.

In addition to changing the format of the budget and upgrading the analysis preceding budget recommendations, reporting and accounting systems will have to be adapted to make them compatible

with the program budget. Compatible supporting systems will make it possible to monitor the actual costs and effects compared to estimated costs and effects. Before these systems are adapted, care will be taken to insure that the classifications in the program structure are useful and that we have isolated only the most useful data for inclusion in a reporting system.

The county's long-run objective is to implement an integrated planning-programming-budgeting system. This will require linking the planning process to the budgeting process and coordinating various PPB type efforts as a part of one countywide system. Examples of such ongoing PPB type efforts are the planning activities which are carried out to comply with some Federal programs, such as the Community Action Program, the Model Cities Program, and the Community Renewal Program. No guidelines or procedures have yet been developed for integrating these activities into one system. This month the county will begin a study of these activities and how they should be related and expects to complete the study within 6 months.



CHANGING RULES OF THE BUDGET GAME: THE DEVELOPMENT OF A PLANNING-PROGRAMING-BUDGETING SYSTEM FOR LOS ANGELES COUNTY

L. S. HOLLINGER*

PPBS is a welcome addition to the budgeting scene for local governments and in Los Angeles County we believe it will come to play a larger and larger role in our decisionmaking process.

As the subcommittee is aware, Los Angeles County recently completed participation in the State-Local Finances Project. That program, financed by the Ford Foundation and coordinated by the George Washington University, was also known as the "5-5-5" Project because five States, five counties, and five cities are involved. The jurisdictions were:

States.—California, Michigan, New York, Vermont, and Wisconsin.

Counties.—Dade (Florida), Davidson (Tennessee), Los Angeles (California), Nassau (New York), and Wayne (Michigan).

Cities.—Dayton, Denver, Detroit, New Haven, and San Diego.

Just to give you some background concerning the institutional setting within which our participation in the 5-5-5 Project took place I would like to outline a few broad aspects of Los Angeles County government and how we became involved with the project.

Los Angeles County is the largest of 58 such political subdivisions in California and is charged with the responsibility of providing many governmental services to a population of 7 million persons. In population the county is larger than 43 of the 50 States. Its budget (over \$1.3 billion in fiscal 1968-69) is larger than that of 31 States.

Services provided by 70 county departments and nonelective commissions, plus 12 special districts under the control of the board of supervisors, fall generally into four major categories:

- Countywide services to all citizens.
- Services rendered on a special district basis.
- Services restricted to unincorporated territory (1.1 million population).
- Services performed for cities on a contract basis.

These services include the traditionally mandatory activities required by the State constitution, such as law enforcement, judicial administration, property assessment, public health protection, and social welfare services, plus numerous nonmandatory functions such as parks and recreation, air pollution control, and a wide variety of cultural activities.

*Chief Administrative Officer, County of Los Angeles, Calif.

An elected five-member Board of Supervisors is the executive and legislative body for the county. Each supervisor represents the people in one of five equally-apportioned supervisorial districts. To assist this board in handling administrative matters, a Chief Administrative Officer has responsibility to exercise administrative control and supervision over the affairs of the county placed under his control by the Board. Such matters include coordination of the functions and operations of county departments and responsibility for preparation of recommendations on the annual budget.

Los Angeles County was the first in California to adopt the executive budget procedure, one that has now been copied by all but 15 counties of the State. A staff of specialists in the fields of public administration and business administration annually review, item by item, every request for funds. As an automatic part of that procedure, current programs are measured and evaluated, obsolete programs are eliminated, and program changes are initiated as conditions require.

The procedure has been refined over the years to a point where we are confident we have the most effective budget evaluation program in the State of California. The only criticism we have had came from a March 1966 report of a blue ribbon Citizens' Economy and Efficiency Committee which indicated we were deficient in not engaging in longer range planning.

This report also pointed out that a substantial investment would be required to meet such criticism and suggested consideration of whether such a program would be productive and how efforts to accomplish it might be organized.

In April of 1966, consideration of county participation in a project to develop "programming systems" was begun at the suggestion of the National Association of Counties. This afforded a timely opportunity to proceed with the then current review of county budgeting practices. One staff individual was assigned to work with the NACO and to review the data coming out of the August 1965 Federal efforts to initiate PPBS. These efforts resulted in the eventual participation of Los Angeles County in the "5-5-5" Project and our agreement with George Washington University was approved by the board of supervisors in July 1967.

The county's objective in participating in the "5-5-5" Project was to review PPBS techniques including economic analysis and, at the end of the project year, recommend a course of action to the Chief Administrative Officer concerning possible improvements to be made in County budgetary practices through use of such techniques. Actual participation in the project began in October of 1967 with the issuance of instructions to departments which advised them of our participation in the project and requested that they initially prepare a statement of broad department objectives and present specific production goals of their departments for review during the project.¹ Our initial instruction to the departments was accompanied by a Board directive to each department head to lend his full support and cooperation to this experimental study.

We expected our output at the end of the project period to be a final report and following completion of the project period, a set of

¹ See Attachment 1.

budget instructions for fiscal 1969-70 which would incorporate the findings of the study and introduce program budgeting and the related economic analyses on a formal basis.

During the project 31 of 51 departments have submitted broad-scale statements of objectives. The statements have also been submitted to our Management Services Division for use in Executive Development and Management Audit Programs.

Our review of these documents indicates that departments generally have a good idea of what their broad objectives are. In most instances such statements relate to the requirements of State law that are delegated to counties to perform. None of the objectives' statements have been operational documents; that is, they do not describe operational goals that could be readily and specifically defined in terms of output or accomplishments without delving much more deeply into the activities of the various departments. As these statements are received from the departments they are provided to each budget analyst for review and comment. A continuation of this effort is expected to extend well beyond the end of the "5-5-5" Project.

In one instance (the Department of Hospitals) we are presently deeply involved in an assessment of departmental objectives. This situation results from recent changes in the provision for medical care provided to indigents (Medicare and Medi-Cal). This effort would have had to occur with or without participation in the "5-5-5" Project. However, it provides an excellent opportunity for application of program budgeting and systems analysis techniques."

In December 1967, each department was provided with instructions for the preparation of a departmental program structure. We attempted to develop a countywide program structure which would provide a basis upon which departments could structure their activities as related to possible countywide objectives. The instructions set forth a detailed format for the program structure and outlined the first two levels of the structure. At the same time that these materials were distributed, a glossary of program budgeting terms was given to departments together with some examples of criteria for evaluation in planning State and local programs. Seven of the 51 departments have indicated how their programs would fit within the countywide program structure. In addition, preliminary staff discussions have been held with approximately 25 departments to discuss the purpose of a program structure and present instructional material on its use in the program budgeting process.

For purposes of staff orientation all Budget Division staffmen were requested to identify potential areas for program analyses and prepare "issue papers" which identified major issues facing departments for which they had budgetary responsibility. This effort further served to introduce the "5-5-5" Project to the staff people and has resulted in the development of examples concerning the Sheriff, Probation, Superior Court and Weights and Measures Departments.

Initial introduction of cost-benefit considerations to Budget Division staff are beginning to result in the use of such techniques. So far we have made three early efforts to explicitly consider costs and benefits in staff studies. In each instance the information presented in the costs and benefits portion of these studies has proved useful to the decisionmaker.

The studies concerned:

- Alternate methods of providing county employees parking in the Los Angeles Civic Center.
- Provision of guard services to major county buildings in outlying areas.
- Replacement of paving in county parking facilities versus treatment with surface sealants.

As our work with PPBS continues I believe we will see greater application of systematic cost-benefit analyses to larger problems facing the county and other local governments.

At the conclusion of the "5-5-5" Project a course of county action to further implement PPBS was recommended and our efforts over the next year were expected to include:

- Use of more central staff on a full-time basis.
- Establishment of a series of orientation programs and training efforts at a variety of levels to improve county capability to use program budgeting and economic analysis techniques.
- Refinement of the countywide program structure.
- Preparation of a summary "crosswalk" document to cast our 1968-69 current budget in program terms.
- Development of an initial multiyear financial plan showing prior year, current year, budget year and 4 future years requirements by major program category.
- Issuance of instructions to departments requiring that requests for new programs and substantial changes in the scope or direction of existing programs be accompanied by program memoranda assessing the alternatives considered and, to the extent possible, the costs and benefits of the recommended course of action.
- Preparation of selected departmental budgets in program terms for fiscal 1969-70.
- Use of program analysis techniques on a selective basis in order to demonstrate their usefulness and serve as a training and orientation device for departmental and central staff personnel.

Since the conclusion of the "5-5-5" Project we have taken the following actions to bring about further implementation of PPBS:

- Prepared a "crosswalk" of our 1968-69 budget.²
- Held a 2-day training and orientation session in PPB for Chief Administrative Office and selected departmental staff.
- Started five pilot departmental projects to recast 1969-70 budget requests in program terms and identify relevant output measures for those programs.
- Applied for a Federal grant from the Department of Housing and Urban Development to finance preparation of three major program analysis of county activities in subject areas such as public health, juvenile delinquency, and crime prevention.

Based on our experience to date we have concluded that:

- The concepts and techniques of a PPB system have a very real potential for providing a more systematic and explicit flow of

² See Attachment 2.

information needed in the decisionmaking process of county government.

- Los Angeles County should continue toward full implementation of PPB. Our estimate is that three to five fiscal periods will be necessary for full system installation. The need for future added resources is not clear at this time but we plan to recruit or develop analytical staff.
- Dependence on Federal and State revenue sources obviously influences local resource allocation decisions and county programs are in large part mandated by the State. We do feel, however, that there is still a significant area for program decisions where economic analysis can be helpful—particularly where such programs are funded on a local basis.
- Action contemplated to implement PPB by other State and local jurisdictions should be considered and evaluated by each such jurisdiction on an individual basis before extensive implementation efforts are started.

I have tried to emphasize our recent work with the PPB system and indicate that we perceive a need for greater usage of systematic economic analyses when evaluating county programs. Obviously our future efforts are directed toward bringing such explicit analyses into the decisionmaking processes of local government.

ATTACHMENT 1

DEPARTMENTAL BUDGET INSTRUCTIONS, 1969-1970

OCTOBER 16, 1968.

To: All Department heads; all District Heads.

From: L. S. Hollinger, Chief Administrative Officer.

Subject: DEPARTMENTAL BUDGET INSTRUCTIONS 1969-70.

Attached please find the following materials for use in preparing 1969-70 budget requests.

1. Revised pages to be inserted in your permanent budget instructions.
2. Submission dates for departmental budget requests.
3. Price lists of fixed assets—equipment, services and supplies, and motor vehicles.
4. Population projection for use in estimating workload.
5. Budget forms supplied by the Chief Administrative Office.
6. Auto service rates for 1969-70.

Additional forms and detailed instructions will be supplied by the Auditor-Controller.

Program Change Proposals

The revised budget instructions contain a set of guidelines on the preparation of Program Change Proposals which serve to formally introduce elements of planning-programing-budgeting systems to our budget process. The objectives which we hope to accomplish through the use of PPBS include:

1. The Development of longer range county program planning, and

2. The use of more systematic comparisons of the costs and effectiveness of alternative ways to accomplish program objectives.

Basically, major requests for new programs and substantial changes in existing programs will be subject to the procedure for Program Change Proposals.

These instructions provide the basis for preparation of Program Change Proposals (PCP's). This marks the first efforts of Los Angeles County to introduce elements of program budgeting into the existing budget process. Initially, the program budgeting type of analysis will be applied to program changes rather than to existing programs. Matters to be considered as program change proposals are defined as:

1. Proposed new programs.
2. Significant changes in the scope or direction of existing programs.
3. Alternatives to existing programs.

Two documents will make up a PCP. These are: (1) a summary (in tabular form), and (2) a narrative statement. Required contents of the summary and narrative are given below.

Departments which wish to request such program changes should consult with the Budget Division staff for additional guidance in the selection of matters to be considered for treatment as PCP's. Mr. Dave Smith (extension 65866) will be coordinating this phase of the budget process.

The purpose of the PCP process is to provide departments, the Chief Administrative Office, and the Board of Supervisors with a concise statement that relates the program change to (1) existing programs, and (2) the public service objectives of the department.

Since one of the purposes of program budgeting is to start program evaluation well in advance of the time the Board will be considering the proposed budget, the summary forms and other data outlined below must be received by the Budget Division by December 15. Budget Division staff will be available to work with departments to ensure the early development and complete consideration of each PCP.

The PCP procedure is an additional, yet separate, step from prior year budget processes and will be developed initially as a parallel system along the following basic guidelines.

1. Complete a summary Program Change Proposal form (PB-1) for each proposed program change. Where a PCP involves more than one department a combined presentation should be prepared. Backup detail for the summary form showing personnel and other detailed budget changes necessary to accomplish the PCP should be retained by the department. Such detail must cover all elements included in the total program costs figures.
2. Regular budget requests are to continue to include all numerical detail relating to personnel, supplies, equipment and capital facilities related to the PCP. Detailed narrative statements of justification will not be required in the regular request where budgeted positions, supplies, etc., are requested as part of a PCP.
3. Regular budget submissions need not be delayed in order to develop a PCP since such materials will be submitted in advance of formal budget requests.
4. Supplemental budget requests of sufficient size or scope to be treated as Program Change Proposals are to be discouraged un-

less special arrangements have been made with the Budget Division and the department has fully prepared the necessary data for a PCP.

In addition to the summary form, each PCP should include a concise (five-page maximum) narrative statement that provides data for analysis. Each Program Change Proposal should explicitly address the following questions:

1. What public service objective is sought to be accomplished by the proposed program? Who would be the beneficiaries of the proposed program? (Estimate the size of and describe the segment of the population to be served by the program as well as significant changes in the size of that group in future years.)

2. How should progress in meeting the proposed program objectives be measured? What data are available? (Present pertinent data in a separate tabular form if available.)

3. What criteria are used to evaluate program effectiveness and program benefits?

4. If the proposed program change is approved by the Board of Supervisors, what benefit would accrue to those persons or agencies served by the program change? What indirect benefits would accrue to others? (Budget Division staff are available to work with departments to develop benefit measures.)

5. What are the practical alternative methods to accomplish the objectives involved in the proposed program change? (To the extent possible estimate the costs and benefits of each such alternative.)

6. What are the reasons for selecting the proposed alternative rather than one of the other alternatives? What is the total cost of the PCP during the budget year and 4 future years?

7. If money is not available to accomplish the PCP and funds have to be reallocated in order to proceed with it, which program or programs should be curtailed? To what extent? For what reasons?

8. How are funds to finance the PCP to be obtained? Property tax levy? Grants or subventions? Service changes? Other source?

ATTACHMENT 2

PROGRAM STRUCTURE CROSSWALK FOR PPBS

NOVEMBER 12, 1968.

To: All Budget Division Staffmen.

From: Harry L. Hufford, Chief, Budget Division.

Subject: PROGRAM STRUCTURE CROSSWALK FOR PPBS.

One of the tools used in PPBS is a "crosswalk" which relates the line item budget to the output-oriented structure of a program budget. The attached materials represent the cross-walking of 1968-69 appropriations to the initial tentative PPB program structure which was given to departments last December.* All general county, special county, and special district appropriations under Board control are included. A summary chart and explanatory document are included.

* See attached Los Angeles County Program Budget and Program Structure.

The costs of various departmental operations have been allocated to the program structure by assigning costs of each department and/or its major divisions to the appropriate program area. In some cases such allocations are somewhat arbitrary and further refinements will be needed to improve the precision of the figures for each major program area. This refinement will result from suggestions received from budget staffmen and, at a later date, from departments. Please study these materials and give your suggestions to Dave Smith.

Since techniques for relating the costs of a program to its effectiveness are essential if PPB is to be a useful and meaningful tool for analysis and decisionmaking, the next step in using the crosswalk will be to develop output indicators for the various program elements. On October 9, I requested that each of you work with your assigned departments to develop indicators of "output" or effectiveness of departmental programs. The due date for your initial memo on this subject is November 20, 1968.

Future development of the crosswalk will eventually result in a multiyear program and financial plan which will be in a format similar to the summary for Program Change Proposals.

There will be a PPBS training seminar on November 26 and 27, presented by Management Analysis Center. This firm is a leader in the field of executive training on PPBS and the analytical techniques associated with it. Part of the seminar will be devoted to a discussion of documents relating to PPBS. This will provide an opportunity for presenting ideas on the refinement of this program crosswalk.

Let us have your suggestions. Get involved!

LOS ANGELES COUNTY PROGRAM BUDGET—1968-69 APPROPRIATIONS

[Includes general county, special county, and special district funds under control of Board; dollar amounts in millions]

Programs and program elements	Salaries and employee benefits	Services and supplies	Other charges	Fixed assets	Capital projects	Total	Percent
I. Personal safety:							
(A) Law enforcement.....	\$81.1	\$10.4	\$1.9	\$1.3	\$2.6	\$97.3	-----
(B) Judicial.....	57.8	13.6	(1)	.4	2.0	73.8	-----
(C) Traffic safety.....	5.7	7.1	9.0	.2	.4	22.4	-----
(D) Fire prevention and control..	29.6	8.5	.1	1.8	.8	40.8	-----
(E) Safety from animals.....	1.7	.1	(1)	(1)	.2	2.0	-----
(F) Protection of and control of the natural and manmade disasters.....	.1	23.0	35.3	31.8	-----	90.2	-----
(G) Prevention of food and drug hazards, non-motor-vehicle accidents and occupational hazards.....	4.6	1.0	-----	(1)	.3	5.9	-----
(H) Unassignable research and planning.....	-----	-----	-----	-----	-----	-----	-----
(I) Unassignable support.....	-----	-----	-----	-----	-----	-----	-----
Total personal safety.....	180.6	63.7	46.3	35.5	6.3	332.4	(22.0)
II. Health:							
(A) Physical health.....	145.5	133.0	5.4	2.1	5.5	291.5	-----
(B) Mental health.....	9.0	14.8	-----	.2	.1	24.1	-----
(C) Drug addiction prevention and control.....	9.3	2.0	-----	.2	.4	11.9	-----
(D) Environmental health, included under IV, D-H.	-----	-----	-----	-----	-----	-----	-----
(E) Other.....	-----	-----	-----	-----	-----	-----	-----
(F) Unassignable research and planning.....	-----	-----	-----	-----	-----	-----	-----
(G) Unassignable support.....	-----	-----	-----	-----	-----	-----	-----
Total health.....	163.8	149.8	5.4	2.5	6.0	327.5	(21.8)

See footnote at end of table.

LOS ANGELES COUNTY PROGRAM BUDGET—1968-69 APPROPRIATIONS—Continued

[Includes general county, special county, and special district funds under control of Board; dollar amounts in millions]

Programs and program elements	Salaries and em- ployee benefits	Services and sup- plies	Other charges	Fixed assets	Capital projects	Total	Percent
III. Intellectual development and personal enrichment:							
(A) Preschool education							
(B) Primary education	.4	.5		(1)	.1	1.0	
(C) Secondary education	.3	1.1		(1)		1.4	
(D) Higher education	.4	.2		(1)		.6	
(E) Adult education							
(F) Public libraries, included under VI, C.							
(G) Museums and historical sites, included under VI, C.							
(H) Vocational education other than III, E., included under V, B.							
(I) Other							
(J) Unassignable research and planning							
(K) Unassignable support							
Total intellectual development and personal enrichment	1.1	1.8		(1)	.1	3.0	(.2)
IV. Satisfactory home and community environment:							
(A) Comprehensive community planning	2.2	.3		(1)		2.5	
(B) Provision of satisfactory homes for dependent persons	4.8	5.4		(1)		10.2	
(C) Provision of satisfactory homes for others	8.5	.7		(1)	(1)	9.2	
(D) Maintenance of satisfactory water supply	4.2	2.8	.7	2.1	.8	10.6	
(E) Solid waste collection and disposal		1.3				1.3	
(F) Maintenance of satisfactory air environment	4.5	.8		.2	.1	5.6	
(G) Pest control							
(H) Noise abatement							
(I) Local beautification	1.1	1.6	(1)	(1)		2.7	
(J) Intracommunity relations	1.3	.3		(1)		1.6	
(K) Homemaking aid and information							
(L) Other							
(M) Unassignable research							
(N) Unassignable support							
Total satisfactory home and community environment	26.6	13.2	.7	2.3	.9	43.7	(2.9)
V. Economic satisfaction and satisfactory work opportunities for the individual:							
(A) Financial assistance to the needy	82.9	452.7	.1	.6	.4	536.7	
(B) Increased job opportunity		3.2				3.2	
(C) Protection of the individual as an employee							
(D) Aid to the individual as a businessman, including general economic development	.1	.8		(1)		.9	
(E) Protection of the individual as a consumer of goods and services	1.6	.1	(1)	(1)	.2	1.9	
(F) Judicial activities for protection of consumers and businessmen, alike	(1)	.1		(1)	(1)	.1	
(G) Other							
(H) Unassignable research and planning							
(I) Unassignable support							
Total economic satisfaction	84.6	456.9	.1	.6	.6	542.8	(35.9)

See footnote at end of table.

LOS ANGELES COUNTY PROGRAM BUDGET—1968-69 APPROPRIATIONS—Continued

[Includes general county, special county, and special district funds under control of Board; dollar amounts in millions]

Programs and program elements	Salaries and em- ployee benefits	Services and sup- plies	Other charges	Fixed assets	Capital projects	Total	Percent
VI. Leisure time opportunities:							
(A) Outdoor recreation.....	10.4	5.9	.2	.2	8.6	25.3	-----
(B) Indoor recreation.....	2.6	.5	.1	.1	2.1	5.4	-----
(C) Cultural activities.....	11.3	9.5	-----	.2	3.1	24.1	-----
(D) Leisure time activities for senior citizens.....	.2	(1)	-----	(1)	-----	.2	-----
(E) Other.....	.3	(1)	-----	(1)	-----	.3	-----
(F) Unassignable research and planning.....	-----	-----	-----	-----	-----	-----	-----
(G) Unassignable support.....	-----	-----	-----	-----	-----	-----	-----
Total leisure time oppor- tunities.....	24.8	15.9	.3	.5	13.8	55.3	(3.7)
VII. Transportation, communication, location:							
(A) Motor vehicle transportation.....	-----	17.5	65.3	1.9	-----	84.6	-----
(B) Urban transit system.....	-----	-----	-----	-----	-----	-----	-----
(C) Pedestrian.....	-----	-----	-----	-----	-----	-----	-----
(D) Water transport.....	-----	-----	-----	-----	-----	-----	-----
(E) Air transport.....	.5	.1	-----	(1)	2.9	3.6	-----
(F) Location programs.....	-----	-----	-----	-----	-----	-----	-----
(G) Communications substitutes for transportation.....	-----	-----	-----	-----	-----	-----	-----
(H) Unassignable research and planning.....	-----	-----	-----	-----	-----	-----	-----
(I) Unassignable support.....	-----	-----	-----	-----	-----	-----	-----
Total transportation, com- munication, location.....	.5	17.6	65.3	1.9	2.9	88.2	(5.9)
VIII. General administration and gov- ernment:							
(A) General government man- agement.....	2.3	.4	-----	.1	-----	2.8	-----
(B) Financial.....	23.1	4.2	-----	.1	(1)	27.4	-----
(C) Unassignable purchasing and property management.....	11.6	6.9	.1	.2	.1	18.9	-----
(D) Personnel services for the government.....	3.4	.4	-----	(1)	.1	3.9	-----
(E) Unassignable EDP.....	.1	(1)	-----	(1)	.2	.3	-----
(F) Legislature.....	2.2	.4	-----	.1	-----	2.7	-----
(G) Legal.....	2.6	.2	-----	(1)	(1)	2.8	-----
(H) Elections.....	2.9	2.5	-----	(1)	(1)	5.4	-----
(I) Other.....	14.5	20.6	.9	.8	14.3	51.1	-----
Total general administra- tion and government.....	62.7	35.6	1.0	1.3	14.7	115.3	(7.6)
Subtotal all programs.....	544.7	754.5	119.1	44.6	45.3	1,508.2	(100.0)
Less costs applied.....	-----	-----	-----	-----	-----	33.3	-----
Total all programs.....	-----	-----	-----	-----	-----	1,474.9	-----
Appropriation for deficiencies.....	-----	-----	-----	-----	-----	1.7	-----
Reserves.....	-----	-----	-----	-----	-----	21.8	-----
Estimated delinquencies.....	-----	-----	-----	-----	-----	14.0	-----
Grand total, requirements.....	-----	-----	-----	-----	-----	1,512.4	-----

¹ Denotes figure less than \$50,000.

*Program structure—Line Item Budget Crosswalk, Los Angeles County,
1968-69*

[All figures in millions of dollars]

Department and division		Amount
	I. PERSONAL SAFETY	
A. Law enforcement-----		\$97. 3
Sheriff, 85 percent, except Civil Division.		
Debt Service Funds for Detention Facilities, mechanical: General Services Division (guards).		
Medical Examiner-Coroner:		
Probation:		
Administration Division, 50 percent.		
Employee Services, 50 percent.		
Institutions.		
Medical Division.		
Juvenile Facilities Division.		
Debt Service Funds for Juvenile Halls:		
District Attorney:		
Administration Division, 60 percent.		
Child Support Division.		
Complaint Division.		
Adviser to Grand Jury.		
Major Fraud Division.		
Bureau of Investigation.		
Agricultural Commission.		
Public Welfare Commission.		
State Correctional Schools.		
Wages to Prisoners.		
Grand Jury.		
B. Judicial-----		73. 8
District Attorney:		
Administration Division, 40 percent.		
Appellate.		
Trials.		
Branch and area offices.		
Marshal (except Traffic and Small Claims).		
Municipal and Justice Courts (except Traffic and Small Claims).		
Public Administrator.		
Public Defender.		
Sheriff: Civil Division.		
Superior Court.		
County Clerk.		
Courts Expense.		
Probation:		
Administration Division, 50 percent.		
Field Services.		
Employee Services, 50 percent.		
C. Traffic Safety-----		22. 4
Lighting Districts.		
Lighting Maintenance Districts.		
Municipal and Justice Courts: Traffic.		
Marshal: Traffic.		
Road: Traffic and Lighting Division.		

*Program structure—Line Item Budget Crosswalk, Los Angeles County,
1968-69—Continued*

D. Fire Prevention and Control-----	40.8
Fire Protection Districts.	
Forester and Fire Warden.	
E. Safety from Animals-----	2.0
Animal control.	
County veterinarian.	
F. Protection from and Control of Natural and Man-Made Disasters--	90.2
Disaster and Civil Defense Commission.	
Flood Control District.	
Drainage Maintenance Districts.	
G. Prevention of Food and Drug Hazards, Nonmotor Vehicle Accidents, and Occupational Hazards-----	5.9
Health:	
Administration Division, 15 percent.	
Bureau of Environmental Sanitation.	
Public Health Labs, 50 percent.	
H. Unassignable research and planning-----	
I. Unassignable support-----	
Total Personal Safety-----	332.4
II. HEALTH (PHYSICAL AND MENTAL WELL-BEING)	
A. Physical health-----	291.5
Hospital:	
Administration Division.	
Resources and Collections.	
Medical Social Services.	
Crippled Children's Services.	
Institutions (except rehabilitation centers and psychiatric services).	
Medical assistance.	
Hospitals Debt Service Funds:	
Health:	
Administration Division, 85 percent.	
Bureau of Maternal and Child Health.	
Bureau of Medical Services (except alcohol program).	
Bureau of Public Health—Labs, 50 percent.	
Bureau of Public Health—Nursing.	
Bureau of Public Health—Social Work.	
B. Mental health-----	24.1
Mental health.	
Hospitals: Psychiatric services (8 percent of Los Angeles County/ USC Medical Center).	
State Hospitals.	
C. Drug and Alcohol Addiction, prevention and control-----	11.9
Health: Bureau of Medical Services (alcohol program).	
Hospitals: Rehabilitation Centers.	
Sheriff: 15 percent of all appropriations.	
Community Services: Narco-information program.	
D. Environmental health (see IV, D-H)-----	
E. Other-----	
F. Unassignable research and planning-----	
G. Unassignable support-----	
Total health-----	327.5

*Program structure—Line Item Budget Crosswalk, Los Angeles County,
1968-69—Continued*

III. INTELLECTUAL DEVELOPMENT AND PERSONAL ENRICHMENT

A. Preschool education-----	
B. Primary education-----	1. 0
Superintendent of Schools (50 percent) (except library services.)	
Superintendent of Schools—Special schools (20 percent).	
California School for Deaf and Blind (50 percent).	
C. Secondary education-----	1. 4
Superintendent of Schools (50 percent) (except library services).	
Superintendent of Schools—Special schools (80 percent).	
California School for Deaf and Blind (50 percent).	
D. Higher education-----	. 6
DPSS: Aid to Potentially Self-Supporting Blind.	
Otis Art Institute.	
E. Adult education-----	
F. Public libraries (under VI, C)-----	
G. Museums and historical sites (under VI, C)-----	
H. Vocational education other than III, E (under V, B)-----	
I. Other-----	
J. Unassignable research and planning-----	
K. Unassignable support-----	
Total intellectual development and personal enrichment-----	<u>3. 0</u>

IV. SATISFACTORY HOME AND COMMUNITY ENVIRONMENT

A. Comprehensive community planning-----	2. 5
Regional Planning Commission.	
B. Provision of satisfactory homes for dependent persons-----	10. 2
Adoptions.	
Care of Juvenile Court Wards.	
C. Provision of satisfactory homes for others-----	9. 2
County Engineer:	
Building and Safety.	
Mapping.	
D. Maintenance of a satisfactory water supply-----	10. 6
Sewer Maintenance Districts.	
Reimbursement for Sewer Construction.	
County Engineer:	
Industrial Waste.	
Sanitation.	
Waterworks and utilities.	
Waterworks Districts.	
Antelope Valley Reclamation Project.	
E. Solid waste collection and disposal-----	1. 3
Garbage Disposal Districts.	
F. Maintenance of satisfactory air environment-----	5. 6
APCD.	
APCD Hearing Board.	
G. Pest control-----	
H. Noise abatement-----	
I. Local beautification-----	2. 7
Landscape Maintenance Districts.	
Parks and Recreation: Roadside trees.	
Public Grounds Maintenance.	
J. Intra-community relations-----	1. 6
Human Relations.	
Community Services (except Narco-Information program).	
K. Homemaking aid and information-----	
L. Others-----	
M. Unassignable research and planning-----	
N. Unassignable support-----	
Total satisfactory home and community environment-----	<u>43. 7</u>

*Program structure—Line Item Budget Crosswalk, Los Angeles County,
1968-69—Continued*

V. ECONOMIC SATISFACTION AND SATISFACTORY WORK OPPORTUNITIES FOR THE
INDIVIDUAL

A. Financial assistance to the needy-----	536. 7
Department of Public Social Services:	
Administration.	
AB.	
ATD.	
AFDC.	
Indigent Aid.	
OAS.	
Veteran's Burials.	
B. Increased job opportunities-----	3. 2
Personnel: Manpower Training Program.	
DPSS: Economic Opportunity Act.	
C. Protection of the individual as an employee-----	
D. Aid to the individual as a businessman, including general economic development-----	. 9
Exploitation.	
Exposition.	
Farm Advisor.	
E. Protection of the individual as a consumer of goods and services----	1. 9
Weights and Measures.	
Agricultural Commissioner, 50 percent.	
F. Judicial activities for protection of consumers and businessmen-----	. 1
Municipal Courts: Small Claims.	
Marshal: Small Claims.	
G. Other-----	
H. Unassignable research and planning-----	
I. Unassignable support-----	
Total economic satisfaction-----	542. 8

VI. LEISURE TIME OPPORTUNITIES

A. Provision of outdoor recreational activities-----	25. 3
County Fair Grounds.	
Parks and Recreation (80 percent), except roadside trees.	
Recreation and Parks Districts, 80 percent.	
Real Estate Management: Small Craft Harbors.	
Marina del Rey fund.	
Golf Course and Park Development Fund.	
Fish and Game Propagation Fund.	
B. Provision of indoor recreational opportunities-----	5. 4
Parks and Recreation (20 percent), except roadside trees.	
Recreation and Parks Districts, 20 percent.	
C. Cultural activities-----	24. 1
Arboreta.	
Art Museum.	
Music Center.	
Museum of Natural History.	
Librarian's Salary.	
Superintendent of Schools: Library services.	
Public Library Fund.	
D. Leisure time activities specifically for senior citizens-----	. 2
Senior Citizens Affairs.	
E. Other-----	. 3
Military and Veterans' Affairs.	
F. Unassignable research and planning-----	
G. Unassignable support-----	
Total leisure time opportunities-----	55. 3

VII. TRANSPORTATION-COMMUNICATION-LOCATION

A. Motor vehicle transport.....	84. 6
Road, except Traffic and Lighting.	
Development Funds: (parking lots).	
Road District Funds.	
B. Urban transit system.....	
C. Pedestrian.....	
D. Water Transport.....	
E. Air transport.....	3. 6
County Engineer: Airports.	
Aviation Fund.	
F. Location programs.....	
G. Communications substitutes for transportation.....	
H. Unassignable research and planning.....	
I. Unassignable support.....	
Total transportation-communications-location.....	<u>88. 2</u>

VIII. GENERAL ADMINISTRATION AND SUPPORT

A. General Government Management.....	2. 8
CAO, except EDP Division.	
B. Financial.....	27. 4
Assessor.	
Treasurer-Tax Collector.	
Auditor-Controller.	
C. Unassignable purchasing and property management.....	18. 9
Purchasing and Stores.	
Real Estate Management, except Small Craft Harbors.	
Special Assessments.	
Building Services.	
Utilities.	
D. Personnel services for the government.....	3. 9
Personnel.	
E. Unassignable EDP.....	. 3
CAO: EDP Division.	
Courts EDP.	
F. Legislative.....	2. 7
Board of Supervisors.	
Local Agency Formation Commission.	
G. Legal.....	2. 8
County Counsel.	
H. Elections.....	5. 4
Registrar Recorder (2/3): Registrar of Voters.	
I. Others.....	51. 1
Mechanical, except General Services.	
Registrar-Recorder (1/3): Recorder.	
Aid to other Governments.	
Nondepartmental Special Accounts.	
Rents—unallocable.	
County Engineer, except previously listed divisions.	
Judgments and Damages.	
General government acquisitions.	
Insurance: Liability.	
Total general administration and support.....	<u>115. 3</u>
Subtotal, all programs.....	<u>1, 508. 2</u>
Less cost applied.....	<u>33. 3</u>
Total, all programs.....	<u>1, 474. 9</u>

UNLISTED APPROPRIATIONS

The following appropriations were prorated to the various programs on the following basis:

- (1) Building equipment—Per schedule in budget report.
- (2) County employees retirement—By program as a percentage of salaries in each program.
- (3) Fire apparatus and motor vehicles—Per schedule in budget report.
- (4) Insurance (employees life and health)—By program as a percentage of salaries in each program.
- (5) Rent expense—Per schedule in budget report.
- (6) Workmen's compensation—By program as a percentage of salaries in each program.

PLANNING, PROGRAMING, AND BUDGETING IN METROPOLITAN NASHVILLE-DAVIDSON COUNTY, TENN.

ROBERT A. HORTON*

The metropolitan government of Nashville-Davidson County was a participant in the State-local finances project, involving five States, five cities, and five counties, wherein the participants undertook to adapt PPB processes to the problems of their governments. This program was coordinated by a staff of the State-local finances project, housed at George Washington University, and made possible by a grant from the Ford Foundation. The consolidated government of Metropolitan Nashville-Davidson County was, in this project, classified as a county. The report of our experiences in this project during 1967-68 is attached.¹

The concept behind the effort to adapt and coordinate planning, programing and budgeting into a single system of management, control and problem solving provides a very positive and valuable tool to strengthening local governments, particularly in urban areas. Efforts to install a Planning-Programing-Budgeting System in a local government provide a great opportunity for a comprehensive overview of the strengths and weaknesses in several areas of local government activities, including the present state of the budget system, the present condition of the internal management information system, and the level of manpower training facilities and programs.

The problems and issues brought to light during our efforts to apply the PPB approach to the problems facing our consolidated city-county have led to additions to our budgeting processes, the establishment of stronger in-service training programs for key supervisory and management personnel, and improved communications between and among agencies serving the same target population.

The establishment of a PPB System requires an adequate, well-trained staff to direct and coordinate the program, and this we have found very difficult to recruit and/or train. The expansion of training assistance programs in which local government is interested to develop analytic capacities for problem solving over the next 5 years would be greatly assisted if the Federal Government expanded training opportunities, both in institutes and workshops, and by sending in knowledgeable staff personnel to work with local government for periods of 3 to 6 months at a time.

Given the present state of the records, manpower skills, the budgeting processes, most local governments require a period of 3 to 5 years to develop and install the skills and processes necessary to implement a PPB system at the local government level. However, I believe that

*Director, Administrative Analysis Division, Metropolitan Government of Nashville-Davidson County, Tenn.

¹ See Attachment 1.

something similar to the PPB process is absolutely essential if we are to effectively identify the real problems facing our country in our urban centers.

We must be able to better define the problems and issues, the service and facility needs, in order to program and coordinate our local efforts. But even more important, clear definitions and goals must be established in order that the roles and responsibilities of the Federal, State, and local governments may be more clearly understood and implemented. The way in which we perceive a problem or define a problem shapes our approach to it and either expands or limits our chances of successfully resolving a particular problem or achieving a particular goal.

The task force analysis group approach to adapting PPB to a local government provides a framework for continuing adult education of key staff personnel across department and agency lines, looking toward positive ways to proceed to achieve goals and objectives effectively and efficiently. This team approach gives us an opportunity to rethink and evaluate programs and policies. This is absolutely essential if we are to resolve our urban crisis. Additional money is needed, but new approaches and better coordination is necessary if we are to successfully manage our way out of many of the perplexing problems facing local government in this country.

After substantial delay, we began a new PPB training program in March 1969, financed under 701 funds and designated Tennessee Project 101. In this project we are concentrating our training program and analyses on 10 issues, which include:

- Relocation problems and processes,
- Extended hospital care,
- Police manpower community relations,
- Traffic safety through regulation and enforcement,
- Juvenile parole and probation options,
- Neighborhood leisure time needs,
- Short-term detention facility needs,
- Day care centers,
- The effects of personnel administration training on service output, and
- The expansion of fire protection and air transportation.

These issues are all being studied in 12-week preliminary classes. Our contract requires us to select four issues for in depth study and analyses for preparation of the final report in 12 months.

Our PPB training exercises have led us apply the analytic techniques set forth in the issue paper to other problems facing our community, such as why the food stamp program in this community is only serving 1,108 families out of a possible 21,000 eligible families in the community. We are in the process of examining alternative solutions to make this program more effective and you may rest assured that as materials are developed, appropriate agencies will be apprised of our findings and recommendations.

We, in Metropolitan Nashville-Davidson County, from our experiences with PPB, look upon it as a way of thinking and looking at the problems and goals of the local government. It is a device and technique for bringing together the tools of planning, manage-

ment, and budgeting in order to achieve a balanced program of service and growth in an urban area. We are still 3 or 4 years away from achieving this program throughout the metropolitan government, and certain aspects of the program will require continuing research and training. It is entirely possible that certain aspects of Federal policies and programs could be best studied from collaborative research in 10 or 15 local governments of varying size, rather than expecting to ever be able to totally evaluate the agency impact from the Federal level looking down into the delivery system. For instance, there is a great need to evaluate the impact of a model cities program on the other 90 percent of a local government not inside the program, rather than to give emphasis only to the coordinated planning of a project inside the 10 percent of a community, particularly in view of the fact that many aspects of the urban problems are highly mobile.

We, in our community, plan to continue to work toward the development of the PPB concept adapted to our governmental structure and needs. The Federal Government could be of assistance in this process by expanding their training programs, lending technical assistance, and perhaps lending key personnel for limited periods of time. If PPB is to become an effective tool throughout the Federal system, we need trained manpower, improved communications, and a clearer perception of each others goals and problems.

ATTACHMENT 1

THE DEVELOPMENT OF A PLANNING-PROGRAMING-BUDGETING SYSTEM IN METROPOLITAN NASHVILLE, DAVIDSON COUNTY, TENN.

I. SUMMARY OF EXPERIENCES IN DEVELOPING PLANNING-PROGRAMING-BUDGETING IN NASHVILLE-DAVIDSON COUNTY

The experiences of the Metropolitan Government of Nashville and Davidson County in the 5-5-5 Project has been both constructive and positive. We have benefited and will continue to benefit from this year's experience.

A. Efforts to install a Planning-Programing-Budgeting System provides a great opportunity for a comprehensive overview of strengths and weaknesses of the present budgeting system.

B. The PPB approach, when applied to the problems and issues facing local government, reveals:

1. The enormous magnitude of the problem;
2. The existence of gaps in service programs;
3. The lack of coordination and communications between and among agencies serving the same target population;
4. The need for much improvement in data coding and data systems development.

C. Efforts directed toward developing a PPB System offers a great training opportunity for key departmental personnel. Training focused on the problems and issues facing the community provides an opportunity to cross departmental barriers and begin to develop the team approach to problem solving.

D. Efforts to establish PPB puts in sharp focus the need for an adequate, well-trained staff to direct and coordinate the program and process.

E. Attempts to develop PPB at the local level will not only require multiyear plans and programs at the local level, but will also require better coordination and the existence of dependable and known multiyear plans for the State and Federal Governments if we are to solve many problems which are regional or national in scope.

F. The establishment of a PPB System in a consolidated city-county government will require 3 to 5 years to accomplish. The first year of funding by the Ford Foundation of the 5-5-5 Project has been an important first step toward a PPB System in Nashville-Davidson County. Our efforts during the next 2 years in program analysis and continued staff training will, in large measure, define the role of PPB as a tool for decisionmaking in the Metropolitan Government of Nashville-Davidson County, Tenn.

II. ACHIEVEMENTS, MAJOR PROBLEMS, AND FRUSTRATIONS

Perhaps the major achievements of this first year can be said to fall in the area of in-service training of key staff, and the motivation of this staff to take a new look at many old and often unresolved problems. The efforts of the departments and agencies to define their goals and objectives brought about, in many instances, a new working relationship with other departments and agencies. The searching for new alternatives has not been an easy task, nor has it always been successful.

A. The efforts to define the goals and objectives of local government, and the efforts to interrelate public and private roles and responsibilities for services and facilities, brought us face to face with the fact that in the area of the social sciences, we had, and still have, much work yet to be done in defining and coding and measuring service components. However, despite these issues, the 5-5-5 Project has had an impact on several areas of government decisionmaking. For instance, in housing, the issue paper on this subject indicated a serious lack of low-income housing. This issue paper was studied by the Mayor's Advisory Committee on Housing and Urban Renewal, and resulted in a recommendation by them to the mayor to attempt to secure enabling legislation for the creation of a nonprofit housing development corporation. Other alternative solutions to housing needs has led to a wider use of Federal housing programs and has been constructive in securing turnkey and other low-cost housing. The development of an issue paper on relocation has involved the carrying out of a demonstration project wherein the residents of the worst slum block in Nashville were relocated through the cooperative efforts of eight different public agencies, and the followup services to these relocated individuals will continue for a 2-year period. Plans are presently underway for the creation of a central relocation bureau to more effectively meet the needs for coordination and servicing this important function effecting many aspects of urban development.

B. The major problems and frustrations: The biggest single frustration which Metropolitan Nashville-Davidson County and the central coordinating committee faced was the lack of trained personnel in the

beginning of this program. The concept of PPB requires a general knowledge of the budgeting process, specialized training in the tools used in the PPB process, as well as a willingness to take a new look at the programs and the systems now in operation. The training of the key central staff began slowly and approximately one-half year was exhausted before we had sufficient understanding of the overall program to define and lay out the in-service training program and develop the goals and objectives of the various areas of responsibility in Metropolitan Government. Another area of frustration resulted from the fact that the government was not adequately staffed in many departments and areas to be able to move as rapidly as might be desired in launching training programs, since these key staff members who most need the training were also vital to the continued administration and functioning of existing programs. Another area of frustration was in the realm of teaching materials. At the beginning of our training program it was difficult to secure the types of teaching materials that fit many of our local problems. The PPB note series, produced by the State and Local Finances Project of George Washington University, has been most helpful, particularly some of the later program notes, 9, 10, and 11.

Had we had these materials 6 months ago, our training program would have been more effective because considerable confusion arose among the trainees as the scope of a problem that could be reasonably handled in a single issue paper, or even the exact intent of the issue paper. There was a tendency to try to do analysis, rather than to define the problem and outline alternatives.

C. The participation of Nashville-Davidson County in the 5-5-5 Project has been a very profitable program for the administrators in that it has increased the awareness of the need to improve the decision-making process throughout the Government. We made the decision, based upon the complex nature of our combined city-county, the present state of our program budgeting, and because of the need for continued training of personnel to not attempt to dash through and do a superficial system of analysis and call it PPB. We plan to continue to develop a PPB System for Nashville-Davidson County. The speed with which we can achieve this goal will depend upon our ability to secure staff and further train existing personnel. Our efforts in the direction of staff and training will be facilitated if we are successful in securing a grant from the Department of Housing and Urban Development for a 15-month period, running through October 1969.

III A. ORGANIZATION AND STAFFING FOR PPBS

Upon the commitment of the Metropolitan Government of Nashville and Davidson County to participate in the 5-5-5 Project, Mayor Beverly Briley took immediate steps to establish the proper organizational structure that would enhance the fulfillment of our agreement with George Washington University.

A special three-man coordinating committee was established to oversee the 5-5-5 Project. This committee was composed of Mr. Joe Torrence, director of finance for Metropolitan Government; Mr. Robert Horton, fiscal-administrative assistant to the mayor; and Mr. Roy Bush, budget officer for Metropolitan Government.

This committee was responsible for the following:

1. Directing the governmentwide PPBS.
2. Reviewing and approving the following end products:
 - a. Statement of Metropolitan Government objectives;
 - b. Multiyear financial program;
 - c. Program memoranda;
 - d. Reviewing the annual budget plan and program changes;
 - e. Approving and recommending to the mayor, policy, procedures, and guides for PPBS operations.
3. Making recommendations to the mayor on action and decisions necessary in implementation of PPBS.

In order to establish a more comprehensive coverage of the goals of the 5-5-5 Project, the coordinating unit established the Task Force-Analysis Group, which was responsible for the following:

1. Initial structuring;
2. Formulating policy, procedures, and guides for PPBS operation
3. Identifying the recommending alternative concepts for accomplishing the goals of Metropolitan Government.
4. Conduct special studies with the program task force unit.
5. Developing and reviewing the following items:
 - a. Program objectives;
 - b. Multiyear program and financial plan;
 - c. Program memoranda.
6. Establishing "crosswalks" to the present budgeting process.
7. Evaluating and making recommendations concerning overall program accomplishments.
8. Reviewing annual budget plan and program changes prior to submission to the mayor.
9. Participate in quarterly review and analysis with program task force units.
10. Establish a task force group for each major program area composed of representatives from the contributing departments.
11. Initiate internal training sessions for departmental personnel in conjunction with the Metropolitan Personnel Division.

This committee was composed of the following personnel:

Joe Torrence, Committee Chairman and Director of Finance;
 Robert Horton, Fiscal Administrative Assistant;
 Roy Bush, Budget Officer;
 Bob Pasley, Planning Director, Metropolitan Planning Commission;
 Farris Deep, Director, Metropolitan Planning Commission;
 Ron Dickie, Data Processing Officer;
 William Reinhart, Director, Model Cities; and
 John McGrath, Principal Budget Analyst.

During the initial organization meetings, the Task Force-Analysis Group created the Central Staff Agency composed of Mr. McGrath and Mr. Reinhart, who would assist the Task Force-Analysis Group in

the day-to-day operation of the project. The staff was directed to begin the briefing and internal training sessions as soon as possible.

On July 6, 1967, the Director of Finance, Mr. Joe E. Torrence, called a meeting for the purpose of discussing the concept of planning-programing-budgeting. The initial discussion centered around the history and general concept of PPBS and how it might be of benefit to Metropolitan Government. Those in attendance at these meetings were the members of the Task Force-Analysis Group.

In September of 1967, another Task Force-Analysis Group conference was held for the purpose of formulating the initial steps in the first 90 days. The impending conference between the mayor and the department heads was discussed and the following assignment made to the central staff:

1. Prepare a memorandum on the usefulness of PPBS for Metropolitan Government and an explanation of the 5-5-5 Project.
2. Preparation of materials on the staffing and financial implication of implementing PPBS.

After the internal training sessions were begun, the Task Force-Analysis Group took steps to establish a separate task force for each major program area. These task forces were composed of department heads or their designated representatives who contribute inputs to a major program area. The Program Category Task Force was responsible for the following:

1. Structuring the program categories.
2. Identifying and recommending alternative concepts for accomplishing the goals of Metropolitan Government.
3. Conducting special studies in the program categories.
4. Developing and review the following items:
 - a. Program objectives;
 - b. Multiyear program and financial plan;
 - c. Program memoranda.
5. Participate in quarterly review and analysis with the Task Force-Analysis Group.
6. Establishing the output measures.

III B. OBJECTIVE STATEMENT, PROGRAM STRUCTURING, OUTPUT MEASURES

1. *Objective Statement*

The central staff began work on the statement of objectives in the latter part of October and the first draft was completed by the first of December. This draft was submitted to the Task Force-Analysis Group for its review and adoption as a tentative draft, and it was adopted on December 4, 1967. The committee took this action with the realization that once we began working with departments in the element and subelement levels, that the top structuring would probably have to be changed extensively. The structure has been changed substantially since that time, and is now under review by the Program Category Task Force.

2. *Program Structuring*

The PPB central staff has held several meetings with key departmental personnel and representatives of the mayor's office and the Metropolitan Planning Commission for the purpose of building a good program structure. The initial effort by the central staff has been changed several times as more and more personnel become involved in the actual structuring. Our earlier prediction of this phase being reasonably complete has had to be revised several times. The central staff has developed a form (exhibit #) for the departmental use in relating their present programs to the objectives adopted by the Task Force-Analysis Group.

3. *Output Measures*

The Task Force-Analysis Group has briefly discussed this component of the system. The best solution for the adoption of this criteria would be through coordination and work with the program category task force units. We feel that this must be established at this level. This is presently scheduled to take place upon the completion of the third internal training session, which will begin in September of 1968. The central staff has established some criteria in certain areas, but has not recommended adoption to the Task Force-Analysis Group.

III. C. PROGRAM ANALYSIS

At the present time the staff and resources required to conduct in depth analysis of problem areas are simply not available to the Task Force-Analysis Group because of the shortage of technical personnel in the various departments.

It was this problem that brought about the use of the "issue paper" concept which was being advocated by the representatives of George Washington University. The issue paper concept was discussed at great length in all training sessions and became an integral part to the completion of our training sessions as they gave departmental people their first taste of problem analysis. More important, they played a major role in communicating one of the basic principals in a PPB System.

The first issue papers were not of the desired quality because the departmental people seemed constantly confused as to the real purpose of the issue paper. The GW Note 11 has been of tremendous help in getting across this concept. These have been distributed to all participants who have completed the previous sessions.

Several issue papers have led to the beginning of some in depth studies. A special committee was selected to review each issue paper, and make recommendations for revision or resubmission of the entire papers. The committee was composed of:

Dr. David Grubbs, Assistant Professor of Political Science, Middle Tennessee State University; and

Dr. Charles Zuzak, Assistant Professor of Public Administration, University of Tennessee, Nashville Branch.

This committee met on several occasions to discuss and review the issue papers which have been submitted as of July 31, 1968. The last

conference was held on August 6, 1968, in the mayor's office, and the committee's recommendations were officially adopted and are being placed in the form of a memorandum to the author of each issue paper.

The issue papers enclosed in this report *have not* been revised as of this date, but are in the process of revision at this time. The papers that were produced as the result of the second training session have not been reviewed as of this date.

The central staff of the PPBS Project will be increased the first of October by a highly qualified administrative analyst, and certain key areas selected by the Program Category Task Force will become involved in some in depth program analysis.

III. D. ORIENTATION AND TRAINING

The Task Force—Analysis Group through the PPBS central staff took immediate steps in early September to begin the development of internal training courses which would be the basis of the first real involvement of departmental personnel in the PPBS concept.

The first general sessions with department heads and key departmental personnel were begun on September 11, 1967, in the mayor's conference room, with the mayor and members of the coordinating committee.

During the month of November, the two central staff members, Mr. Bill Reinhart and Mr. John McGrath, attended a 2-week PPBS seminar at the Center for Continued Education at the University of Georgia, in Athens, Ga. These courses presented the concept or theories of the system in a most comprehensive manner, but failed to identify an approach to practical application.

Mr. Robert Horton, member of the coordinating committee, Task Force—Analysis Group, and fiscal adviser to the mayor, attended a 3-day session on PPBS, conducted by Management Analysis Centers, Inc., at Tarrytown, N.Y. Mr. Horton and Mr. Joe Torrence also attended the short sessions held by George Washington University in Washington, D.C.

After these initial training sessions for members of the coordinating committee and the central staff, work was begun on the internal training program within the government. The University of Tennessee Center for Career Development presented the first seminar on PPBS for employees on April 23, 1968.

The materials developed during these internal training seminars are presented for your review in the following pages. The sessions presented in these seminars are as follows:

- History of budgeting,
- Overview of PPBS,
- Major elements of the system,
- Metropolitan Government objectives,
- Structure development,
- Analytical process,
- Issue papers,
- Document analysis, and
- Issue paper discussion.

Mayor Beverly Briley sent a memorandum to all department heads, requesting that they designate one person to be the contact or key per-

son in the early stages of the project. These employees would be selected to attend the first internal training sessions. In case of large departments, they were requested to send a representative to each session.

These sessions were evaluated and modified after the completion of each course. When the introductory sessions are completed, there will be two advanced sessions dealing with the various phases of analysis. If funds are available, present plans call for some departmental personnel who have completed the two previous internal seminars to attend one or more of the special classes being presented by the U.S. Civil Service Commission.

III. E. INVOLVEMENT

The extent and nature of the involvement of the chief executive down through the various departments can best be described by explaining individually.

1. *Jurisdiction's Chief Executive*

From the beginning, and even prior to the 5-5-5 Project, Mayor Beverly Briley had requested that the director of finance initiate the necessary action to study this concept and how it might benefit and apply to a local government. This keen awareness of the future benefits to the city's top administrator was the result of years of leadership in the fiscal affairs of Davidson County, and then later, the entire metropolitan area of Nashville and Davidson County. Mayor Briley has been extremely active in NACO and the National League of Cities, where discussion and analysis of this concept have been underway for several years.

The metropolitan mayor has lent his support to the project at all times and was in attendance at the introductory sessions for department heads. He has advocated the continuance of the project upon the termination of the 5-5-5 Project, and has directed that the internal training program continue until all administrative and supervisory personnel have attended. The coordinating committee will meet in early September to develop a 3-year plan for further study of implementation.

2. *Department and Agency Needs*

The department and agency heads have participated in the initial introductory sessions, and have selected those representatives that would be responsible for initiating the PPBS project in the various departments. They have kept abreast of the progress of the project through progress reports, and have been supplied with 5-5-5 material, as well as material developed by the central staff. Each department head, or his designated representative, is a member of a program category task force.

3. *Other Departmental/Agency Personnel*

The supervisory level of the various departments and agencies are now participating in internal training seminars and are developing areas for issue papers.

The levels below the supervisory level have not been exposed to the concept of PPBS, and present plans do not call for this in the very near future. It has been felt that the supervisory personnel must become acquainted with the concept thoroughly first, as mentioned earlier under organization. There has been established, the program category task forces, and in some cases, the departmental or agency personnel are working with this task force unit.

4. *The Regular Budget Analyst*

The principal budget analyst of the Metropolitan Government is part of the Task Force—Analysis Group, as well as a member of the central staff. The analyst has coordinated the majority of the program from the central staff level. The budget analyst assigned to the project has now been transferred to the mayor's office, and present plans call for him to continue to head up the central staff and for his replacement to be assigned to assist him in this endeavor.

5. *The Legislative Body*

The legislative body in total has only been briefly exposed to the concept. The members of the Budget and Finance Committee of the Metropolitan Council have had a great deal more exposure to the PPBS concept.

It has been the opinion of the coordinating committee that once the 3-year plan was adopted and approved by the mayor that we would then begin to concentrate on communicating the concept of the legislative body.

6. *The Public*

The general public is probably not aware to any great extent that this project has been undertaken. It has received some publicity in the news releases dealing with fiscal affairs.

The public seems to be aware of PPBS in a small degree because of the national publicity it received in connection with former Secretary of Defense Robert McNamara.

During the preceding year several elected officials who have sought reelection in the jurisdiction, and who have attended our seminars, have been greatly impressed with the amount of public response while speaking before various civic groups.

There has been a great deal of curiosity from outside leaders in the community, as well as the employees of the government. There has never been any doubt *as to the need*; the question which must be answered is *how*? This can best be answered in the next 6 months if we are afforded the opportunity to obtain additional personnel.

IV. THE JURISDICTIONS FUTURE PLANS

The Metropolitan Government of Nashville-Davidson County needs to develop a multiyear operations program and plan. The PPB approach to resource allocation offers the best hope for the effective administration of the "keep up" and "catch up" program of services within a single consolidated local government encompassing both sub-

urbia and old central city areas. Mayor Briley has instructed the coordinating committee to continue the central staff operation of the PPB capabilities. The program has 2 to 4 years of training and research before a PPB System can actually be installed throughout the government. The securing of the HUD grant for 1968-69 will greatly assist this program.

FUTURE PLANS PROPOSED IN THE GRANT APPLICATION TO THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

The Metropolitan Government of Nashville and Davidson County contemplates the expansion of our present PPBS program, and will make an effort to undertake a minimum of three program analyses involving a minimum of four different major governmental departments. This will only be possible if we are successful in obtaining an additional grant to hire the necessary staff to perform the analysis phase.

Some of the problem areas that are under consideration are:

1. Relocation—problems and process in a growing urban area.
2. Extended hospital care.
3. Air transportation.
4. Police manpower—community relations.
5. Traffic safety through regulation and enforcement.
6. Juvenile parole and probation options.
7. Neighborhood leisure time needs and opportunities.
8. Short-term detention facility needs and options.
9. Day care centers.
10. Expansion of fire protection in the general services district.

The following is the tentative schedule for PPBS in this jurisdiction*

By Aug. 25, 1968-----	Completion of the detailed cycle of work for the 14 months of the contract, showing job assignments.
Sept. 1, 1968-----	Begin preliminary work on issue papers.
By Sept. 30, 1968-----	Completion of staffing and making individual work program assignments.
By Oct. 15, 1968-----	Completion of conferences between the task force and cooperating department heads.
By Nov. 1, 1968-----	Decision as to selection of approximately 6 months issue paper topics for in depth study and analysis.
Jan. 15, 1969-----	Tentative date for completion of the issue papers.
Feb. 1, 1969-----	Preparation of an interim progress report and submission to Task Force-Analysis Group; selection of 4 issue paper topics for greater in depth analysis.
May 1, 1969-----	Report of findings of in depth analysis of program memos for consideration in finalizing 1969-70 operating budget.
Aug. 1, 1969-----	Completion of program analysis documents.
On or before Oct. 1, 1969-----	The Metropolitan Government will evaluate the second year of the project.

*This program did not get funded until March 1969, so the schedule is delayed six months. It is to be completed by Apr. 1, 1970.

V. RECOMMENDATIONS TO OTHER JURISDICTIONS

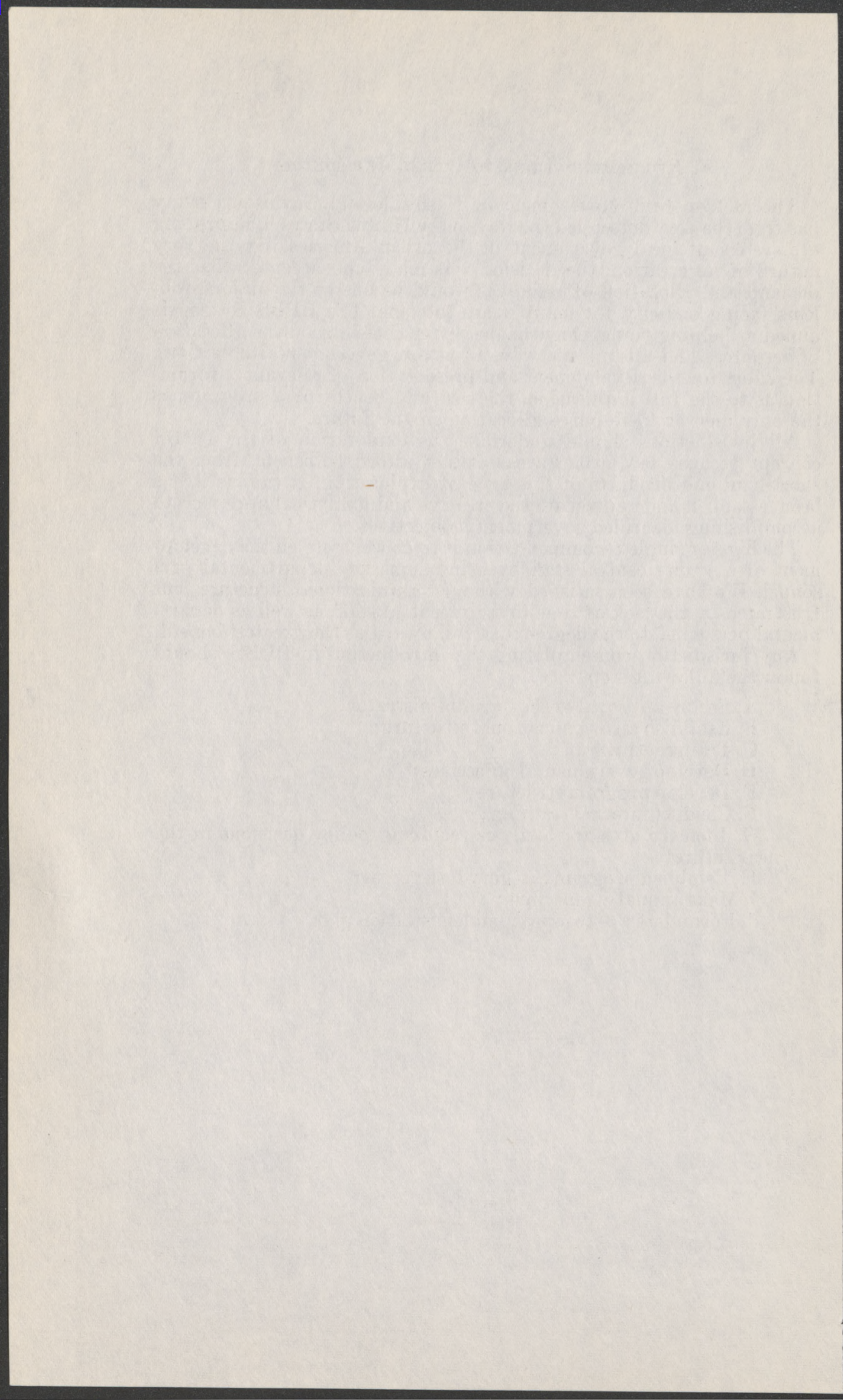
The Metropolitan Government of Nashville and Davidson County has from the very outset, led the way in the United States in improving the system of local government in the urban America. By the very nature of its creation, the decision was made and accepted that the demand and allocation of resources would be one of the major problems facing our city for many years to come. The PPBS System is aimed at helping management make better decisions on the allocation of resources and alternative ways to attain governmental objectives. The effort for the development and presentation of relevant information as to the full implication, the cost and benefit of a program, is the only answer to resource allocation in the future.

All jurisdictions should undertake the exploration of the PPBS concept because few urban areas cannot afford to benefit from the short-haul end products of this type of exploration. It can, as it has been, establish and rejuvenate the creative and analytical approach to accomplishing identified governmental objectives.

The biggest single recommendation is to concentrate on the development of a strong central staff by using some key departmental personnel. We have been satisfied with our organizational structure, but frustrated by the lack of time to train central staff, as well as departmental personnel, to the degree that will award us the greatest benefit.

Any jurisdiction contemplating the introduction to PPBS, should follow the following steps:

- A. Secure approval of the top administrator;
- B. Establish an organizational structure;
- C. Train central staff;
- D. Develop governmental objectives;
- E. Develop program structure;
- F. Conduct internal training;
- G. Identify area for analysis requiring policy decisions in the near future;
- H. Establish program category task forces;
- I. Make annual evaluations;
- J. Formulate a 3- to 5-year implementation plan.



PLANNING-PROGRAMING-BUDGETING SYSTEM (PPBS) IN NASSAU COUNTY, N.Y.

H. STERNBERGER, J. RENZ, AND G. FASOLINA*

BACKGROUND AND RESPONSIBILITY

In December 1965, County Executive Eugene H. Nickerson directed that a PPB System be conceived, developed, and implemented in Nassau County, N.Y., in order to aid in decisionmaking and allocation of resources. In a county of 1,500,000 population—larger than that of 16 States and Washington, D.C.—the increasing services to be rendered coupled with the taxpayer's ability to support all programs dictated that a new approach to resource allocation had to be utilized.

It was always the county executive's contention and direction that local government could and should be conducted on a businesslike basis using the techniques and approaches found in profit-motivated organizations. This, then, set the stage for a break from tradition and precedent in local government in determining how to get the optimum benefit from each taxpayer dollar.

Early in 1966, Nassau County was part of a county-city-State ad hoc group meeting in New Orleans to provide inertia for PPB on a local level. This led, eventually, to the very active "5-5-5"¹ group coordinated by George Washington University's State-Local Finance Project, and partially funded by the Ford Foundation. Besides these 15 governmental jurisdictions (and the executive branch of the Federal Government), many, many more jurisdictions have now started to undertake a PPB System. Nassau County has the distinction of being one of the most advanced, nationwide, and continues to counsel any and all other groups desiring help, and a start that will eliminate precious conception and development time on their part(s).

In partial recognition of our advancement, to date, and our PPB aid to others, plus the work yet to be done, Nassau County has received a "follow-on" matching grant from the Federal Department of Housing and Urban Development.

PPBS in Nassau County is directed by the deputy county executive for administration and his management analyst staff.

OUR BASIC PPBS APPROACH

We have three basic parts to our PPBS. Each, as we will show, provides the necessary dynamics, and exercises a tremendous corrective influence on each other.

* Chief Management Analyst, Management Analyst, and Management Analyst. Nassau County.

¹ Five States, five cities, and five counties, Nassau being one of the 15.

Program Evaluation.—What programs (goals/objectives) should we be pursuing, *and* a constant periodic reevaluation of ongoing programs.

Program Budgeting.—Moneys (resources) necessary *and* moneys available to attain program goals/objectives.

Performance Evaluation.—Measures how well we have actually done in meeting program goals/objectives.

The above three parts will be explained in greater detail in subsequent sections. It is only fair to note at this time that Nassau County has dubbed its approach, a Management Information System (MIS) since we go one big step past PPBS by including performance evaluation. (Hereafter in this paper we will refer to our system as MIS. See Attachment 1). After all, we reason, why stop short of measuring goal/objective attainment?

At this point there are four points that are essential to understand:

1. There must be a "crosswalk" or some *commonality* between our three basic MIS parts. It is our program structure, i.e. programs, subprograms, program elements, and activities listing goals/objectives. (See p. H.C.P. 1, at the end of the MIS manual for an example of the crosswalk in the health area).

2. To arrive at a viable program structure, it is mandatory to be *functionally oriented*. This philosophical orientation creates some problems since by education, experience, tradition, and precedent people find it much easier to remain organizationally oriented.

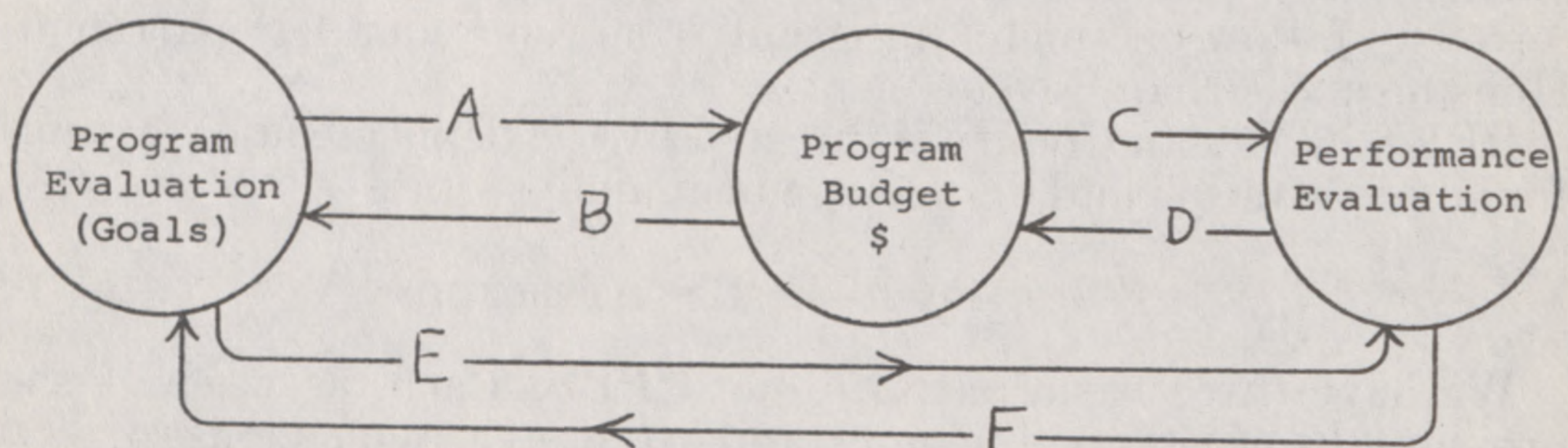
3. Our three-pronged MIS approach will provide much needed *objectivity* (facts) for the manager to couple with his subjectivity (judgment and experience) in decisionmaking. There is no attempt to dispense with subjectivity—only to refine and sharpen it by inclusion of objectivity.

4. And one of the most salable aspects of MIS (PPBS) is that it lends itself readily to *reevaluation*. It sets down a basis, i.e., an "audit trail", whereby it can be reviewed and periodically reevaluated as opposed to previously wondering some time hence as to the basis for a certain course of action.

WHAT WE SHOULD
DO TO ATTAIN
GOALS

MONIES (RESOURCES)
NECESSARY vs.
AVAILABLE

MEASURING
GOAL
ATTAINMENT



The above "balls" are constantly in motion having an effect on one another same as the checks and balances you might expect from a tricameral legislature. And so, too, do the goals/objectives of a dy-

dynamic local government constantly change according to program need(s) versus resources.

For example:

What we should do will affect moneys necessary (A). Conversely, moneys available, if not sufficient, will affect what we should do and cause us to seek an alternative (B). And, in the same respect, there will be an affect (either C or D) on how well we are able to undertake goal attainment. And to round it out, our success, or lack of it, in goal attainment will certainly affect re-evaluation of what we should do (F). The converse is equally affecting (E), which in turn may cause a D effect, which will cause a B effect, which will—ad infinitum. Therefore the constant check and balance.

PROGRAM STRUCTURE

The structure is functionally oriented and provides the crosswalk or “commonality” between all three parts of our MIS. In this manner, uniformity and cross referencing can be accomplished.

We refer you to the blue pages of our accompanying manual (pp. S.S.1 through S.S.13). The Social Services program structure is typical of our other program structures. It lists the overall goal and the criteria (how to measure). Then it is subdivided into subprograms (which are more definitive) with their own objectives, and lower echelon program elements, and then into activities necessary for carrying out the intended and directed effort.

In each case we have listed program activity criteria (units of measure). It is these criteria which are reported upon in performance evaluation, and which are the substance of our program budget.

Of late, we have found it to be as meaningful and more expeditious to combine many activities into program indicators which are barometers of how well we are meeting our objectives.

Please note that the Social Services program is not the sole responsibility of that department—there are nine other departments/agencies coresponsible for meeting objectives/goals. In our Health Conservation and Promotion program there are seven departments other than our Health Department. (Also indirectly involved in all our programs are those supportive agencies that work across-the-board. See pages G.A.1–G.A.4, General Administrative program). This involvement underlies our functionally oriented approach and, of necessity, will lower any possible barriers from organization-oriented traditionalists.

Since no government may remain rigid due to ever-shifting goals/objectives in response to citizen needs, we find our MIS program structure in a periodic state of modification. With all the attendant “mechanics” involved in changes, we find modifications to be a “healthy” situation.

PROGRAM EVALUATION

The objective of program evaluation is to determine the relative efficiency of existing public services; the anticipated efficiency of proposed public services; the allocation of existing and proposed public services among the general public.

The determination of existing or future public services depends on an examination of the level of "production" of each public service in terms of the corresponding cost level. The examination of production-cost variables produces the price of the public service to the consumers at various levels of production.

This information on the "price" of each public service sets in motion the allocation of public services to the consumers. This takes place when each public service "price" is examined in light of administrative priorities and administrative constraints, i.e. overall budget restrictions or administrative directives, to achieve a certain level of service regardless of cost considerations.

As such, the determination and allocation of public goods in Nassau County will rely heavily upon marginal analysis conclusions developed in examining production and cost levels.

We employ a sensible three-stage approach to accomplish the aforementioned objective in the following sequence:

1. Issue paper (see manual, p. 9-6) defines the problem.
2. Cost effectiveness study (see manual, p. 9-7, 11-1, 11-2 analysis of the problem.
3. Program memorandum (see manual, p. 9-8) presents findings, recommendations and reasons for same.

We call your attention to the following exhibits attached hereto as a part of this section of our paper:

- (a) Attachment 2—Evaluation guide.
- (b) Attachment 3—List of issue papers either presently ongoing, or to be undertaken this year.
- (c) Attachment 4—Report, to date, on our infant morbidity program evaluation.

It goes without saying that when an issue paper gets underway, all departments/agencies directly or indirectly concerned are involved and work together through the program evaluation process. And, naturally, beyond that into our two other MIS parts on a coordinated basis.

Any and all program memoranda evolved by Nassau County will be published and made available to units of government on the national, State, and local levels. To date, there is no question that reciprocity amongst those involved in MIS/PPBS will be of tremendous mutual advantage, and will almost certainly engender basic approaches with some cost savings due to uniformity, cooperation, and elimination of overlap or duplication.

PROGRAM BUDGETING

Last fall, Nassau County's first program budget was attempted and successfully formulated. It followed our program structure format. This made it possible to determine what moneys were required and/or available to attain our program goals/objectives.

Attachment 5 shows the monetary allocations by programs for Fiscal Year 1970 (January through December). This recapitulation

was arrived at by process outlined on page 10-2 of our manual and further discussed below. Since our county has long used a line-item budget format, a "crossover" was devised and approached in the following sequential manner:

1. Activity Standard Cost Form (Revised)—Basically, what is the cost per work unit? A work unit is the measure of an activity. Therefore, what is the average cost per patient for maternal and child health, or per water sample for sanitation, or per case in probation adjudication, etc. (This form and information as discussed in our manual, pp. 8-2a, 8-2b, is also necessary for our MIS performance evaluation part.)
2. Program Element—(see p. 10-5 of manual)—If we now know our activity cost per work unit, we determine how many work units are necessary for the year to attain the specific objective in that specific program element, in that specific sub-programs, etc.
3. Subprogram Summary—(see manual, p. 10-4)—All the program element(s) costs from all departments/agencies are listed on this "higher" form.
4. Program Summary—(see manual, p. 10-3)—All subprograms within a program are listed on this form, and then, hence to attachment 6 recap.

Our forms are presently undergoing some slight modifications based on our experiences last year. That part of our forms requiring information re: objective, description and criteria require no filling in—unless it is new to our structure—since our basic structure (manual blue pages) already has same.

No program budgeting for resource allocation is worthy of the effort unless you project future possible commitments. This has an effect on program evaluation. Therefore, we required each department to provide a multiyear (5 year) forecast (see p. 10-6 in manual). The MIS staff summed up the individual submissions and has presented it to the county executive and his deputies. No further publication or dissemination of the overall multivear forecast is planned due to the possible political ramifications.

It has always been the MIS staff's contention that those governments not presently involved in PPBS would eventually be "forced" into same. This, we reason, on the basis of its inherent advantages over present day approaches, plus the fact that the Federal Government allocates funds to the States and the States in turn, to local governments with the assumed stipulation that each will have to report back up the line in PPBS format.

New York State government—a participant in the "5-5-5" group—is going to test out MIS/PPBS reporting between the State and local level by using Nassau County as its first (and only, for the 1970 fiscal year) participant under a newly proposed program budget system of accounts. We anticipate no problem since we and New York State have kept in very close contact re: PPBS.

PERFORMANCE EVALUATION

In order to measure how well we have actually met our objectives, we have conceived, developed and implemented performance evaluation. This "closes the loop" and is the addition to PPB we find necessary.

Two additional advantages of this MIS part are: (1) Based on quarterly anticipation of resource use we can maintain a control to prohibit overexpenditure, and (2) since performance evaluation is electronic data processing assisted, we are able to tell within 1 month after resource use how well we managed rather than months later at which time it would be more difficult to exercise corrective action.

Our program structure and the activity standard cost form as explained under "Program Budgeting") are basic for this part of MIS.

Here is how our computer assisted input/output (I/O) works:

1. Monthly Work Anticipation—INPUT:

Each area submits requested information quarterly.

Since they already have determined a cost per work unit, and work units per man-hour, they merely enter this information, *and* anticipate number of monthly work units and man-hours, plus do the simple arithmetic extensions. This, then represents before-the-fact input.

2. Work Reports—INPUT, monthly.

This represents after-the-fact information on just what was done. The two "fields" on the right-hand side of this form provide additional information for "mix and match" should we desire to evaluate performance of two or more similar groups in same or dissimilar programs, or different county road maintenance garages, or health stations, etc.

3. Comparative Cost/Productivity Output—OUTPUT:

This is a comparison of the two above-mentioned inputs. We obtain further information on percent of deviation, and total costs both standard and effective. To arrive at effective costs, we have the computer put the information through a simple algebraic formula which takes into account the balance/imbalance of work units and man-hours.

The output is monthly, having quarterly, semiannual, and annual reports with cumulative information. This enables corrective action(s) and shows costs which are a tremendous guide both for the preparation of forthcoming program budget, and program reevaluation. In addition, the reports contain fewer details as they are prepared for higher management echelons (see manual, p. 8-6). As the reports are issued, they are reviewed by the MIS staff for the county executive, and, of course, by the particular department. If something reported reaches the upper or lower control limits, then inquiries are sent out by the MIS staff.

One of the problems we have found in performance evaluation is a supervisor's inability to arrive at a standard (average) cost per work unit. Presumably, this has never been necessary before. Also, requisites and tests for supervisory levels do not mandate this expertise.

Should supervisors not anticipate wisely, and then attempt to contrive work report information so that the output report "looks good", it would reveal itself in work output since this part of MIS reporting has to do with work input. The output speaks for itself, i.e., it is openly obvious.

MIS PROGRESS TO DATE AND ANTICIPATION

Re: Philosophy and Mechanics

The conception, development, and implementation have been completed. Needless to say, periodic modifications are ongoing due to a buildup countywide of expertise, and trial and error.

Re: Program Structure

Our structure is a viable one that provides interface between our three MIS parts. Here, too, changes will be constantly entertained based on ever-shifting needs. As mentioned previously, we have found how to combine activities into indicators which reduce the mechanics necessarily for measurement.

Re: Program Evaluation

This part of MIS has only been implemented since September 1968. It represents the heart of our MIS. In our present and/or anticipated issue papers (Exhibit "B"), all departments are or will be involved prior to the end of 1969.

Re: Program Budget

All departments/agencies have been and are involved in this aspect. We anticipate greater use of multiyear projections, and are working to minimize effort required to formulate and analyze budget submission by application of advanced electronic data processing (EDP).

Re: Performance Evaluation

This part was the first to be implemented (since it aided tremendously in testing and proving our program structure) and presently covers 50 percent of our programs or parts thereof. By summer of 1969, all programs in their entirety will be reporting.

ROADBLOCKS

The following is a recap of problems that have arisen during the development and implementation of our MIS. Tireless effort, and education, plus persuasion (as opposed to directives) will help to greatly overcome the roadblocks.

- (a) A "crosswalk" is necessary (see pp. 106 and 107).
- (b) Mandatory to be functionally oriented (see p. 106).
- (c) Objectivity is necessary to be coupled with subjectivity (see p. 106, this paper).
- (d) Setting standard (average) costs (see p. 109).

(e) Contrived information (see p. 110).

(f) With respect to departmental liaison personnel, we have always requested that person that the commissioner can least afford to assign. If this were always adhered to, we would be sure to have a person of great influence in that department, having top management's ear.

(g) As MIS was being developed and we felt that we had arrived at a point of some implementation, someone always felt that that phase could be bettered and we ought to wait until we had it "down pat". Since MIS must reflect the variables and is therefore ever-modifying, you must "firm up" at a reasonable point and implement. After that you will discover even more items that had not been anticipated.

(h) In formulating the program structure (and not having any other structures available as guides), we tended to overdo by creating a hierarchy reaching all the way down to a "task level". Subsequently, our experience enabled us to back off to an activity level, and recently to combine activities into program indicators (see p. 107, this paper).

(i) Some problems time- and cost-wise may be entertained with EDP. This can occur due to the fact that flexibility and change are mandatory in MIS, and data processing system analysis/programming/computer time is costly.

(j) When departments are brought together to cooperate on issue papers (leading to program memoranda), and possible lack of cooperation, poor communications, or overlap between them becomes obvious, a defensiveness occurs.

(k) MIS/PPBS represents a great refinement and higher level of sophistication than that which normally accepted management or systems approaches require. Therefore, it poses some difficulties in establishing rapport with those who have to be involved who are in the throes of personal obsolescence. (See additional comments in next section).

(l) Staffing—(see next section).

SUPPORT/STAFFING/TRAINING

Support of our MIS was initiated by the county executive and has been continued through the guidance of the deputy county executive for administration. As more and more departments become involved and further convinced, our MIS becomes ingrained as a "way of life". There is no doubt that our associating with other jurisdictions involved in this approach, and the State/Local Finances Project (of George Washington University), plus grant moneys from the Ford Foundation and the Department of Housing and Urban Development have greatly aided in our endeavor.

The MIS "core" staff (under the deputy county executive) is composed of three persons with backgrounds in industrial engineering, management, economics, and labor, plus formal education on the undergraduate and graduate levels. Also supplementing the staff are local university "interns" who work on a part-time basis without

remuneration, but with the knowledge that college credit will be granted upon satisfactory performance.

To date, the problem of replacing persons on the MIS staff has been one of complete training or pirating someone with PPBS experience, at a very high salary, from another government jurisdiction. Since the latter has been almost nonexistent, and would be prohibitive, we have followed the former. This course of action, of necessity, is time consuming.

Each department has assigned one or more persons as liaison with the "core" staff. This is not a full-time endeavor but on an "as necessary" basis, and provides the required interface and two-way communications.

Many in-house training sessions have been conducted on a periodic basis for liaison and other personnel. The county executive and his deputy have addressed them; department heads attend with their staffs, and followup and current items of direct information are constantly disseminated. In the same respect "core" staff—and selected liaison personnel—have attended PPBS and related seminars of 1 day to 3 weeks' duration countrywide on campuses, in offices, auditoriums, and hotel ballrooms.

In all of the Nassau County MIS training seminars, we have stressed the need to employ the very latest techniques (coupled with normally accepted management analysis approaches) for decisionmaking. Without this involvement, MIS/PPBS attainment levels are severely limited. Therefore, in order to alleviate possible personal obsolescence, MIS seminars have included a great deal of emphasis on these latest techniques. Over and above that, the usually conducted (by another department) management/supervisory training courses include discussion on some of these decisionmaking approaches.

CONCLUSION

Besides the MIS principal objective of improving the basis for decisionmaking, it also highlights how and where to allocate resources among alternative means to attain goals, and it is in part a vital link between planning and budgeting.

If you view the management information system as an aid to the subjective processes of the decisionmaker, nothing is lost and a great deal may be gained by making use of it.

In addition to gathering meaningful information in order to make sounder decisions, another value of this scientific decisionmaking process is its ability to be reproduced when needed. This process, therefore, is a logical one which is well suited to being carried out with paper, pencil (and sometimes slide rule, desk calculator, or electronic computer) and whose assumptions, logical steps and conclusions, are always clearly spelled out and recorded.

This type of analysis may always be resurrected, and the results observed, as well as providing the *analytic procedure which in itself can be evaluated*. If this "testing" proves the worth of the analysis, the same decisionmaking procedure can be applied again with greater assurance to other problems that require its use. In con-

trast, a purely subjective approach does not possess a permanent value to the decisionmaker aside from its contribution to the trial-and-error learning experience of the individual.

The process of scientific decisionmaking analysis is viewed as a logical and consistent method of reducing a large part of complex information needed to simple outputs which the manager can use, in conjunction with certain subjective factors, in arriving at "best" decisions. It permits him to focus the analytic techniques at his disposal on those aspects of the problem in arriving at the proper choice alternative solutions. He is therefore, able to efficiently utilize both scientific and nonscientific decisionmaking analysis to the best advantage. Such an integration can hardly be worse than, and is potentially far superior to, a purely subjective approach to decisionmaking.

Familiarity with and appreciation of these emerging uses of management analyses is mandatory for public administrators. Program action can be projected so as to functionally combine various elements, quite often on an interagency basis, toward realizing a higher level of effectiveness. Total programs must be seen as structures of action, not just as static organizations.

The basic MIS methodology can bring management analysis to a wholly new level of refinement, leaving traditional administration largely obsolete, and conventional cost control in a very subsidiary position.

The adage of "It is easier to reject something than it is to learn about it; accept it, and use it to advantage" must be overcome.

(Attachments follow:)

ATTACHMENT 1



*MANAGEMENT
INFORMATION
SYSTEM*

*EUGENE H. NICKERSON
County Executive*

REVISED EDITION
MARCH • 1968

MANAGEMENT INFORMATION SYSTEM

NASSAU COUNTY, N. Y.



EUGENE H. NICKERSON
COUNTY EXECUTIVE

REVISED EDITION
MARCH • 1968

TABLE OF CONTENTS

	<u>Section</u>
Foreword	
What is M I S ?	1-1
Principal Objective of M I S	1-2
Historical Background	2-1
Why M I S Is Needed in Nassau County	3-1
What M I S Can Do for Nassau County	4-1
M I S Is Not---	5-1
Necessities For M I S to be Successful ---	6-1
3 Parts of Nassau County's M I S	7-1
Program Structures	7-2
Performance Evaluation	8-1
Program Evaluation	9-1
Program Budgeting	10-1
Cost/Benefit Ratio	11-1
M I S Data Processing I/O Systems Flow Chart	12

FOREWORD

This revised edition is an updated training aid and introduction to Nassau County's MANAGEMENT INFORMATION SYSTEM (M.I.S.).

Since our first MIS book was issued in June, 1966, a great deal of progress has been made. Experience has directed certain modifications in the collection and analysis of data. These changes have been effected and incorporated into this edition.

The ultimate responsibility for the inauguration of MIS in Nassau County rests with County Executive Eugene H. Nickerson. Deputy County Executive for Administration, Alfred E. Moon, is fully responsible for the development, and implementation of Nassau County's MIS. Assisting Mr. Moon is his Management Analysis staff--Harold Sternberger, Dr. Justin Renz, and George Fasolina.

WHAT IS M I S ?

PPBS: PLANNING, PROGRAMMING BUDGETING
SYSTEM

M I S: MANAGEMENT INFORMATION SYSTEM

M I S = PERFORMANCE EVALUATION + PPBS

PRINCIPAL OBJECTIVE of M I S -

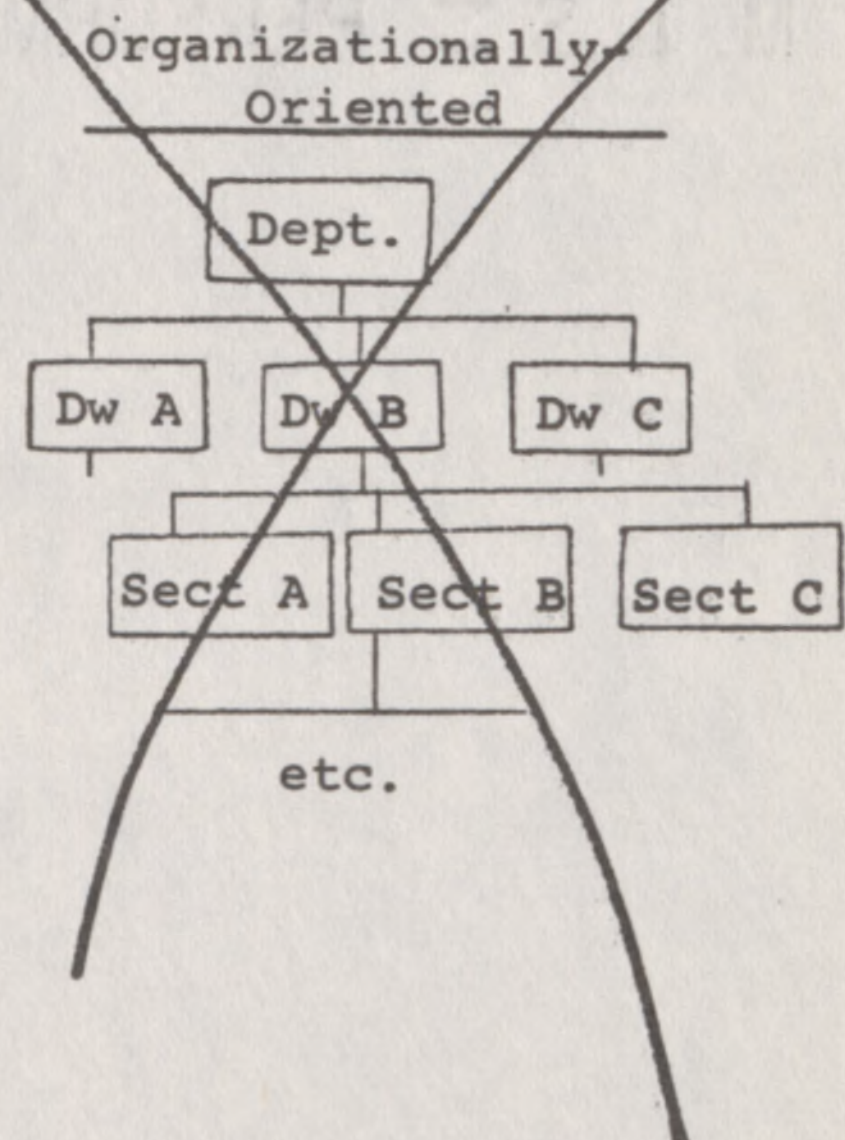
To improve the basis for decision-making

- ALSO
- highlights how and where to allocate resources among alternative means to attain objectives
 - it is in part a vital link between planning and budgeting

IT IS
FUNCTIONALLY
ORIENTED

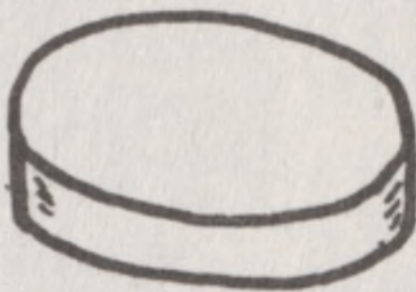
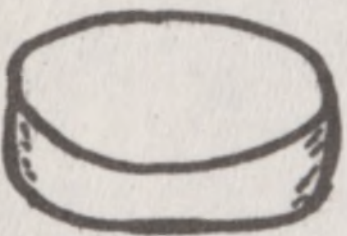
VS.

Usually **CUTS**
across departmental
lines



M I S -

- a) Assumes for our analytic purposes that departments or agencies are business firms
- b) Envisages the people as customers
- c) Views programs as production-distribution entities



NO! You won't be able to take a couple of aspirins to make the hard problems of local government go away. And M I S won't revolutionize the decision-making process.

BUT it will help to greatly improve it.

The basic M I S methodology can bring program analyses to a wholly new level of refinement, leaving traditional administrative analysis largely obsolete, and conventional cost control in a very subsidiary position.

Familiarity with and appreciation of these emerging uses of systems analyses is mandatory for public administrators. An analytical approach, potentially as powerful as this one, is not to be treated as a gadget anyone can safely use.

Program action can be projected so as to combine various elements, often on an inter-agency basis, toward realizing a higher level of effectiveness.

Total programs must be seen as structures of action, not just as static organizations.

HISTORICAL BACKGROUND

- Late 1963 - Called COST EFFECTIVENESS and basically started by the Department of Defense
- August 1965 - President Johnson directs all federal departments to begin PPBS
- December 1965- County Executive Eugene H. Nickerson directs that a county-tailored program should begin
- June 1966 - Nassau's completion of Phase I conception and development
- February 1967- Nassau's completion of pilot runs
- Spring 1967 - Nassau chosen as one of 15 nationwide PPBS participants; grant received from Ford Foundation
- Fall 1967 - Start of performance evaluation output reporting
- Early 1968 - Start of further but more comprehensive in-depth M I S training for all county managers and supervisors
- July 1968 - Nassau County's first program budget (transitional)

WHY M I S IS NEEDED in Nassau County

- 1 Governing Nassau County - with a population exceeding that of some states - is big business, good sound business practices should be applied
- 2 Increased public demands VS limited resources necessitates improved resource* allocation
- 3 To assist decision-making by providing a choice of valid alternatives
- 4 To view today's decisions in terms of future year's consequences

DON'T  THERE'S MORE

*Manpower, materials, methods, money, machinery (5-Ms)

Why M I S is needed --- (continued)

- 5 Puts into more useful relation, all
pertinent data interface
- 6 To fully involve complete programs and/or
objectives that cut across departmental/
agency lines
- 7 To fill the void with business-type
accountability since departments/agencies
(growth engines) had become somewhat
unfocusable through evolution

WHAT M I S CAN DO for Nassau County

- 1 Can establish end-product focus (applies to services and goods)
- a) services for government's internal use are evaluated as inputs, not "results"
 - b) inputs become items to be costed
 - c) justification of inputs is determined only by contribution to output

Multiple

Choice☐☐☐

$$\begin{array}{l} I > O \\ I < O \\ I = O \end{array}$$

WHAT M I S CAN DO (continued)

- 2 Causes output desirability to be determined
by customer (citizen) need-fulfillment
- 3 Causes departments/agencies to be accountable
for optimizing customer (citizen) need-
fulfillment

M I S IS NOT...

NOT COMPLETELY NEW --- mostly a rearrangement of
those subjective decision-making techniques already
performed into a more meaningful and explicit manner.

NOT A SUBSTITUTE FOR EXPERIENCE AND
JUDGMENT---

just a tremendous aid for sharpening both in making
decisions.

NOT AN ATTEMPT to let a machine make decisions - but
an effort to gather meaningful information in order to
make sounder decisions.

SURELY IS NOT THE ANSWER TO EVERY PROBLEM -
but is an aid in solving every problem that requires a
decision.

If you view the Management Information System as an aid to the subjective processes of the decision-maker, nothing is lost and a great deal may be gained by making use of it.

In addition to gathering meaningful information in order to make sounder decisions, another value of this scientific decision-making process is its ability to be reproduced when needed. This process, therefore, is a logical one which is well suited to being carried out with paper, pencil (and sometimes slide rule, desk calculator, or electronic computer) and whose assumptions, logical steps and conclusions, are always clearly spelled out and recorded.

This type of analysis may always be resurrected, and the results observed, as well as providing the analytic procedure which in itself can be evaluated. If this "testing" proves the worth of the analysis, the same decision-making procedure can be applied again with greater assurance to other problems that require its use. In contrast, a purely subjective approach does not possess a permanent value to the decision-maker aside from its contribution to the trial-and-error learning experience of the individual.

The process of scientific decision-making analysis is viewed as a logical and consistent method of reducing a large part of complex information needed to simple outputs which the manager can use, in conjunction with certain subjective factors, in arriving at "best" decisions. It permits him to focus the analytic techniques at his disposal on those aspects of the problem in arriving at the proper choice of alternative solutions. He is therefore able to efficiently utilize both scientific and non-scientific decision-making analysis to the best advantage. Such an integration can hardly be worse than, and is potentially far superior to a purely subjective approach to decision-making.

THEREFORE.....

$$\begin{array}{r} \text{SCIENTIFIC ANALYSIS} \\ + \quad \text{"TRADITIONAL" SUBJECTIVE} \\ \quad \text{APPROACH} \\ \hline = \quad \text{M I S} \\ \quad \text{=====} \end{array}$$

NECESSITIES FOR M I S to be successful in
Nassau County

- 1 DEFINITIVE GOALS (OBJECTIVES)
MUST BE ESTABLISHED
(see Program structures for examples)
- 2 PROGRAMS MUST BE CREATED TO
MEET THESE GOALS (OBJECTIVES)
(see Program structures for examples)
- 3 MUST HAVE MEASURABLE OUTPUTS
AND CRITERIA TO SIGNAL HOW
EFFECTIVELY GOALS (OBJECTIVES)
HAVE BEEN MET
(see Program structures for examples)
- 4 NEED FOR CONSTANT ANALYSIS
AND EVALUATION OF OBJECTIVES
AND ITS PROGRAMS
(see "Issue Papers", Page 9-6
"Cost Effectiveness", Page 9-7)

NECESSITIES for M I S (continued)

- 5 MULTI YEAR FORECASTING
- 6 PROGRAM MEMORANDA (see Page 9-8)
- 7 TRANSITION TO PROGRAM BUDGETING
 FORMAT
 (see Page 10-2)
- 8 TRAINING

The demands that the M I S imposes are fairly rigorous,

•
• •

a-require analytical people, and

b-some knowledge of quantitative analysis

c-must have ability to objectively question,

compare,

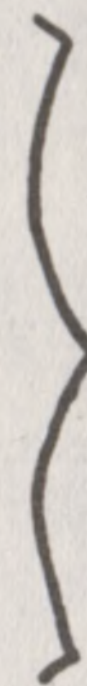
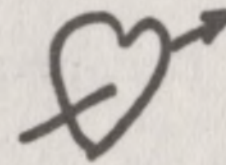
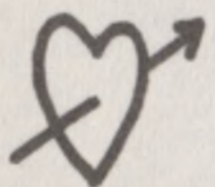
quantify

3 PARTS OF NASSAU'S M I SCOMMON LINK

PERFORMANCE EVALUATION

PROGRAM EVALUATION

PROGRAM BUDGETING

PROGRAM
STRUCTURE

DENOTES HEART OF THE M I S

PROGRAM STRUCTURE

- A list of all program structures will be found on page 9-1
- All eight (8) program structures in their entirety will be found in the back of this book

PERFORMANCE EVALUATION

INVOLVES: Comparative productivity, comparative costs, accountability

PRODUCES: Definite corrective influence on above 3

LEADS TO: Refined and detailed performance, program budgeting

INPUT: Work Unit Standard Cost

INPUT: Quarterly Work Anticipation (before-the-fact)

INPUT: Work Report Cards (after-the-fact)

OUTPUT: Productivity and cost reports

(I/O is computer assisted)

Instruction Sheet for Filling Out
MIS-Activity Standard Cost Form

8-2a

The purpose of the MIS/Activity Standard Cost form is to help you arrive at time & cost for a work unit within an activity. (This will give you a TOTAL COST per work unit, and help you immeasurably in filling out later work anticipation forms, plus help you to see how much better you are doing in performing activities from month to month.

WHEN YOU COMPLETE THE Activity Standard Cost Form PLEASE MAKE A COPY FOR YOUR RECORDS AND RETAIN IT. NATURALLY, THE COMPLETED ORIGINAL IS TO BE RETURNED TO THE MIS GROUP via your departmental MIS coordinator.

1. Five items, i.e. Department Program, Activity and its code number, plus unit of measure have already been inserted for your convenience. Please make sure you have the proper sheet(s).
2. Fill in WORK UNITS PER INDIVIDUAL MAN-HOUR
Example: In the case of Permit Issuance, complete the number of permits one properly trained person can issue each hour on the average.
3. Fill in Personnel (COST PER WORK UNIT)
Example: Let's say that the average cost per hour of a person issuing permits is \$3.00 and that such person issues an average of 3 permits an hour. Therefore, in this case, the Personnel cost per work unit would be \$1.00.
4. IF APPLICABLE:
Fill in AUTOMOTIVE EQUIPMENT USE(Please read bottom note on sheet)
In the case of autos and/or trucks which are used for mileage only, costs should be figured on a per mile basis times number of average miles used to perform each work unit. (List Automotive equipment used in space provided on cost sheet). Where such equipment, e.g. trucks with power generators, or those with cranes, buckets, etc are used continuously on the site to perform the work unit, figure costs on average number of hours used to perform each work unit.
NOTE: Here, the Bureau of Motor Equipment Mgmt. & Maint. can be very helpful in supplying cost per mile, or cost per hour figures on specific equipment.
5. IF APPLICABLE:
Fill in OTHER EQUIPMENT USE(cost per work unit)
Here, we must rely on your best considered opinion to figure out a cost per work unit for all non-automotive equipment used to perform a work unit. (List other equipment used in space provided on cost sheet.)
6. IF APPLICABLE:
Fill in MATERIALS & SUPPLIES(cost per work unit)
Where items such as chemicals, fertilizers, asphalt, photographic negatives, pens, pencils, paper, etc. are used, the costs involved can usually be closely determined per work unit.
7. IF APPLICABLE:
Fill in INCIDENTAL EXPENSE(see note towards bottom of cost sheet)
Again, we must rely on your best considered opinion to give us a cost per work unit for incidental expenses.
8. Fill in ADMIN EXPENSES
Connected with every activity and work unit therein, is a certain amount of admin. expense. Such expense would include, but not be limited to expenses involved in requisitioning items; supervisory & managerial time of Commissioners, deputies, directors, section heads; office & paperwork time, etc.
Therefore, sub total the figures you have already inserted and take 10% of the sub total and write it in the ADMIN. EXPENSE space.
Example: If your sub total of all the preceeding items, i.e. starting with PERSONNEL down to & including INCIDENTAL comes to \$3.20, then take 10%—which will be \$.32—and write in the \$.32 on the line for ADMIN EXPENSE.
9. Fill in TOTAL ACTIVITY STANDARD COST
To arrive at this figure merely add up all the above figures.

PLEASE REMEMBER:

- a) to sign near lower right, and insert your telephone extension number.
- b) to make a copy of completed sheet for your records.
- c) to send the original to your MIS liaison person so that we may pick it up.
- d) to let your MIS liaison person know when there are any changes to any figures so that we may send out forms for your convenience.

THANK YOU
MIS GROUP

MANAGEMENT INFORMATION SYSTEM-ACTIVITY STANDARD COST FORM

Department _____

Program _____

Activity _____

/ / /

Unit of Measure _____

Work Units Per Individual Man-Hour _____

	<u>Cost Per Work-Unit</u>
1. Personnel	\$ _____
2. Automotive Equipment Use*	\$ _____
3. Other Equipment Use	\$ _____
4. Materials and Supplies	\$ _____
5. Incidental Expense**	\$ _____
5a. Sub Total (1 - 5)	\$ _____
6. Administrative Expense (10% of Sub Total)	\$ _____
Total Activity Standard Cost (Total 5a - 6)	\$ _____

Automotive Equipment Used to
Perform this Activity

Other Equipment Used to
Perform this Activity

*Automotive equipment pertains to self-propelled motor equipment only, e.g. autos, trucks, graders, sweepers, and does not pertain to equipment like lathes, x-ray machines, floor polishers, electric typewriters, etc.

**Incidental expenses would include such items as: traveling costs, printing, telephone.

Signature and Telephone Extension

MONTHLY WORK ANTICIPATION

1968

8-3

3

FUNCTION
OBJECTIVE
PROGRAM
BUDGET AGENCY

QUARTER

ACTIVITY	ACT. CODE	WORK - UNITS	ESTIMATED COST DOLLARS	COST PER WORK-UNIT DOLLARS - CENTS	MAN-HOURS	WORK-UNITS PER MAN-HOUR
QUARTER		JAN FEB MAR				
QUARTER		JAN FEB MAR				
QUARTER		JAN FEB MAR				
QUARTER		JAN FEB MAR				
QUARTER		JAN FEB MAR				
QUARTER		JAN FEB MAR				

INSTRUCTIONS- IF ESTIMATES ARE THE SAME FOR EACH MONTH WITHIN THE ABOVE QUARTER, ENTER 1 IN THE QUARTER BOX BENEATH THE ACTIVITY TITLE AND FILL IN THE AMOUNT PERTAINING TO THE FIRST MONTH OF THE QUARTER ONLY. THIS WILL BE DUPLICATED FOR THE SECOND AND THIRD MONTHS ALSO.

IF ESTIMATES ARE DIFFERENT FOR EACH MONTH WITHIN THE ABOVE QUARTER, FILL IN THE AMOUNTS FOR EACH OF THE THREE MONTHS SEPARATELY.

INCLUDE ALL HOURS-REGULAR, O.T. ETC.-IN MAN-HOURS COLUMN.

IN WORK UNITS PER MAN HOUR COLUMN, ENTER FIGURE TO THE NEAREST TENTH OF A WORK UNIT.

8-3

GENERAL INSTRUCTIONS

FRONT OF CARD

AGENCY	ACTIVITY	DAY/MO.	WORK UNITS	MANHOURS	CREW I.D.
--------	----------	---------	------------	----------	-----------

CREW I.D. NUMBERS
WILL BE ASSIGNED
BY THE DEPARTMEN-
TAL HEAD.

PROGRAM				ADMINISTRATIVE	
AGENCY CODE	ACTIVITY CODE	ACTIVITIES	WORK UNIT	ACTIVITY CODE	ACTIVITIES
201	0200	NON CTY PROJ REVIEWS	PROJECT		Supervision
201	0222	PROJECT DESIGN	PROJECT	9001	Acctg/Finance/Budget
				9003	Clerical/Office Services
				9004	Public Relations
				9005	Research & Planning
				9009	Staff Development
				9010	Mgmt Analysis



NASSAU COUNTY, N.Y.
M.I.S. WORK REPORT

[illegible]

8-5a

COMPARATIVE PRODUCTIVITY
JUNE 1967

FUNCTION HEALTH

OBJECTIVE PERS + COMMUN HEALTH SERVICES

PROGRAM MATERNAL/CHILD HEALTH

BUDGET AGENCY

MAN -- HOURS --- WORK UNITS PER MAN HOUR --- WORK UNIT COST---

ACTIVITY	UNIT OF MEASURE	REPTD	ANTIC	PCT DEV	REPTD	ANTIC	PCT DEV	MONTHS UNCHANGED	STANDARD	EFFECTIVE	PCT DEV
CLINIC SERVICES	ATTENDN	164	2,040	19.9*	1.6	.9	77.8	1	5.38	2.90	46.1
PUBLIC INFORMATION	PER SRV	1,634	1	100.0*		4.0	60.0*	1	1.00		
COMPLN GROUP SESSION	SESSICA	72	60	20.0	.2	.3	33.3*	1	14.05	19.65	39.9*
MATERIAL SERVICES	ITMCOMP	2	5	60.0*		.4	50.0*	1	1.50		
NURSING VISITS	EAVISIT	2,517	2,640	4.7*	1.4	1.3	7.7	1	3.68	3.27	11.1
NON NURSING VISITS	EAVISIT										
NUTRITION SERVICES	CONSULT	9	8	12.5	.4	.6	33.3*	1	9.00	12.50	38.9*
SOCIAL WORK LIR SERV	INTERVM	124	128	3.1*	1.1	1.2	8.3*	1	4.05	4.13	2.0*
PLAN PATIENT CARE	NEW PAT	44	44	-	2.3	2.3	-	1	2.36	2.33	1.3
SOCIAL WORK CONSULTN	CONSULT	9	13	30.8*	1.6	1.5	6.7	1	3.40	3.29	3.2
COMMUN PLANNING		2			.5						
PATIENT CENTER CNFR	CONFERN	35	40	12.5*	2.0	1.0	20.0	1	4.50	3.67	18.4
INFORM + REFER SERV	PER SRV	56	68	17.6*	5.3	5.0	6.0	1	.91	.83	8.8
CLERICAL/OFFICE SERV		1,019	1,100	7.4*	-	-	-	1			
RESEARCH + PLANNING			20		-	-	-	1			
STAFF DEVELOPMENT		14									
ADMIN/SUPERVISION		405	400	1.3	-	-	-	1			

STATISTICS

21

* AGENCIES -- REPORTED UNIT-COST IS GREATER THAN STANDARD.

8-5A

COMPARATIVE COST REPORT														8-5b
JUNE 1967														
FUNCTION	HEALTH													
OBJECTIVE	PERS & COMMUN HEALTH SERVICES													
PROGRAM	MATERNAL/CHILD HEALTH													
BUDGET AGENCY														
M O R K P R O D U C T I O N														
ACTIVITY	UNIT OF MEASURE	REPORTED WORK UNITS	EFFECTIVE UNIT COST	ANTIC. WORK UNITS	UNIT COST	DEVIATION WORK UNITS	UNIT COST	EFFECTIVE COST	ANTIC. COST	PCT. DEV.				
CLINIC SERVICES	ATTENDN	2,624	2.90	1,800	5.38	45.8	46.1	7,609	9,684	21.4				
PUBLIC INFORMATION	PER SRV	4	.00	4	1.00	-	100.0		4	100.0				
COMMUN GROUP SESSION	SESSION	17	19.65	20	14.05	15.0*	39.9*	334	281	18.9*				
MATERIAL SERVICES	ITMCOMP	2	1.00	2	1.50	100.0*	33.3		3	100.0				
NURSING VISITS	EAVISIT	3,493	3.27	3,300	3.68	5.8	11.1	11,422	12,144	5.9				
NON NURSING VISITS	EAVISIT													
NUTRITION SERVICES	CONSULT	4	12.50	5	9.00	20.0*	38.9*	50	45	11.1*				
SOCIAL WORK DIR SERV	INTERVM	139	4.13	150	4.05	7.3*	2.0*	574	608	5.6				
PLAN PATIENT CARE	NEW PAT	101	2.33	100	2.36	1.0	1.3	235	236	.4				
SOCIAL WORK CONSULTIN	CONSULT	14	3.29	20	3.40	30.0*	3.2	46	68	32.4				
COMMUN PLANNING														
PATIENT CENTER CONFR	CONFRN	42	3.67	40	4.50	5.0	18.4	154	180	14.4				
INFORM & REFER SERVS	PER SRV	299	.83	340	.91	12.1*	8.8	248	309	19.7				
CLERICAL/OFFICE SERV			1.00		.00	-	100.0*							
RESEARCH & PLANNING					.00	-	100.0*							
STAFF DEVELOPMENT						-								
ADMIN/SUPERVISION			1.00		.00	-	100.0*							
STATISTICS						-								
TOTAL														20,672 23,562 12.3
* DENOTES --EFFECTIVE COST AND/OR UNIT-COST GREATER THAN ANTIC., REPORTED WORK-UNITS LESS THAN ANTIC.														8-5B

PERFORMANCE EVALUATION (continued)

REPORTING SYSTEM/LEVELS

Line Supervisor/Manager -----all detail

Department Head-----semi detail

County Executive-----aggregate/summation

The output reports will no doubt prompt inquiries
from all levels

The output reports will be by PROGRAM within a
FUNCTION, and by department within the PROGRAM

PROGRAM EVALUATION

- Provides data interface
- Provides alternatives based on cost: benefit ratio
- Prompts program memoranda

Nassau County has established the following program structures:

Social Services

Public Safety Services

Health Care Services

Educational Services

Community Development Services

Recreation/Cultural Services

Transportation Services

Other Government Services

-Fiscal Management and Control

-Executive

-Legislative

-Voting

-Legal

-Commissioner of Accounts

PROGRAM EVALUATION (continued)

Example of a Program Structure Format:

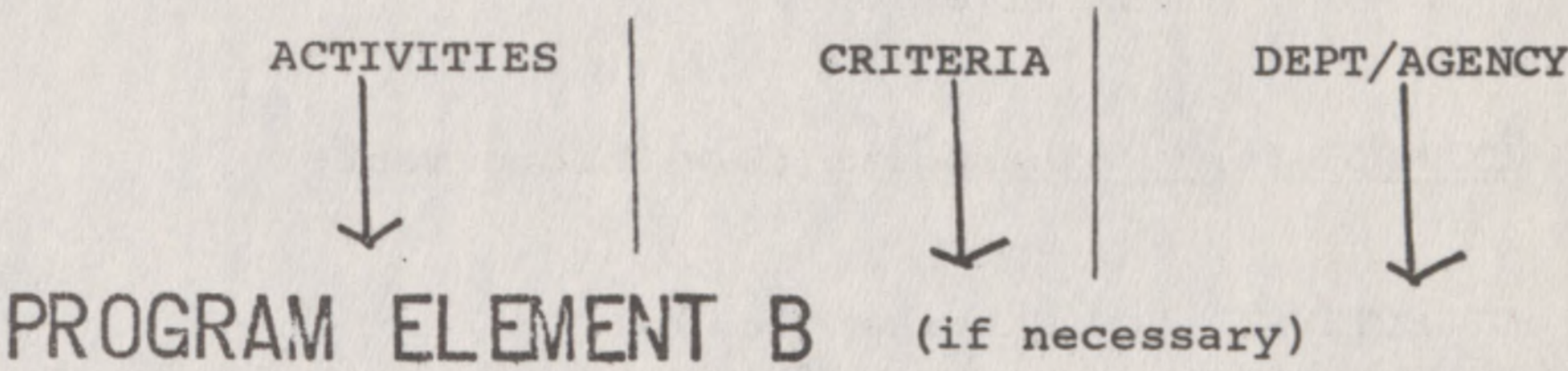
PROGRAM

GOAL
CRITERIA

SUBPROGRAM

OBJECTIVE
CRITERIA

PROGRAM ELEMENT A



PROGRAM EVALUATION (continued)

Criteria for Determining when a GOAL or OBJECTIVE
has been met.

EXAMPLE for a Program (Personal Safety)

GOAL: To provide protection from personal harm and
property loss.

CRITERIA: The crime rate in Nassau County, the number
of consumer fraud complaints rectified, and
the state of readiness of Civil Defense
installations.

EXAMPLE for a Subprogram (Law Enforcement)

OBJECTIVE: Law Enforcement

*CRITERIA: The number of crimes cleared by arrest each
year.

*This takes into account reported number of crimes
committed, population density, and comparison with
previous period(s).

PROGRAM EVALUATION (continued)EXAMPLE OF A RESOURCE ALLOCATION DECISION:

PROBLEM: What are the relative costs of institutional rehabilitation of criminals versus non-institutional rehabilitation? How do the alternatives compare in reducing repeat offenders?

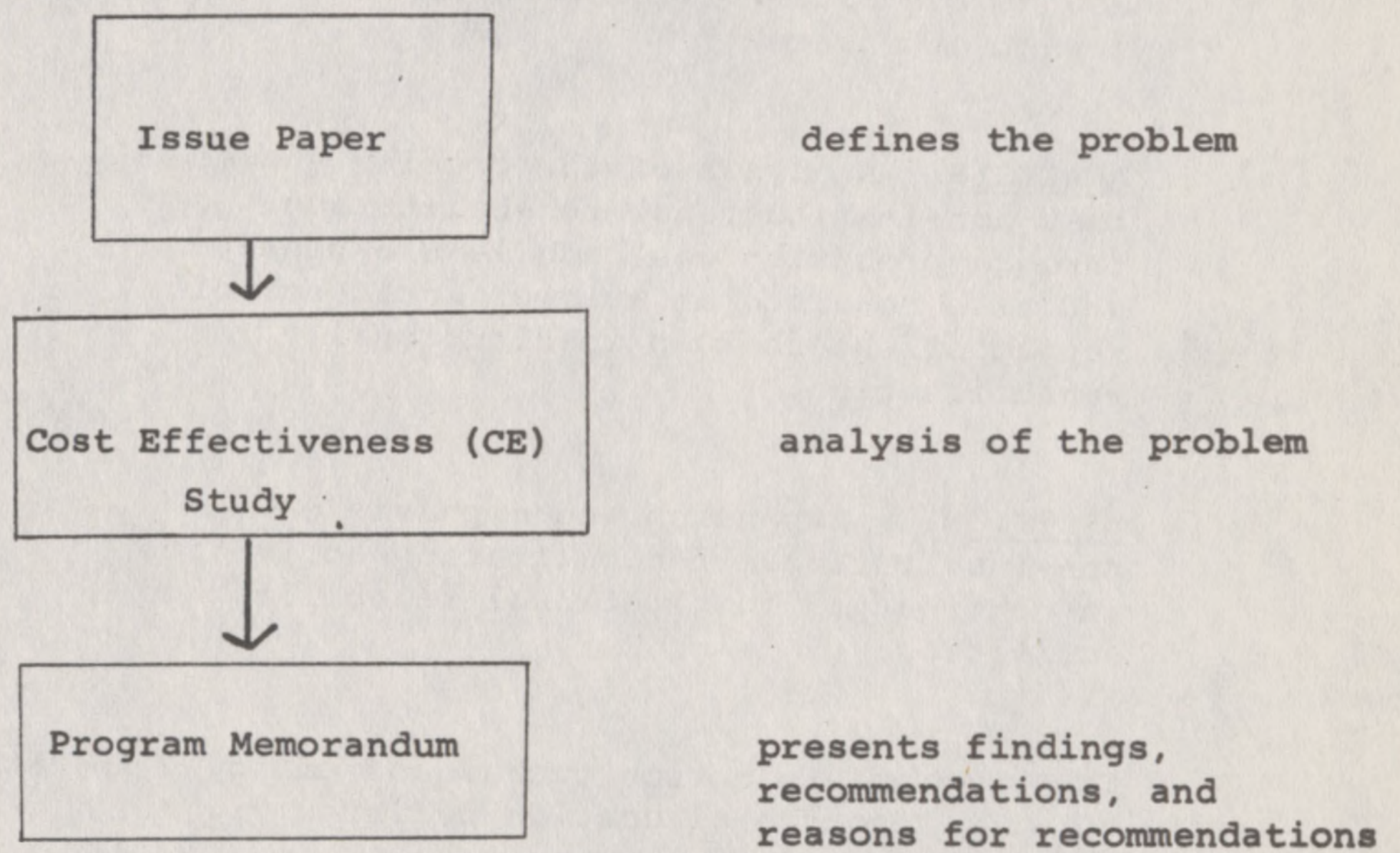
ANALYSIS: Analysis of the problem showed that non-institutional rehabilitation through probation was both less expensive and also resulted in a lower incidence of repeat offenders than institutional rehabilitation.

DECISION: Expansion and emphasis on non-institutional rehabilitation activities in contrast to institutional rehabilitation activities.

The program evaluation techniques employed in arriving at a resource allocation decision, i. e.:

1. Defining the problem and indentifying the basic objective involved (this procedure called "Issue Paper").
2. Describing and costing the alternative courses of action in arriving at a solution to the problem (this procedure called "Cost Effectiveness"), and
3. Formulating a set of recommendations to solve the problem in the most economical manner (this procedure called "Program Memorandum").

(See following pages, 9-5, 9-6, 9-7, and 9-8)

PROGRAM EVALUATION (continued)

December 15, 1967

"ISSUE PAPERS"

The Issue Paper is a written document that attempts to identify and describe the major features of a major problem facing the government. It essentially attempts to "define the problem".

The Issue Paper may either stand by itself as a description of the problem area, in order to gain an improved perspective of the problem, or, more importantly, can be used to set the framework, to act as the first phase, of an in-depth, "cost-effectiveness" analysis of the issue.

The Issue Paper should address such questions as:

1. What is the real problem?
2. What are its causes?
3. Who are the populations groups affected? (That is, if other than the general public, identify their special characteristics such as: age groups, race, income class, special handicaps, location, etc.)
4. What is the magnitude of the problem? How widespread is it now and how large is it likely to be in future years?
5. Toward what objectives should programs for meeting the problem be directed?
6. How can estimates of progress against these objectives be made?
7. What activities are currently being undertaken by this government that are relevant to the problem?
8. What other sectors of the community, or other levels of government, in addition to this government, are involved?
9. Are there major constraints, including political ones, that seem to affect the problem?
10. What are the types of alternatives that should be considered for meeting the problem?

Note that answering such questions as the above does not answer the question of what should be done to meet the problem. Answering the question, "What should be done?" is not a function of the Issue Paper but rather of a "cost-effectiveness" type analysis that ideally should follow the Issue Paper. The Issue Paper rather attempts to define the problem and direct attention to the specific information that will need to be obtained and examined before deciding what to do about the problem.

Some quantification might be attempted in the Issue Paper, such as to provide estimates of the number of persons in the "target" groups that are effected by the problem (question #4 above) and to provide estimates of the costs and pertinent outputs of current, relevant, governmental activities (question #7).

A government should not be surprised if the problem that is identified by the time the Issue Paper is completed is not the same as the problem as conceived of at the beginning.

December 15, 1967

COST-EFFECTIVENESS STUDIES

The Cost-Effectiveness Study should result in a written document which contains all of the basic elements of good analysis. That is, it should contain to the extent possible:

1. A clear definition of the problem(s).
2. Identification of the basic governmental objectives involved.
3. Selection of "criteria" or "measures of effectiveness" which will permit estimation of progress against the basic governmental objectives. These should not be limited to only those criteria that are believed to be quantifiable. So called "intangibles", if pertinent to program selection, should be included.
4. Identification, and description of the key features, of the alternative ways of attempting to meet the problem(s). Alternatives may be in the form of different programs, or different levels of a program, or both.
5. Estimates of the full cost implications of each alternative, to include future as well as immediate implications.
6. Estimates of the full effects of each alternative (relative to each of the criteria identified as being important) to include future as well as immediate implications.
7. A clear presentation of the "tradeoffs" among the alternatives considering the costs and effects as estimated in (5) and (6). Charts, graphs and tables are useful presentation devices.
8. Identification of the major uncertainties, and the quantification of the uncertainties, to the extent possible. Uncertainty, often considerable uncertainty, could be expected to be present in any realistic analysis. The efforts of these uncertainties on the potential decisions should be estimated.
9. Identification of the major assumptions made in the study with an indication of the degree to which program choices may be sensitive to these assumptions.
10. Documentation of the study in such a manner to permit others to understand and evaluate what was done in the analysis and to obtain a feeling for how accurate the basic data and the findings can be expected to be.

A Cost-Effectiveness analysis may use, if applicable, many of the techniques of mathematics, operations research, economics, etc. They may also draw upon various technical and nontechnical studies previously done which are pertinent to the study at hand.

The Cost-Effectiveness analysis will treat such problems as those identified in individual Issue Papers, or perhaps will examine one category of the program structure or a group of interacting categories. The findings from Cost-Effectiveness analysis should be summarized for use in the appropriate Program Memorandum.

State-Local Finance Project
George Washington University

December 15, 1967

"PROGRAM MEMORANDA"

The Program Memo is a written document covering one Major Program Area or a major portion of a Major Program Area. Its purpose is to present major program/policy finding, specific recommendations, and the reasons for these recommendations. It becomes a policy paper of the jurisdiction's Chief Executive and is prepared either by the central analysis office, by the staff of the various agencies affected by the program area, or jointly. In its draft form it is submitted prior to detailed budget preparation.

The current and future implications, including costs, and effects (both social and economic) should be displayed for each of the major recommendations contained in the memo. Major alternatives and their costs and effects should also be shown.

The Program Memo might be organized into two major sections.

Section I : Summary and Recommendations
Section II: Basis for Recommendations

The first section should contain tables displaying, for each element of the program, the multi-year financial implications and the major multi-year output implications. These implications should be provided for each major alternative considered.

Program Element # 1	<u>1968</u>	<u>69</u>	<u>70</u>	<u>71</u>	<u>72</u>
Alt. A					
Alt. B					
Alt. C					
Program Element #2					
Alt. A					
Alt. B					
Alt. C					

If the Program Memo is being prepared by a Central Analysis Office, the alternatives displayed should include the recommendations of any major organizational entities whose positions are conflicting.

The second section of the Program Memo should discuss the major issues and indicate the general basis for the recommendations.

The number of future years shown will depend upon the number of years that are relevant to the program/policy issue being addressed. However, the number of years should, in general, go out at least as far as the formal multi-year plan's time span.

The Program Memo includes the analytical basis for the recommendations. To the extent "in-depth" analyses have been made, the Program Memo should summarize the relevant material from such analyses. All major implications of the alternatives (including the recommended program) should be discussed whether "quantifiable" or not. This includes major "political" problems that may be involved. The major assumptions involved in the recommendations should be clearly presented.*

State-Local Finances Project
George Washington University

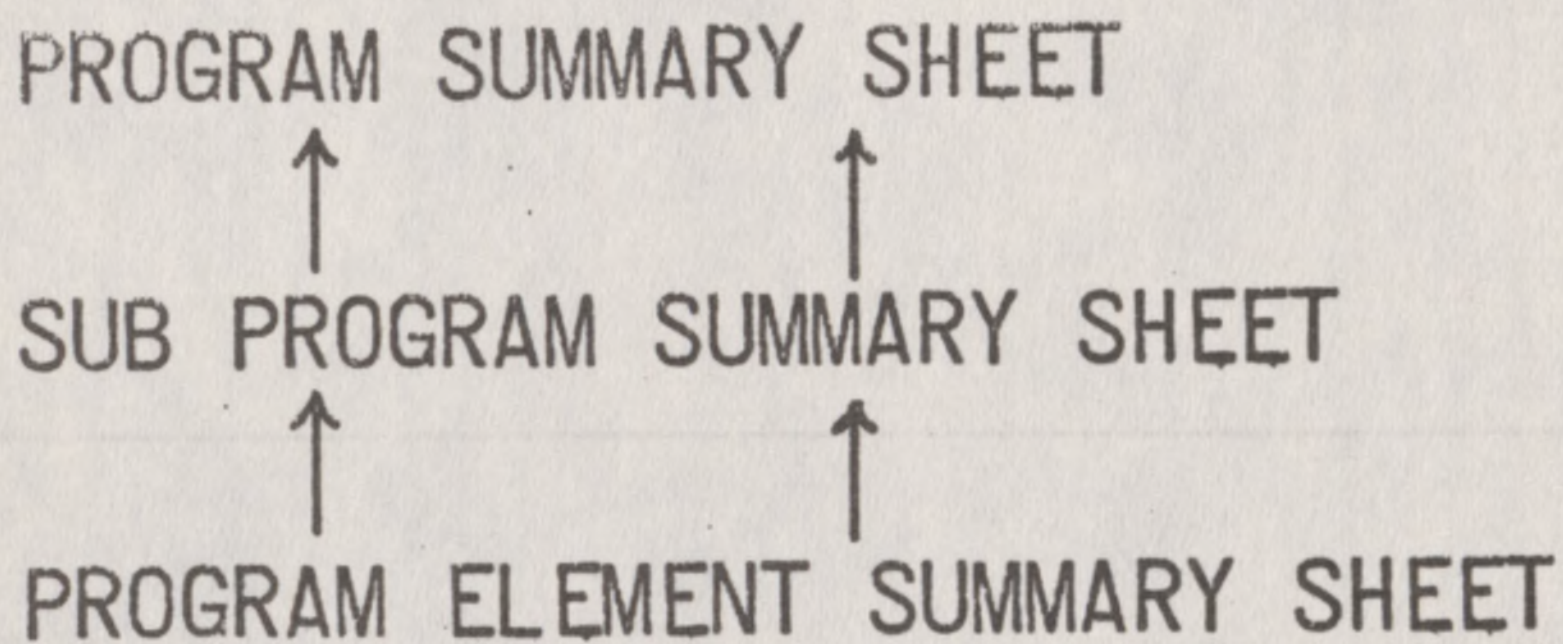
* To the extent possible, the sensitivity of the program/policy choice to these major assumptions should be displayed. Similarly, to the extent possible, the major uncertainties involved in the decisions should be indicated and quantified.

THIS IS A LINE ITEM BUDGET -

CAN YOU TELL HOW MUCH IT COSTS FOR A PARTICULAR SERVICE?

PROGRAM BUDGETING (continued)

The following sheets in this section are examples
of our Program Budgeting format.



Study them! Completed forms will enable you to
tell how much it costs for a program or a service.

 Nassau County, N.Y. PROGRAM BUDGET		PROGRAM SUMMARY		
PROGRAM		NO.		
GOAL		NEXT FISCAL YEAR		
DESCRIPTION				
CRITERIA				
COST SUMMARY BY SUB-PROGRAM				
SUB-PROGRAM	CURRENT YEAR APPROPRIATION	NEXT FISCAL YEAR REQUEST	INCREASE (DECREASE)	APPROPRIATION
OPERATING BUDGET				
CAPITAL BUDGET				
PROGRAM GROSS TOTAL				
LESS REVENUES				
PROGRAM NET TOTAL				

Nassau County, N.Y. PROGRAM BUDGET		PROGRAM ELEMENT			
PROGRAM	NO.	PROGRAM ELEMENT	NO.		
SUB-PROGRAM	NO.	DEPT/AGENCY	NEXT FISCAL YR		
OBJECTIVES					
DESCRIPTION					
COST SUMMARY					
		CURRENT YEAR APPROPRIATION	NEXT FISCAL YR. REQUEST	INCREASE (DECREASE)	APPROPRIATION
ACCT	- EXPENDITURES -				
A	OPERATING Salaries	\$	\$	\$	\$
B	Equipment				
C	Materials & Supplies				
D	Expenses				
	GROSS OPER. EXPEND.	\$	\$	\$	\$
	GROSS CAPITAL EXPEND.				
	GROSS PROG. ELEM. BUDGET	\$	\$	\$	\$
	- REVENUES -				
	OPERATING				
	CAPITAL				
	GROSS REVENUES	\$	\$	\$	\$
	TOTAL NET PROG ELEM. COST				

 Nassau County, N.Y. PROGRAM BUDGET		MULTI-YEAR FINANCIAL PLAN				
PROGRAM		NO	PROGRAM ELEMENT		NO.	CURRENT FISCAL YEAR
SUB-PROGRAM		NO.	DEPT/AGENCY		CODE	
OBJECTIVES						
DESCRIPTION						
MULTI-YEAR SUMMARY						
	CURRENT YEAR APPROPRIATION	FY ESTIMATE	FY ESTIMATE	FY ESTIMATE	FY ESTIMATE	5 YR. TOTAL ESTIMATES
OPERATING EXPENDITURES						
CAPITAL EXPENDITURES						
GROSS PROGRAM ELEM. EXPEND.						
LESS REVENUES						
NET PROGRAM ELEM. EXPENDITURES						

ANALYTIC CAPABILITY

- Allocation of resources
- Must accomplish more with our limited resources.
- Analyze effectiveness ($N = \frac{B}{C}$)
- Comparisons

COST: BENEFIT RATIO

$\frac{\text{Benefit (Effectiveness) of a given output}}{\text{Cost (of all inputs needed to produce it)}}$

Which price criterion (B or E) to use depends on:

- a) nature of output being evaluated
- b) purpose and/or intended use of the output
- c) which is easiest to apply (e.g. information availability could be a factor)

When comparing 2 outputs:

- a) same value criterion (either B or E) must be present
- b) the comparison is an attempt to identify the best "profit ratio"

EXAMPLE OF COST: BENEFIT RATIO

If we had \$100 to spend and three possible choices such as.....

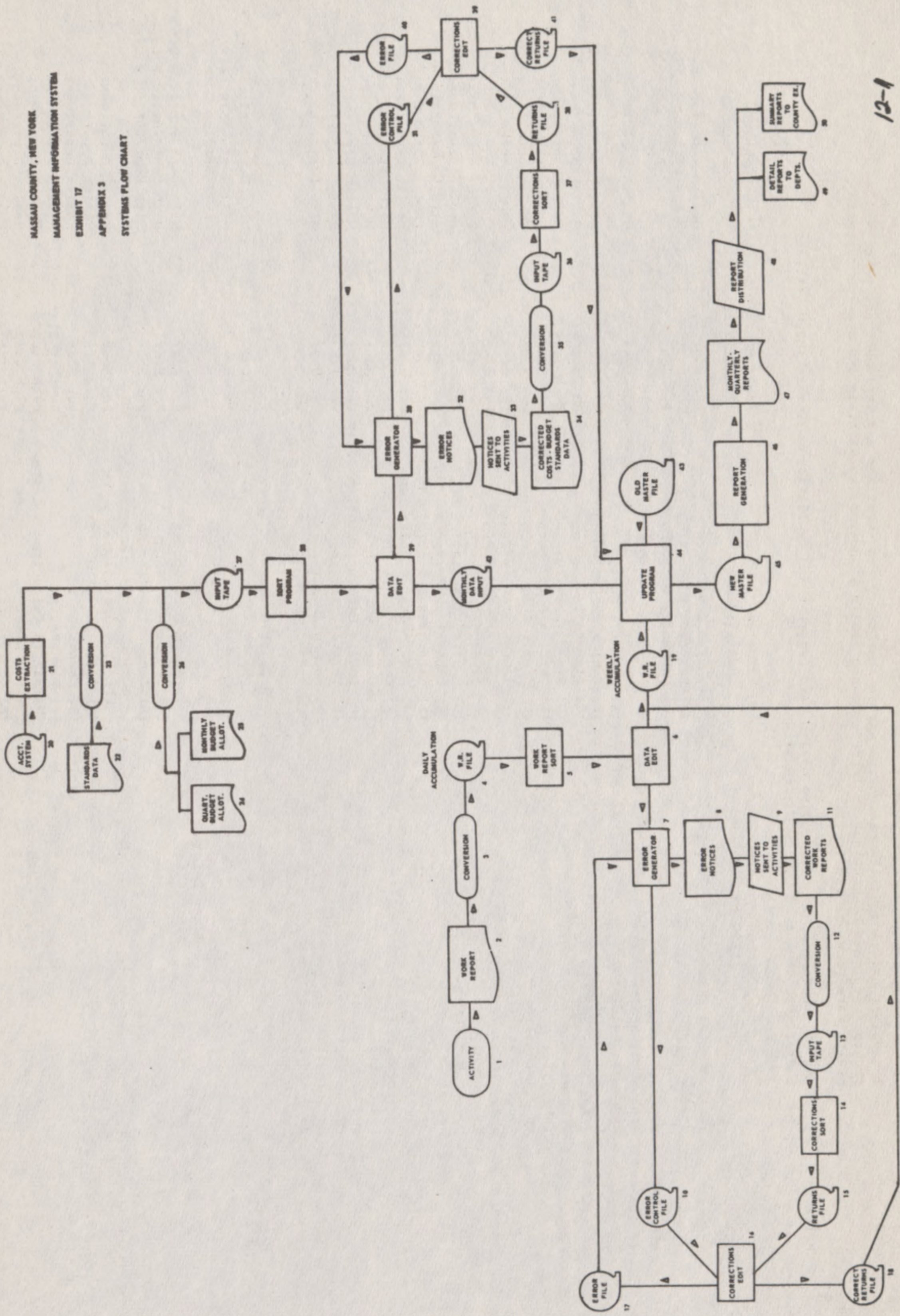
	<u>Cost</u>	<u>Benefit Ratio</u>	
A returns \$600 for \$60	$\frac{600}{60}$	= 10	
B returns \$500 for \$40	$\frac{500}{40}$	= 12.5	
C returns \$1000 for \$70	$\frac{1000}{70}$	= 14.3	

The choice of "A and B" will give \$1100 return for \$100 spent. It should be noted that this choice compared with "C" means you are spending \$30 to get the additional \$100 from "A and B". It should also be noted that if you could spend \$110 and therefore select "B and C", this additional \$10 spent will result in a \$400 additional return over the selection of "A and B".

Therefore, if you are limited to \$100, the best choice would be "A and B" since this will give a return of \$1100. However, if you are not limited, the best choice would be "B and C" giving a return of \$1500.

RECAP: NEED FOR M I S

- 1 GOOD SOUND PRACTICES SHOULD BE APPLIED
- 2 IMPROVED RESOURCE ALLOCATION NEEDED
- 3 VALID ALTERNATIVES TO AID DECISION-MAKING
- 4 MULTI YEAR FORECASTING BASED ON TODAY S DECISIONS
- 5 PROPER PERSPECTIVE THROUGH DATA INTERFACE
- 6 INVOLVEMENT OF COMPLETE PROGRAMS
- 7 FOSTERING OF ACCOUNTABILITY



<u>Program Element</u>	<u>Program Activity</u>	<u>Program Activity Criteria</u>	<u>Responsible Area</u>
Air Pollution Control	11) Records/Reports	Per Hour	Public Works Department
	3. General Administrative Support Activities (where applicable)	Various	Hlth Dept/Public W Dept/ Office of Admin Serv/ Civil Service Comm
	1. Program Development	Per Hour	Health Department
	(A) Research & Planning	Per Hour	Health Department
	(B) Community Planning	Per Hour	Health Department
	2. Program Operations	Per Hour	Health Department
	(A) Permit & Cert Proc	Each Permit	Health Department
	(B) Complaint Screening	Each Complaint	Health Department
	(C) Plan Review	Ea Comp Plan	Health Department
	(D) Field Investigation	Each Trip	Health Department
	(E) Sample Collection & Testing	Each Stop	Health Department
	(F) Patrol	Each Violation	Health Department
	(G) Laboratory Services	Each Call	Health Department
	(H) Laboratory Consultation	Per Hour	Health Department
	(I) Continuous Air Sample	Each Sight	Health Department
	(J) Conferences & Hearings	Each Conf	Health Department
	(K) Public Health Education Activities	Per Hour	Health Department
	3. General Administrative Support Activities (where applicable)	Various	Hlth Dept/Public W Dept/ Office of Admin Serv/ Civil Service Comm
	1. Program Development	Per Hour	Health Department
	(A) Research & Planning	Per Hour	Health Department
General Engineering	(B) Community Planning	Per Hour	Health Department
	2. Program Operations	Per Hour	Health Department
	(A) Complaint Screening	Each Complaint	Health Department
	(B) Plan Review	Ea Comp Plan	Health Department
	(C) Field Investigation	Each Trip	Health Department
	(D) Sample Collection & Test	Each Stop	Health Department
	(E) Equipment Install & Serv	Each Call	Health Department
	(F) Laboratory Consultations	Per Hour	Health Department
	(G) Conferences & Hearings	Each Conf	Health Department
	(H) Public Health Education Activities	Per Hour	Health Department

<u>* Program Element</u>	<u>Program Activity</u>	<u>Program Activity Criteria</u>	<u>Responsible Area</u>
	3. General Administrative Support Activities (where applicable)	Various	Health Dept./Office of Admin Services/Civil Service Commission
Food & General Sanitation	1. Program Development	Per Hour	Health Department
	(A) Research & Planning	Per Hour	Health Department
	(B) Community Planning	Per Hour	Health Department
	2. Program Operations	Per Hour	Health Department
	(A) Permits & Certif Proc	Each Permit	Health Department
	(B) Rabies Telephone Check	Each Check	Health Department
	(C) Complaint Screening	Each Complaint	Health Department
	(D) Plan Review	Per Hour	Health Department
	(E) Epidemiological Invest	Each Invest	Health Department
	(F) Field Investigation	Each Trip	Health Department
	(G) Sample Collect & Tests	Each Stop	Health Department
	(H) Extermination Service	Each Comp Proj	Health Department
	(I) Conferences & Hearings	Each Conference	Health Department
	(J) Laboratory Services	Each Test	Health Department
	(K) Laboratory Consult	Per Hour	Health Department
	(L) Public Health Education Activities	Per Hour	Health Department
	3. General Administrative Support Activities (where applicable)	Various	Health Dept./Office of Administrative Serv/Civil Service Commission
Rodent Control	1. Program Development	Per Hour	Health Department
	(A) Research & Planning	Per Hour	Health Department
	(B) Community Planning	Per Hour	Health Department
	2. Program Operations	Per Hour	Health Department
	(A) Complaint Screening	Each Complaint	Health Department
	(B) Extermination Service	Completed Project	Health Department
	(C) Field Investigation	Each Trip	Health Department
	(D) Sample Collection & Test	Each Stop	Health Department
	(E) Conferences & Hearings	Each Conference	Health Department
	3. General Administrative Support Activities (where applicable)	Various	Health Dept./Office of Administrative Serv/Civil Service Commission

Program Element		Program Activity	Program Activity Criteria	Responsible Area
Subprogram	Health Promotion, Disease Prevention & Control Services	Radiological Health		
		1. Program Development		
		(A) Research & Planning	Per Hour	Health Department
		(B) Community Planning	Per Hour	Health Department
			Per Hour	Health Department
		2. Program Operations	Per Hour	Health Department
		(A) Permit & Certif Proc	Each Permit	Health Department
		(B) Field Investigation	Each Trip	Health Department
		(C) Plan Review	Ea Completed Plan	Health Department
		(D) Sample Collection & Test	Each Stop	Health Department
Objective	To provide for the conservation and improvement of personal health standards; to provide information on the reproduction process, to aid the physically handicapped, emotionally disturbed, mentally retarded, drug/alcoholic addicted; to supply services for either the early detection and/or prevention of chronic and	(E) Conference & Hearings	Each Conference	Health Department
		(F) Public Health Education Activities		Health Department
		3. General Administrative Support Activities (where applicable)	Per Hour	Health Department
			Various	Health Dept./Office of Administrative Svcs/ Civil Service Commission
		1. Program Development	Per Hour	Health Department
		(A) Research & Planning	Per Hour	Health Department
		(B) Community Planning	Per Hour	Health Department
		2. Program Operations	Per Hour	Health Department
		(A) Information & Referral Service	Person Served	Health Department
		(B) Clinic Services	Per Attendance	Health Department
	Dental Health	(C) Social Work Clinic Activity	Per Interview	Health Department
		(D) Social Work Patient Service	Per Int/Cons	Health Department
		(E) Nursing Visit	Each Visit	Health Department
		(F) Medical Review & Audit	Per Review	Health Department
		(G) Public Health Education Activities		Health Department
		3. General Administrative Support Activities (where applicable)	Per Hour	Health Department
			Various	Health Department/ Public Works Dept/ Office of Administrative Svcs/Civil Service Commission

H.C.P.5

Objective (cont'd)	Program Element	Program Activity	Program Activity Criteria	Responsible Area
communicable diseases and general medical conditions	Weight Reduction	1. Program Development (A) Research & Planning (B) Community Planning	Per Hour Per Hour Per Hour	Hlth Dept/Meadowbrook Hospital As Above
		2. Program Operations (A) Information & Referral Services (B) Clinic Services (C) Public Health Education Services (D) Nutrition Services (E) Social Work Patient Service	Per Hour Per Hour Per Attendance Per Hour Per Consultation Intvw/Consult	Hlth Dept/Meadowbrook Hospital As Above As Above As Above As Above As Above
		3. General Administrative Support Activities (where applicable)	Various	Health Dept/Meadowbrook Hospital/Public Works Dept./Office of Admin Svcs/Civil Service Commission
Criteria	Aid to Physically Handicapped Children and Adults	1. Program Development (A) Research & Planning (B) Community Planning	Per Hour Per Hour Per Hour	Health Dept/Meadowbrook Hospital As Above
		2. Program Operations (A) Information & Referral Service (B) Public Health Education Activities (C) Authorizing Care (D) Social Work Clinic Activity (E) Social Work Patient Service (F) Treatment Services 1) Occupational Therapy 2) Physical Therapy 3) Speech Therapy 4) Hearing Therapy 5) Vocational Counseling 6) Psychological Services	Per Hour Person Served Per Hour Per Applicant Per Interview Interview/Cons. Per Patient Per Hour Per Hour Per Hour Per Hour Each Case Per Hour	Health Dept./Meadowbrook Hospital As Above Health Department Health Dept/Meadowbrook Hospital Meadowbrook Hospital Meadowbrook Hospital Meadowbrook Hospital Meadowbrook Hospital Meadowbrook Hospital Meadowbrook Hospital Meadowbrook Hospital
		3. General Administrative Support Activities (where applicable)	Various	Hlth Dept/Meadowbrook Hospital/Public Works Dept./Office of Administrative Svcs/Civil Service Commission

Program Element	Program Activity	Program Activity Criteria	Responsible Area
	(G) Nursing Visits (H) Social Work Patient Service	Each Visit Each Intvw/Cons	Hlth Dept/Meadowbrook Hospital As Above
3. General Administrative Support Activities (where applicable)		Various	Hlth Dept/Meadowbrook Hospital/Public Works Dept/Office of Administrative Svcs/Civil Service Commission
Mental Health	1. Program Development (A) Research & Planning (B) Community Planning	Per Hour Per Hour Per Hour	Mental Health Board/ Hlth Dept/Meadowbrook Hospital
	2. Program Operations (A) Information & Referral Service (B) Clinic Services 1) Medical Records 2) Diagnostic/Treatment Services -Medical/Psychiatric Testg. -Psychiatric Consult -Psychical Consult -Group Therapy -Medication Therapy -Psychiatric Evaluation -Public Health Education Activities -Nursing Visit-Guidance -Social Work-Patient Svc (C) Community Health Services 1) Liaison-Private Inst. 2) Private/Public Inst. Reporting 3) Medical Review & Audit	Per Hour Person Served Per Attendance Per Record Per Patient Per Patient Per Case Per Case Per Session Per Admin. Per Patient Per Hour Each Visit Each Patient Per Hour Per Hour Per Hour Per Hour Per Hour	As Above As Above As Above As Above As Above As Above As Above As Above As Above As Above As Above As Above As Above As Above Mental Health Board Mental Health Board Mental Health Board Mental Health Board
3. General Administrative Support Activities (where applicable)		Various	Hlth Dept/Meadowbrook Hospital/Mental Health Board/Office of Admin Svcs/Civil Service Commission

Program Element	Program Activity	Program Activity Criteria	Responsible Area
Tuberculosis Control	1. Program Development		
	(A) Research & Planning	Per Hour	Health Department
	(B) Community Planning	Per Hour	Health Department
	2. Program Operations	Per Hour	Health Department
	(A) Information & Referral Service	Person Served	Health Department
	(B) Clinic Services	Per Attendance	Health Department
	(C) School/Community Tuberculin Test	Each Test	Health Department
	(D) Epidemiological Investig	Per Investig	Health Department
	(E) Nutritional Services	Each Consult	Health Department
	(F) Drug Services	Each Distrib	Health Department
	(G) X-Ray Services	Each X-Ray	Health Department
	(H) X-Ray Services Mobile	Each Mobile X-Ray	Health Department
	(I) Nursing Visits-Guidance	Each Visit	Health Department
	(J) Social Work Patient Service	Intervw/Consult	Health Department
	(K) Laboratory Services	Each Test	Health Department
	(L) Laboratory Consultation	Each Consult	Health Department
	(M) Public Health Education Activities	Per Hour	Health Department
	3. General Administrative Support Activities (where applicable)	Various	Hlth Dept/Public Works Dept/Office of Admin Svcs/Civil Service Commission
	1. Program Development	Per Hour	Health Department
	(A) Research & Planning	Per Hour	Health Department
	(B) Community Planning	Per Hour	Health Department
V.D. Control	2. Program Operations	Per Hour	Health Department
	(A) Information & Referral Service	Person Served	Health Department
	(B) Epidemiological Investig	Per Investig	Health Department
	(C) Drug Services	Ea Distribution	Health Department
	(D) Nursing Visits	Each Visit	Health Department
	(E) Laboratory Services	Each Test	Health Department
	(F) Social Work Patient Service	Intervw/Consult	Health Department
	(G) Public Health Education Activities	Per Hour	Health Department
	3. General Administrative Support Activities (where applicable)	Various	H.C.P. 9 Health Dept/Public Works Dept/Office of Admin Svcs/Civil Service Commission

Program Element	Program Activity	Program Activity Criteria	Responsible Area
Cancer Control	1. Program Development	Per Hour	Health Department
	(A) Research & Planning	Per Hour	Health Department
	(B) Community Planning	Per Hour	Health Department
	2. Program Operations	Per Hour	Health Department
	(A) Information & Referral Service	Person Served	Health Department
	(B) Clinic Services	Per Attendance	Health Department
	(C) Nursing Visits	Each Visit	Health Department
	(D) Nutrition Services	Each Consult	Health Department
	(E) X-Ray Services	Each X-Ray	Health Department
	(F) Laboratory Services	Each Test	Health Department
	(G) Social Work Patient Service	Intervw/Consult	Health Department
	(H) Public Health Education Activities	Per Hour	Health Department
	3. General Administrative Support Activities (where applicable)	Various	Hlth Dept/Public Works Dept/Office of Admin Svc/Civil Service Commission
Miscellaneous Chronic Disease Control	1. Program Development	Per Hour	Health Department
	(A) Research & Planning	Per Hour	Health Department
	(B) Community Planning	Per Hour	Health Department
	2. Program Operations	Per Hour	Health Department
	(A) Information & Referral Service	Person Served	Health Department
	(B) Clinic Services	Per Attendance	Health Department
	(C) Nutrition Services	Each Complaint	Health Department
	(D) X-Ray Services	Each X-Ray	Health Department
	(E) Laboratory Services	Each Call	Health Department
	(F) Social Work Patient Service	Intervw/Consult	Health Department
	(G) Public Health Education Activities	Per Hour	Health Department
	(H) Nursing Visits	Each Visit	Health Department
	(I) Social Work Patient Service	Intervw/Consult	Health Department
	3. General Administrative Support Activities (where applicable)	Various	Hlth Dept/Public Works Dept/Office of Admin Svc/Civil Service Commission

<u>Program Element</u>	<u>Program Activity</u>	<u>Program Activity Criteria</u>	<u>Responsible Area</u>
Miscellaneous Communicable Diseases Control	1. Program Development (A) Research & Planning (B) Community Planning	Per Hour	Health Department
		Per Hour	Health Department
		Per Hour	Health Department
	2. Program Operations (A) Information & Referral Service (B) Epidemiological Investig (C) Drug Services (D) Nutritional Services (E) Validate Intern Certificate (F) Laboratory Services (G) Nursing Visits-Guidance (H) Public Health Education Activities	Per Hour	Health Department
		Person Served	Health Department
		Per Hour	Health Department
		Each Distribution	Health Department
		Each Consult	Health Department
		Each Validation	Health Department
		Each Test	Health Department
		Each Visit	Health Department
		Per Hour	Health Department
	3. General Administrative Support Activities (where applicable)	Various	Hlth Dept/Public Works Dept/Office of Admin Svc/Civil Service Commission
Hospital & Nursing Home Inspection	1. Program Development (A) Research & Planning (B) Community Planning	Per Hour	Health Department
		Per Hour	Health Department
		Per Hour	Health Department
	2. Program Operations (A) Information & Referral Services (B) Plan Review (C) Public Health Education Activities (D) Inspection & Consult (E) Consultation Only (F) Medical Review & Audit	Per Hour	Health Department
		Person Served	Health Department
		Each Comp Plan	Health Department
		Per Hour	Health Department
		Per Inspection	Health Department
		Per Consultation	Health Department
		Each Review	Health Department
	3. General Administrative Support Activities (where applicable)	Various	Hlth Dept/Public Works Dcpt/Office of Admin Svc/Civil Service Commission

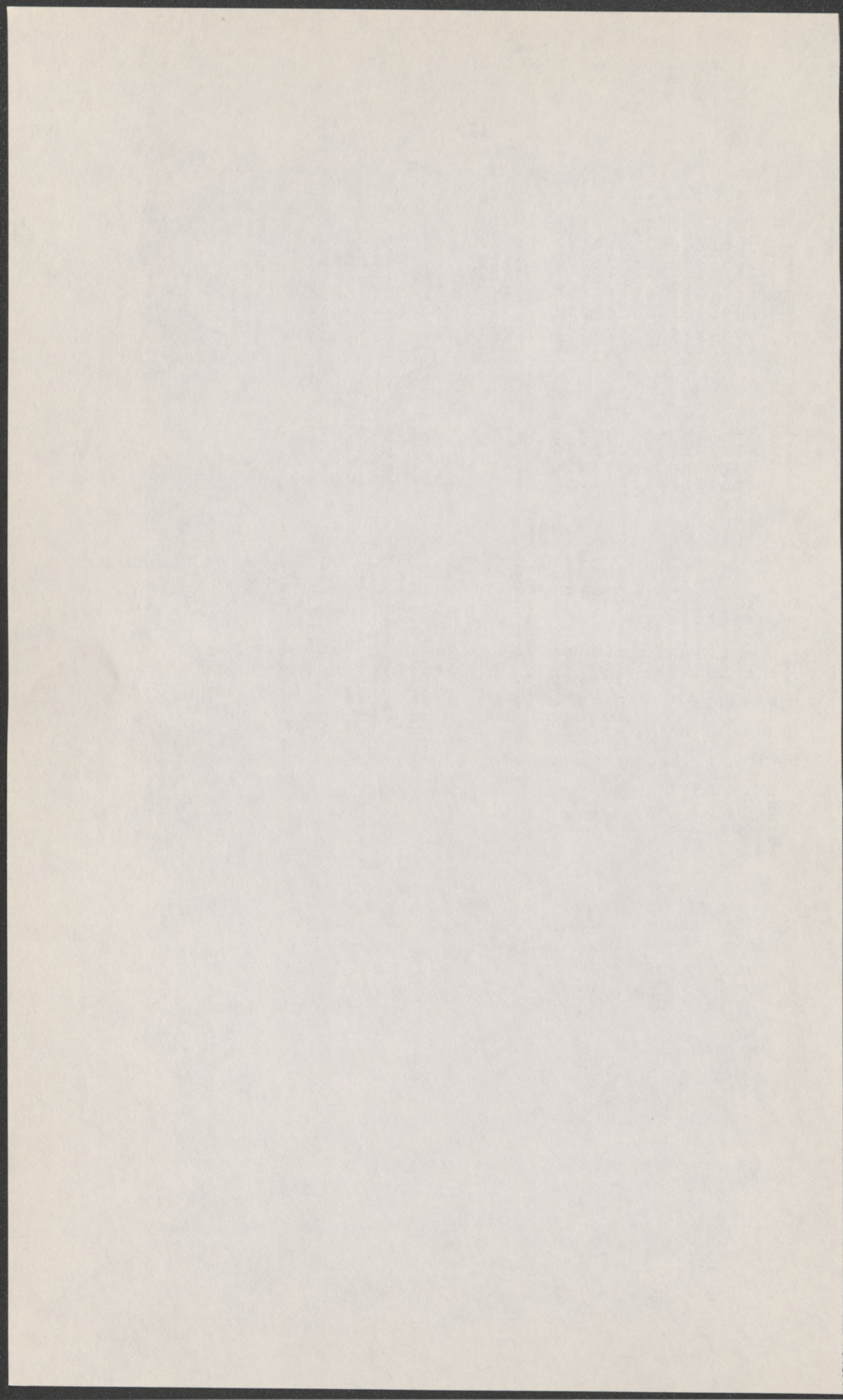
Subprogram	Program Element	Health Care & Treatment Services	Objective	Program Activity	Program Activity Criteria	Responsible Area
Hospitalization Care & Treatment Services	1. Hospitalization Care & Treatment Services	Health Care & Treatment Services	To provide comprehensive care and treatment services for the physically ill, physically handicapped, emotionally disturbed, aged, drug/alcoholic addicted and general medical conditions	1. Program Operations	Per Hour	Meadowbrook Hospital
				(A) Hospital Admission	Per Patient	Meadowbrook Hospital
				1) Medical Inform-Admission/Discharge	Per Patient	Meadowbrook Hospital
Hospitalization Care & Treatment Services	1. Hospitalization Care & Treatment Services	Health Care & Treatment Services	To provide comprehensive care and treatment services for the physically ill, physically handicapped, emotionally disturbed, aged, drug/alcoholic addicted and general medical conditions	2) Medical Inform-Medical Records	Per Patient	Meadowbrook Hospital
				3) Ambulance Care-Treatment	Per Patient	Meadowbrook Hospital
				4) Ambulance Care-Medication	Per Admin	Meadowbrook Hospital
Hospitalization Care & Treatment Services	1. Hospitalization Care & Treatment Services	Health Care & Treatment Services	To provide comprehensive care and treatment services for the physically ill, physically handicapped, emotionally disturbed, aged, drug/alcoholic addicted and general medical conditions	(B) Medical Examination/Diagnostic Services	Per Patient	Meadowbrook Hospital
				1) Patient History	Per Patient	Meadowbrook Hospital
				2) Medical Examination/Diagnosis	Per Patient	Meadowbrook Hospital
Hospitalization Care & Treatment Services	1. Hospitalization Care & Treatment Services	Health Care & Treatment Services	To provide comprehensive care and treatment services for the physically ill, physically handicapped, emotionally disturbed, aged, drug/alcoholic addicted and general medical conditions	(C) Food Preparation/Distrib	Per Hour	Meadowbrook Hospital
				1) Food Preparation	Each Meal	Meadowbrook Hospital
				2) Food Distrib/Disposal	Each Tray	Meadowbrook Hospital
Hospitalization Care & Treatment Services	1. Hospitalization Care & Treatment Services	Health Care & Treatment Services	To provide comprehensive care and treatment services for the physically ill, physically handicapped, emotionally disturbed, aged, drug/alcoholic addicted and general medical conditions	(D) Treatment Services	Per Patient	Meadowbrook Hospital
				1) Cardiology	Per Patient	Meadowbrook Hospital
				2) Neurology	Per Patient	Meadowbrook Hospital
Hospitalization Care & Treatment Services	1. Hospitalization Care & Treatment Services	Health Care & Treatment Services	To provide comprehensive care and treatment services for the physically ill, physically handicapped, emotionally disturbed, aged, drug/alcoholic addicted and general medical conditions	3) Gastroenterology	Per Patient	Meadowbrook Hospital
				4) Hematology	Per Patient	Meadowbrook Hospital
				5) Dermatology	Per Patient	Meadowbrook Hospital
Hospitalization Care & Treatment Services	1. Hospitalization Care & Treatment Services	Health Care & Treatment Services	To provide comprehensive care and treatment services for the physically ill, physically handicapped, emotionally disturbed, aged, drug/alcoholic addicted and general medical conditions	6) Eye	Per Patient	Meadowbrook Hospital
				7) Proctology	Per Patient	Meadowbrook Hospital
				8) Urology	Per Patient	Meadowbrook Hospital
Hospitalization Care & Treatment Services	1. Hospitalization Care & Treatment Services	Health Care & Treatment Services	To provide comprehensive care and treatment services for the physically ill, physically handicapped, emotionally disturbed, aged, drug/alcoholic addicted and general medical conditions	9) Psychological/Psychiatric	Per Patient	Meadowbrook Hospital
				10) Endocrinology	Per Patient	Meadowbrook Hospital
				11) Obstetrics/Gynecology	Per Patient	Meadowbrook Hospital
Hospitalization Care & Treatment Services	1. Hospitalization Care & Treatment Services	Health Care & Treatment Services	To provide comprehensive care and treatment services for the physically ill, physically handicapped, emotionally disturbed, aged, drug/alcoholic addicted and general medical conditions	-Pre Natal Care	Per Patient	Meadowbrook Hospital
				-Delivery	Per Patient	Meadowbrook Hospital
				-Post Partum Care	Per Patient	Meadowbrook Hospital
Hospitalization Care & Treatment Services	1. Hospitalization Care & Treatment Services	Health Care & Treatment Services	To provide comprehensive care and treatment services for the physically ill, physically handicapped, emotionally disturbed, aged, drug/alcoholic addicted and general medical conditions	-Endocrine	Per Patient	Meadowbrook Hospital
				-Tumor	Per Patient	Meadowbrook Hospital
				-Endocrine/Infertility	Per Patient	Meadowbrook Hospital
Hospitalization Care & Treatment Services	1. Hospitalization Care & Treatment Services	Health Care & Treatment Services	To provide comprehensive care and treatment services for the physically ill, physically handicapped, emotionally disturbed, aged, drug/alcoholic addicted and general medical conditions	12) Pediatrics	Per Patient	Meadowbrook Hospital
				-Kidney	Per Patient	Meadowbrook Hospital
				-Premature	Per Patient	Meadowbrook Hospital
Hospitalization Care & Treatment Services	1. Hospitalization Care & Treatment Services	Health Care & Treatment Services	To provide comprehensive care and treatment services for the physically ill, physically handicapped, emotionally disturbed, aged, drug/alcoholic addicted and general medical conditions	-Endocrine	Per Patient	Meadowbrook Hospital
				-Neurology	Per Patient	Meadowbrook Hospital
				-Allergy	Per Patient	Meadowbrook Hospital
Hospitalization Care & Treatment Services	1. Hospitalization Care & Treatment Services	Health Care & Treatment Services	To provide comprehensive care and treatment services for the physically ill, physically handicapped, emotionally disturbed, aged, drug/alcoholic addicted and general medical conditions	-Dermatology	Per Patient	Meadowbrook Hospital
				13) Medical	Per Patient	Meadowbrook Hospital
				-General	Per Patient	Meadowbrook Hospital
Hospitalization Care & Treatment Services	1. Hospitalization Care & Treatment Services	Health Care & Treatment Services	To provide comprehensive care and treatment services for the physically ill, physically handicapped, emotionally disturbed, aged, drug/alcoholic addicted and general medical conditions	-G.I. Medical	Per Patient	Meadowbrook Hospital
				-Arthritic	Per Patient	Meadowbrook Hospital
				-Symphoma	Per Patient	Meadowbrook Hospital
Hospitalization Care & Treatment Services	1. Hospitalization Care & Treatment Services	Health Care & Treatment Services	To provide comprehensive care and treatment services for the physically ill, physically handicapped, emotionally disturbed, aged, drug/alcoholic addicted and general medical conditions	-Renal Disease	Per Patient	Meadowbrook Hospital

Program Element	Program Activity	Program Activity Criteria	Responsible Area
	14) Communicable Diseases		
	-Tuberculosis	Per Patient	Meadowbrook Hospital
	-Other	Per Patient	Meadowbrook Hospital
	15) Chronic Diseases	Per Patient	Meadowbrook Hospital
	-Diabetes	Per Patient	Meadowbrook Hospital
	16) Surgery	Per Patient	Meadowbrook Hospital
	-General Surgery	Per Patient	Meadowbrook Hospital
	-Orthopedic Surgery	Per Patient	Meadowbrook Hospital
	-Urology Surgery	Per Patient	Meadowbrook Hospital
	-Plastic Surgery	Per Patient	Meadowbrook Hospital
	-Thoracic/Cardiovascular	Per Patient	Meadowbrook Hospital
	-Otolaryngology Surgery	Per Patient	Meadowbrook Hospital
	-Ophthalmology Surgery	Per Patient	Meadowbrook Hospital
	-Neuro Surgery	Per Patient	Meadowbrook Hospital
	-Oral Surgery	Per Patient	Meadowbrook Hospital
	17) Orthopedic Therapy	Per Hour	Meadowbrook Hospital
	-Occupational Therapy	Per Hour	Meadowbrook Hospital
	-Physical Therapy	Per Hour	Meadowbrook Hospital
	-Speech Therapy	Per Hour	Meadowbrook Hospital
	-Hearing Therapy	Per Hour	Meadowbrook Hospital
	-Vocational Counseling	Each Case	Meadowbrook Hospital
	-Psychological Services	Per Hour	Meadowbrook Hospital
	-Social Work Services	Each Case	Meadowbrook Hospital
	18) Laboratory Services	Per Hour	Meadowbrook Hospital
	19) Anesthesiology Services	Per Patient	Meadowbrook Hospital
	20) Blood Bank Services	Per Patient	Meadowbrook Hospital
	21) Pharmacy Services	Ea Order Filled	Meadowbrook Hospital
	22) X-Ray Services	Per Patient	Meadowbrook Hospital
	23) Nursing/Disposition Svcs	Per Case	Meadowbrook Hospital
	-Inpatient Care	Per Hour	Meadowbrook Hospital
	(a) Medication	Per Admin	Meadowbrook Hospital
	(b) Personal Hygiene	Per Hour	Meadowbrook Hospital
	(c) Treatment	Per Hour	Meadowbrook Hospital
	-Ambulatory Care	Per Hour	Meadowbrook Hospital
	(a) Medication	Per Admin	Meadowbrook Hospital
	(b) Treatment	Per Hour	Meadowbrook Hospital
	-Special Area Care	Per Hour	Meadowbrook Hospital
	(a) Medication	Per Admin	Meadowbrook Hospital
	(b) Treatment	Per Hour	Meadowbrook Hospital
	-Disposition	Per Patient	Meadowbrook Hospital
	24) Liaison	Per Hour	Meadowbrook Hospital
	(E) Education/Research Svcs	Per Hour	Meadowbrook Hospital
	1) Training	Per Hour	Meadowbrook Hospital
	-Classroom	Per Hour	Meadowbrook Hospital
	-Field	Per Hour	Meadowbrook Hospital
	2) Research & Studies	Per Hour	Meadowbrook Hospital
	-Medical Library	Per Hour	Meadowbrook Hospital
	-Medical Illustration	Per Hour	Meadowbrook Hospital

Program Element	Program Activity	Program Activity Criteria	Responsible Area
Geriatric Care & Treatment Services- Patterson Home for the Aged	2. General Administrative Support Activities (where applicable)	Various	Meadowbrook Hospital/ Public Works Dept./ Office of Administrative Services/Civil Service Commission
	1. Program Development	Per Hour	Social Services
	(A) Research & Planning	Per Hour	Social Services/Office for the Aging
	(B) Community Planning	Per Hour	
	(C) Information & Referral Service	Person Served	As Above
	2. Program Operations	Per Hour	Social Services Dept.
	(A) Patterson Home Admission	Per Hour	Social Services Dept.
	1) Medical Record	Per Record	Social Services Dept.
	2) Non-Medical History & Background	Per Record	Social Services Dept.
	(B) Medical Examination/Diagnosis	Per Patient	Social Services Dept.
	1) Patient History	Per Patient	Social Services Dept.
	2) Medical Examination/Diagnosis	Per Patient	Social Services Dept.
	(C) Food Preparation Distribution	Per Patient	Social Services Dept.
	1) Food Preparation	Each Meal	Social Services Dept.
	2) Food Distribution/Disposal	Each Tray	Social Services Dept.
	(D) Treatment Services	Per Hour	Social Services Dept.
	1) Medication	Per Admin	Social Services Dept.
	2) Surgery	Per Patient	Social Services Dept.
	3) Dental Services	Ea Patient Served	Social Services Dept.
	4) Radiology Examination	Each X-Ray	Social Services Dept.
	5) Optometrist Services	Ea Patient Served	Social Services Dept.
	6) Ophtamogolist Services	Ea Patient Served	Social Services Dept.
	7) Heart Examination	Each EKG	Social Services Dept.
	8) Physical Therapy	Per Hour	Social Services Dept.
	9) Occupational Therapy	Per Hour	Social Services Dept.
	10) Speech Therapy	Per Hour	Social Services Dept.
	11) Nursing/Disposition Services	Per Case	Social Services Dept.
	-Inpatient Care	Each Hour	Social Services Dept.
	(a)Medication	Per Admin	Social Services Dept.
	(b)Personal Hygiene	Each Hour	Social Services Dept.
	(c)Treatment	Each Hour	Social Services Dept.
	-Ambulatory Care	Each Hour	Social Services Dept.
	(a)Medication	Per Admin	Social Services Dept.
	(b)Treatment	Each Hour	Social Services Dept.

Program Element	Program Activity	Program Activity Criteria	Responsible Area
Drug Abuse/Addiction Care & Treatment Services	-Special Area Care	Each Hour	Social Services Dept.
	(a) Medication	Per Admin	Social Services Dept.
	(b) Treatment	Each Hour	Social Services Dept.
	-Disposition	Per Patient	Social Services Dept.
	12) Laboratory Services	Per Hour	Social Services Dept.
	13) Pharmacy Services	Ea Order Filled	Social Services Dept.
	14) Motivation Services	Per Hour	Social Services Dept.
	(E) Education/Research Services	Each Hour	Social Services Dept.
	1) Training	Each Hour	Social Services Dept.
	-Classroom	Each Hour	Social Services Dept.
	-Field	Each Hour	Social Services Dept.
	2) Research & Studies	Each Hour	Social Services Dept.
	-Library	Each Hour	Social Services Dept.
	3. General Administrative Support Activities (where applicable)	Various	Social Services Dept./Public Works Dept./Office of Admin Services/Civil Service Commission
	1. Program Development	Per Hour	Drug Abuse/Addiction
	(A) Research & Planning	Per Hour	Drug Abuse/Addiction
	(B) Community Planning	Per Hour	Drug Abuse/Addiction
	2. Program Operations	Per Hour	Drug Abuse/Addiction
	(A) Hospital/Residential Care Admission	Each Case	Drug Abuse/Addiction
	1) Medical Inf.-Admission/Discharge	Each Case	Drug Abuse/Addiction
	2) Medical Inf.-Medical Rec.	Each Case	Drug Abuse/Addiction
	3) Social Work Information	Each Case	Drug Abuse/Addiction
	(B) Psychiatric Examination/Diagnostic Services	Per Patient	Drug Abuse/Addiction
	1) Patient History	Per Patient	Drug Abuse/Addiction
	2) Medical Examination/Diagnosis	Per Patient	Drug Abuse/Addiction
	(C) Food Preparation/Distribution	Each Meal	Drug Abuse/Addiction
	1) Food Preparation	Each Meal	Drug Abuse/Addiction
	2) Food Distrib/Disposal	Each Tray	Drug Abuse/Addiction
	(D) Treatment Services	Each Case	Drug Abuse/Addiction
	1) Physical/Psychiatric Exam	Each Case	Drug Abuse/Addiction
	2) Physical/Psychiatric Consul	Each Case	Drug Abuse/Addiction
	3) Physical/Psychiatric Testing	Each Case	Drug Abuse/Addiction
	4) Medication/Therapy	Each Case	Drug Abuse/Addiction
	5) Group Therapy	Each Case	Drug Abuse/Addiction
	6) Nursing/Disposition Servcs	Each Case	Drug Abuse/Addiction
	-Inpatient Care	Each Hour	Drug Abuse/Addiction

Program Element	Program Activity	Program Activity Criteria	Responsible Area
Home Health Services	(a)Medication	Per Admin	Drug Abuse/Addiction
	(b)Personal Hygiene	Each Hour	Drug Abuse/Addiction
	(c)Treatment	Each Hour	Drug Abuse/Addiction
	-Ambulatory Care	Each Hour	Drug Abuse/Addiction
	(a)Medication	Per Admin	Drug Abuse/Addiction
	(b)Treatment	Each Hour	Drug Abuse/Addiction
	-Special Area Care	Each Hour	Drug Abuse/Addiction
	(a)Medication	Per Admin	Drug Abuse/Addiction
	(b)Treatment	Each Hour	Drug Abuse/Addiction
	-Disposition	Each Hour	Drug Abuse/Addiction
	7) Education/Research Servcs	Each Hour	Drug Abuse/Addiction
	-Training	Each Hour	Drug Abuse/Addiction
	-Research & Studies	Each Hour	Drug Abuse/Addiction
	8) Social Work Services	Each Case	Drug Abuse/Addiction
	9) Community Relations	Per Hour	Drug Abuse/Addiction
	-Speakers Bureau	Each Talk	Drug Abuse/Addiction
	3. General Administrative Support Activities (where applicable)	Various	Public Works Dept/ Drug Abuse/Addiction/ Office of Administrative Services/Civil Service Commission
	1. Program Development	Per Hour	Health Department
	(A) Research & Planning	Per Hour	Health Department
	(B) Community Planning	Per Hour	Health Department
	2. Program Operations	Per Hour	Health Department
	(A) Information & Referrai Service	Person Served	Health Department
	(B) Planning Patient Care	Ea New Patient	Health Department
	(C) Nursing Services	Each Consult	Health Department
	(D) Social Work Patient Service	Inervw/Consult	Health Department
	(E) Rehabilitation Services	Each Visit	Health Department
	(F) Medical Review & Audit	Each Review	Health Department
	3. General Administrative Support Activities (where applicable)	Various	Health Department/ Office of Administrative Services/Civil Service Commission



ATTACHMENT 2

Management Information System: Evaluation Guide for Program Memoranda

1. This guide is designed to help you, your department, and the county evaluate the need and priority for a new program, or to re-evaluate an ongoing program.
2. Do not be too optimistic in your assumptions. Always consider what effect more modest assumptions will have.
3. Always use a proper span of time.
4. As you respond, make a list of support data and/or keep an audit trail.
5. Describe the program clearly and concisely.
6. If there are any relevant points not covered in this guide that are truly pertinent, please include in your evaluation.

Measures of Effectiveness/Criteria

1. With respect to *Manpower*:
 - (a) What percent of workday will actually be (or is) devoted to meeting objectives/goals?
 - (b) Is each person fully trained and indoctrinated?
 - (c) What about enthusiasm of each?
 - (d) Is amount of time (to be) devoted by professionals to semi- and non-professional or technical tasks kept to a minimum?
 - (e) What is the group work performance (efficiency)?
 - (f) Is or will the person in charge of this program/project be at a organizational level to make effective recommendations?
2. With respect to *Methodology*:
 - (a) Is the division/department/function/or county's methodology up to date? Explain!
 - (b) Is the methodology continually being developed to meet new trends?
 - (c) What is approach to problem is not MIS/PPB?
 - (d) What are (will be) techniques used?
3. With respect to *Machinery/Equipment*:
 - (a) What will be percent of utilization?
 - (b) What is (has been) percent of downtime? Why?
4. What adequate unit(s) of measure or indicator(s) is or will be used? Other quantitative/qualitative criteria?

FISCAL CONSIDERATIONS

- What will (has) it cost to achieve objective/goal?
- What will (would have) the alternatives cost individually?
- Is the cost proportionate to its usefulness/advantages? Explain.
- Can something or someone else that's dependable provide or do it for less? Explain.
- If more or fewer funds are available than required, what proposals are there for adding or deleting to offset?
- What evidence exists that the taxpayers are willing to pay (or discontinue paying) for this service?
- Is the economic theory of elasticity involved?

Are the costs relevant? Complete? Accurate?

Are sunk costs—past sacrifices—been omitted as they should be except for significant salvage value?

Do you have previous cost guides on similar programs/program elements?

What is the “break even” point?

VALUE ANALYSIS/VALUE ENGINEERING

1. Is a sincere attempt made to follow up on each undertaking of the division/department/function/county in an effort to learn, and improve future performance? Explain.

2. Is a satisfactory effort made to periodically reappraise objectives/goals? Explain.

3. Is a periodic attempt made to evaluate whether expansion/contraction or further emphasis versus deemphasization is required? Explain.

4. What is the expected level of confidence (1 sigma, 2 sigma, 3 sigma) expected?

EFFECTS ON/BENEFITS (DIRECT/INDIRECT)

1. Is there a direct benefit to citizens, county departments/agencies? If so, what?

2. Is there an indirect benefit to citizens, county departments/agencies? If so, what?

3. How dependable will the benefits or effects be?

4. What, if anything, caused this program/issue to be initiated?

5. Demographic effects?

6. Cultural effects?

RESOURCE ALLOCATION (5 “M”s)/EXPENDITURES NECESSARY:

	Year				
Dollar cost:	No. 1	No. 2	No. 3	No. 4	No. 5
Manpower necessary -----					
Machinery/equipment necessary -----					
Methods/systems and procedures necessary -----					
Materials/supplies necessary -----					
Money total necessary -----					
Revenue (itemize sources) -----					
Net cost -----					

(Make sure all the resource allocations are relevant, and complete, plus have a good basis/audit trail)

BASIC FUNCTION DETERMINATION

OBJECTIVES/GOALS

—What is it?

—What objective/goal is it supposed to achieve?

—Does its use contribute value? Explain.

—Does it need all its features? Explain.

—What are the major variables? Explain.

—What are the major constants? Explain.

—Is it or should it be a county obligation? Explain.

OVERCOMING RAMIFICATIONS

1. If this (to be) a co-endeavor, is there presently harmony, cooperation with other(s) (departments) involved. Explain.
2. List ramifications (in and/or out of county government):
 - (a) Legislation necessary/controlling/prohibiting.
 - (b) Lobbies/political.
 - (c) Administrative/organizational.
 - (d) Personnel.
 - (e) Moral/ethical.
 - (f) Technological.
 - (g) Fiscal.

ALTERNATIVES

1. What else (alternatives) will achieve the objective/goal? Is it practical? Do we really have a choice?
2. Is there already something else or some other agency (public or private) which is useable or doing it? Explain.
 - (a) Should it be incorporated? Why?
 - (b) Should it be disbanded? Why?
3. What if any, source material is available?
4. What, if any, tradeoffs can be made between present/proposed programs? Explain.

WORK SIMPLIFICATION AND METHODS IMPROVEMENT

- Can it be eliminated? Explain.
- Can it be combined? Explain.
- Can the sequence be changed? Explain.
- Can it be simplified? Explain.

CHARTING

Please include a Gantt or PERT time chart on this projected or re-evaluated program showing milestones, target dates, alternatives.

ATTACHMENT 3

ISSUE PAPERS

The following is a list of problem areas in which program analyses* would prove helpful in fiscal decisionmaking.

1. The effectiveness of prenatal-obstetrical and pediatric care programs administered by county agencies and departments when one considers that the infant morbidity rate at Nassau County's public general hospital is substantially higher than the National, State, and overall county average.
2. The magnitude and scope of county cultural needs considering the close proximity of similar cultural opportunities in New York City.

*Via "issue papers", cost effectiveness studies and program memorandum, in that order.

3. The effectiveness of the criminal rehabilitation programs carried on at the county jail in reducing the number of repeat offenders.

4. The magnitude and scope of county services necessary to improve the economic and social conditions of the aged.

5. The quality and character of mental health programs, and facilities administered by the county.

6. The effectiveness of county programs in reducing the rate of juvenile delinquency.

7. The effectiveness of county programs in reducing the incidence of drug abuse and addiction.

8. The effectiveness of county programs involved in employment training and placement in reducing the number of unemployed (including hard core).

9. The effectiveness of the existing bus transportation route structure in providing direct access from areas of high unemployment to industrial parks or plants.

10. What should be the involvement of Nassau County government in order to insure the effective management of waste collection and disposal within the county?

ATTACHMENT 4

PROGRAM ANALYSIS OF INFANT MORTALITY AT NASSAU COUNTY PUBLIC GENERAL HOSPITAL (MEADOWBROOK)

Problem and Background

In December of 1967, it was decided that an in-depth study of the infant mortality rate of Nassau County General Hospital (Meadowbrook) be undertaken. The reason for this was that the infant mortality rate was substantially higher than the national, State and overall county average. Meadowbrook Hospital is the public general hospital of Nassau County serving a population of nearly one and a half million people. The importance of the infant mortality rate can be best described by United States Department of Health, Education, and Welfare, who have long used this as the "best" single indication of the health status of a community and defines a "health depressed" area as one within which the infant mortality rate is high.

Since the number of deliveries at Meadowbrook yearly is approximately 1,800, it was decided to study a significant number of cases and to obtain all pertinent information as to possible causes for the high mortality rate. A code sheet was developed to be kept for each woman who delivered at Meadowbrook which contained, besides a medical history, social information. This social history included such facts as marital status, age at delivery, income, race, education, prenatal care, transportation to clinic and hospital, occupation of both father and mother, and whether or not patient is receiving welfare assistance among other items of information. A copy of this obstetrical data sheet is included at the end of this analysis.

Naturally, even before the study was begun, there were several recognized factors which contributed to the problem. These would include the question of adequate care for the expectant mother, the num-

ber and location of health clinics in the county and transportation to and from them. Also, it was known that socioeconomic deprivation is associated with poor nutrition, poor hygiene, inadequate education, maternal fatigue and that the unwed mothers comprise a high-risk group.

The objective of this program analysis can therefore be stated: "What steps can the county government institute to lower the infant mortality rate at Meadowbrook to that rate found in corresponding private hospitals within the county?"

Analysis of the Study

The in-depth study was of 322 women who delivered at Meadowbrook Hospital during the period of February-May, 1968. The analysis of this study pinpointed the magnitude of the problem, the extent of utilization of the county's services and provided complementary avenues of exploration which would have an impact on the situation. Copies of the data of the study and "Highlights of Findings" are attached to the end of this analysis.

The magnitude of the problem at Meadowbrook Hospital was determined by examining their actual perinatal mortality rate. It was 37.1 per 1,000 births or approximately 80 percent larger than the county's rate. In addition to the perinatal rate, the study also included neonatal mortality and morbidity which are, of course, essential to any recommendations.

Adequacy of Care

It was found that only 38 percent of the study group had adequate care. Almost half of the women lived in "target" areas and this had no apparent effect on the percent with adequate care. Patients that had adequate care had fewer complications of delivery or pregnancy and the effects of inadequate care seemed to be more pronounced in the white mothers and babies than in the nonwhite group.

Income and Race

The study shows that in 38 percent of the cases "no income" was reported; 68 percent had incomes of less than \$5,000 and in only 19 percent of the cases was an income of over \$4,000 reported. In addition, almost two-thirds (64 percent) of the mothers were on medicare or welfare, with an additional 7 percent pending medicaid approval. The data also shows that over two-thirds of the mothers were nonwhite and 95 percent of all blacks had an income of less than \$5,000, with only one black having an income in excess of \$6,000.

Age at Delivery and Marital Status

Twenty-two percent of the study group were between the ages of 15-19 years old (22 percent had received adequate care during their pregnancy); 39 percent of the mothers were single. The study further shows that even with "inadequate" care, the married mothers had a greater proportion of normal babies than did the single mothers (74 percent normal as against 58 percent). The single mothers represent approximately 70 percent of the entire out-of-wedlock deliveries for Nassau County.

Education

In the study group, almost half the mothers (47 percent) had completed high school and an additional 24 percent had completed second year high school. Educational level did not seem to be related to the percent of women with adequate care.

Transportation

There are many areas in the county, particularly those in the northern section, which, due to existing transportation services, make it difficult and costly to get to the clinics and hospital. Transportation to a prenatal clinic was largely by car (31 percent) or bus (28 percent) and 14 percent of the women had to spend \$1 for a bus or taxi to get to a prenatal clinic. In almost two-thirds of the cases, a car was used for transportation to the hospital for delivery. Meadowbrook or Nassau County Police ambulances were used in only 14 percent of the cases.

Present Problem

In addition to the statistics that are shown in the data of the study, there is the problem of fragmentation of services provided by the county in the area of infant and maternal care. While the county certainly has capable and competent personnel, equipment and technical know-how, what is adding to the problem is the separation of services provided by the county, not only administratively, but also geographically. Often the goals, objectives, and procedures of the various departments and agencies are different and there is no real coordination of effort in areas that are, and should be, of mutual concern. There is a loss of continuing care due to a lack of communication between the various departments and agencies which at times can be very detrimental to the welfare of mother and child.

The guidelines which developed out of this study have given rise to an operational example

Nassau County has a maternal care clinic in the county hospital at Meadowbrook. The basic problem at this clinic is a 40 percent "down" time or nonproductive working hours. This "down" time is a manifestation of block scheduling which is due, at least in part, to inadequate transportation facilities. This "down" time is costly and inefficient. A transportation system, with local cab companies, and a comprehensive system of health guides can provide us with two opportunities. First, to experiment with the forenamed systems, and second, to economically make use of the 40 percent "down" time in the Meadowbrook Clinic.

This total pilot program will have three phases which must be instituted and implemented simultaneously. The three phases are the "chit" payment system for taxi companies; comprehensive guides to initiate and follow up the appointments; and finally, a scheduling and appointment system. If anyone of the three phases is not put into the proper operation, the other two procedures will fail. The key words here are communication and cooperation of all concerns.

Several processes and procedures should begin at once:

The clinic should have facilities and personnel to make and record appointments. Part of these facilities should be a phone number used only by the comprehensive guides.

The comprehensive guides would have the operational knowledge and ability to make appointments, supply transportation and care or arrange for care of any family to remain at home. The comprehensive guide is in actuality a social worker, a PHN or visiting home nurse, homemaker, or health guide. In other words, anyone who enters the home of the prospective client. This system of guides would mean retraining, or at least, dispersement of information necessary to make the present emissaries operationally comprehensive. An all inclusive seminar, with an accompanying pocket text, would be most economic and timely. As far as increases due to the cost for the comprehensive guides, there would be none. The guides will come from those that are already on the payrolls as PHN's, visiting nurses, social workers, or health guides. There already has been a calculated rise for these positions. The importance of the comprehensive guides cannot be overestimated. They are needed to combat the ignorance and overcome the dislike of clinic visits. Often, the guide will be expected to assert himself and initiate and follow through on the clinical appointments.

Transportation will be arranged by the comprehensive guide. The guide will call the facility in Meadowbrook Hospital and arrange the schedule for the appointment. The guide will then call the taxi company for a cab at the appropriate time. On the first appointment, it is recommended that the initiating guide accompany the patient to the clinic and if necessary back home. The taxi will then be paid at the hospital with a "chit" (this chit will have a pecuniary value). The taxi company will be able to cash in the "chits" with the county whenever it wishes. (It is important to maintain good relations with the cooperating cab companies, so payment must be prompt.) The value of the "chit" should include a tip for the driver. For the drive back home, the patient should be placed in the taxi at the hospital and the taxi driver given the "chit." At no time should the client be given reimbursement for the taxi fees. "Chits" should only be cashed in by appropriate and authorized taxi company personnel, specifically not the individual drivers. The cost/benefits of a "chit" system:

Studies show from Westbury-New Cassel to Meadowbrook Hospital the cost per ride for one passenger is \$1.75, \$0.50 per each addition over 6 years of age and \$0.25 tip.

According to the health department, the Westbury-New Cassel area had 176 births in 1968. At Meadowbrook Hospital approximately 50-75 patients per year visit the clinic from this area. Last year, the clinic saw less than 43 percent of all maternity cases from the area. This does not mean that 57 percent went uncared for, but it may be assumed that a significant amount had inadequate prenatal care. The Meadowbrook facility could handle at least 36 more patients at its present status. This could increase our effective reach to 63 percent of maternity cases in Westbury-New Cassel. The transportation cost for 36 patients would be \$4 a visit. The average prenatal patient visits the clinic seven times (therefore \$4 times 7 visits equals \$28 per birth).

The success of this program could bring about the expansion of the Meadowbrook Clinic to handle more of the Westbury-New Cassel area

and part of the Hempstead area. The transportation "chit" system could be implemented around other clinics to expand their areas of clientele. The problem of "down" time at the various health Department clinics is similar to the said problems at Meadowbrook Hospital. The cost of a transportation system can efficiently fill the "down" time.

Recommendations

There are several recommendations which must be considered to improve the efficiency and effectiveness of existing prenatal and postpartum care programs offered by public health authorities here in the county. These would be:

(1) The elimination of the existing fragmentation of services provided by the county in the area of infant and maternal care. This may be accomplished through either an administrative consolidation of existing program departments or closer coordination between administrative program units.

(2) The establishment of comprehensive care centers particularly in the lower socioeconomic areas of the county. These comprehensive care centers would also serve as a terminal point for both social workers and health guide aides who would acquaint those in need of the care services available in each community.

(3) The elimination of block scheduling, and the establishment of individual appointments at the health clinics and at Meadowbrook Clinic should be implemented immediately. This would help establish the proper continuing patient-physician relationship which is so important. These changes, besides making the clinic area as pleasant as possible and reducing the waiting time of the patient, would be conducive to the patient's returning for the necessary continuing care throughout her pregnancy.

(4) The elimination of the burden of transportation costs currently being borne by the patients and the establishment of a "chit" system. This would help insure that those who should be attending clinics would be able to get there and receive the necessary prenatal and postpartum care and attention.

(5) The effective coordination of prenatal and postpartum care programs with the sex education programs being currently initiated in the county school districts as well as stronger coordination with the family planning services presently carried on by the county health department, Meadowbrook Hospital, and private agencies.

1969 RECOMMENDED PROGRAM BUDGET - ALL DEPARTMENTS

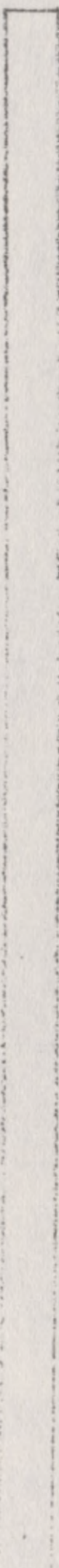
DEPARTMENT/AGENCY	PROTECTION SERVICES	HEALTH	EDUCATION	COMMUNITY DEVELOPMENT	TRANS-PORTATION	RECREATION & CULTURAL	SOCIAL SERVICES	LEGAL, FISCAL, MGMT C'T'L	SUPPORT SERVICES	NON-PROGRAM ITEMS	TOTAL	Line No.
1. Board of Assessors	\$	\$	\$	\$	\$	\$	\$	\$1,622,163	\$201,751	\$	\$ 1,823,914	1
2. Board of Elections								2,352,053			2,352,053	2
3. Board of Supervisors								218,925	237,148		456,073	3
4. Budget Office								103,293	54,717		158,010	4
5. Civil Defense	235,029								204,919		439,948	5
6. Civil Service Commission								422,515	103,378		525,893	6
7. Commerce & Industry Dept.									12,534		138,967	7
8. Commissioner of Accounts								61,490			61,490	8
9. Commissioner of Jurors	289,242								54,929		289,242	9
10. Consumer Affairs	371,128								170,861		426,057	10
11. County Attorney								962,180	182,775		1,133,061	11
12. County Clerk								1,065,019			1,247,794	12
13. County Comptroller								1,515,224			1,515,224	13
14. County Court	1,974,035			98,771				159,879	243,094		2,250,840	14
15. County Executive & O.M.D.									463,260		2,250,840	15
16. District Attorney	1,787,580								248,535		2,445,953	16
17. District Court	2,196,418								41,318		2,445,953	17
18. Drug Abuse & Addiction		875,270	637,375						812,921		2,445,953	18
19. Extension Services											637,375	19
20. Family Court	637,827										637,375	20
21. Fire Commission	390,551										390,551	21
22. Franchises Department		7,051,852		147,993	49,467		343,520	41,298	796,136		8,232,106	22
23. Health Department						207,563	96,140				234,133	23
24. Human Rights Commission				145,632							207,563	24
25. JFK Center											145,632	25
26. Labor Relations Dept./PERB											112,635	26
27. Law Library	112,635										112,635	27
28. Meadowbrook Hospital		21,028,467									27,030,606	28
29. Medical Examiner	158,050										179,199	29
30. Mental Health Board		923,568									1,126,273	30
31. Motor Vehicle Bureau				19,500	758,162						758,162	31
32. Office of Administ. Services											12,566,009	32
33. Office of Federal/State Aid		28,750		14,575				103,953			103,953	33
34. Office for the Aging				431,995							57,900	34
35. Planning Department											661,090	35
36. Police Hdqtrs. & District	35,674,433				63,198	16,508		45,007	104,382		50,763,839	36
37. Probation Department	3,791,362				3,531,228		1,686,253		9,571,925		4,526,042	37
38. Public Administrator	63,421						54,089		679,791		63,421	38
39. Public Works Dept.		9,241,297			10,142,029	7,931,773			8,660,856		35,975,955	39
40. Sheriff/Correction Dept.	2,517,998								2,590,508		5,108,506	40
41. Social Services		4,143,855					94,616,344		6,952,713		105,712,912	41
42. Sole Supervisory District											91,792	42
43. Supreme Court & Court Admin	1,046,674								1,524,673		2,561,347	43
44. Surrogate	704,518										704,618	44
45. Traffic Safety Board					43,125						43,125	45
46. Treasurer								1,104,708	365,300		1,470,008	46
47. Veterans Service Agency							101,148		18,033		119,181	47
48. Vocational Educat. & Ex.Bd.											687,661	48
49. Youth Board									71,948		1,845,821	49
50. Private Mental Clinics										4,700,000	4,700,000	50
51. Debt Service-Gen'l Fnd										29,946,271	29,946,271	51
52. Cty Executive-Reserved										8,500,000	8,500,000	52
53. Cty Executive-Cap.Impr										70,000	70,000	53
54. Nassau Community College			7,900,072						3,567,673		11,467,745	54
Total Program Bldgt Oper. Exp.	51,941,001	43,293,059	9,821,718	984,899	14,587,209	8,155,844	98,181,944	9,777,697	57,817,540	43,216,271	337,777,182 (60,292,598)	Adjustment
Total Program Budget Revenues	3,023,873	24,729,644	9,684,280	105,304	22,549,468	1,013,400	70,083,325	6,708,975	14,487,799	5,114,263	277,484,784 137,500,311 (34,959,737)	Adjustment

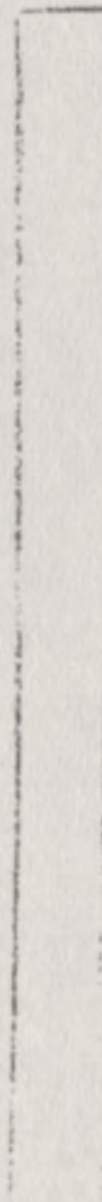
NASSAU COUNTY

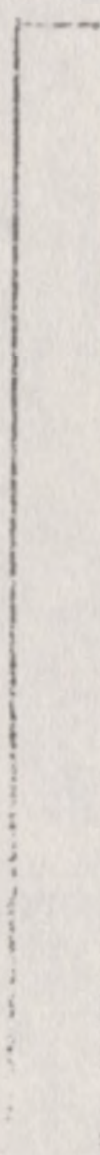
RECOMMENDED 1969 PROGRAM BUDGET
(GENERAL FUND ONLY)

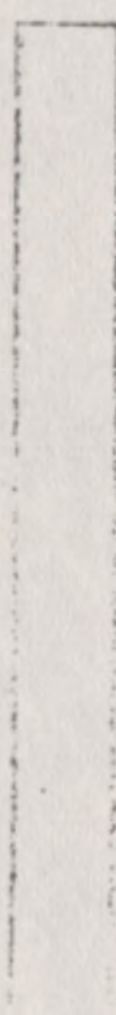
GROSS OPERATING EXPENDITURES \$277,484,784

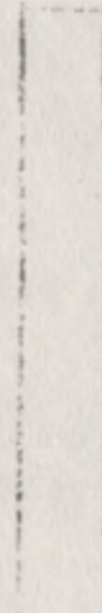
THOUSANDS

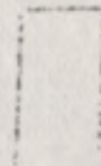

 \$97,682 SOCIAL SERVICES

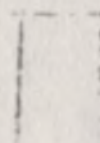

 46,896 SUPPORT SERVICES

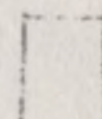

 43,216 NON PROGRAM ITEMS

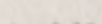

 37,971 HEALTH CONS. & PROMOTION


 24,134 PROTECTION SERVICES


 9,778 LEGAL, FISCAL & MANAGEMENT CONTROL


 8,156 RECREATION & CULTURAL SERVICES

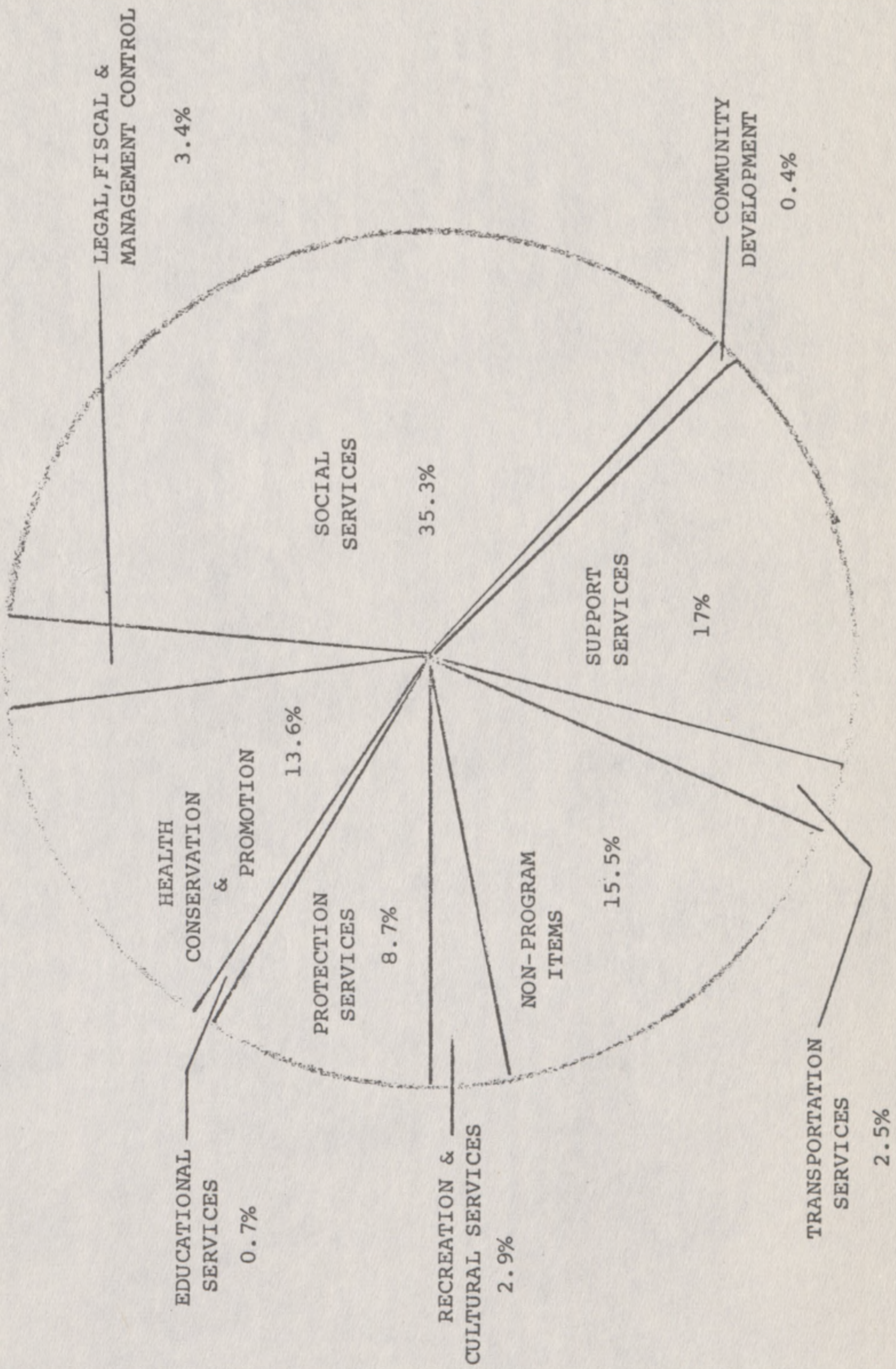

 6,746 TRANSPORTATION SERVICES

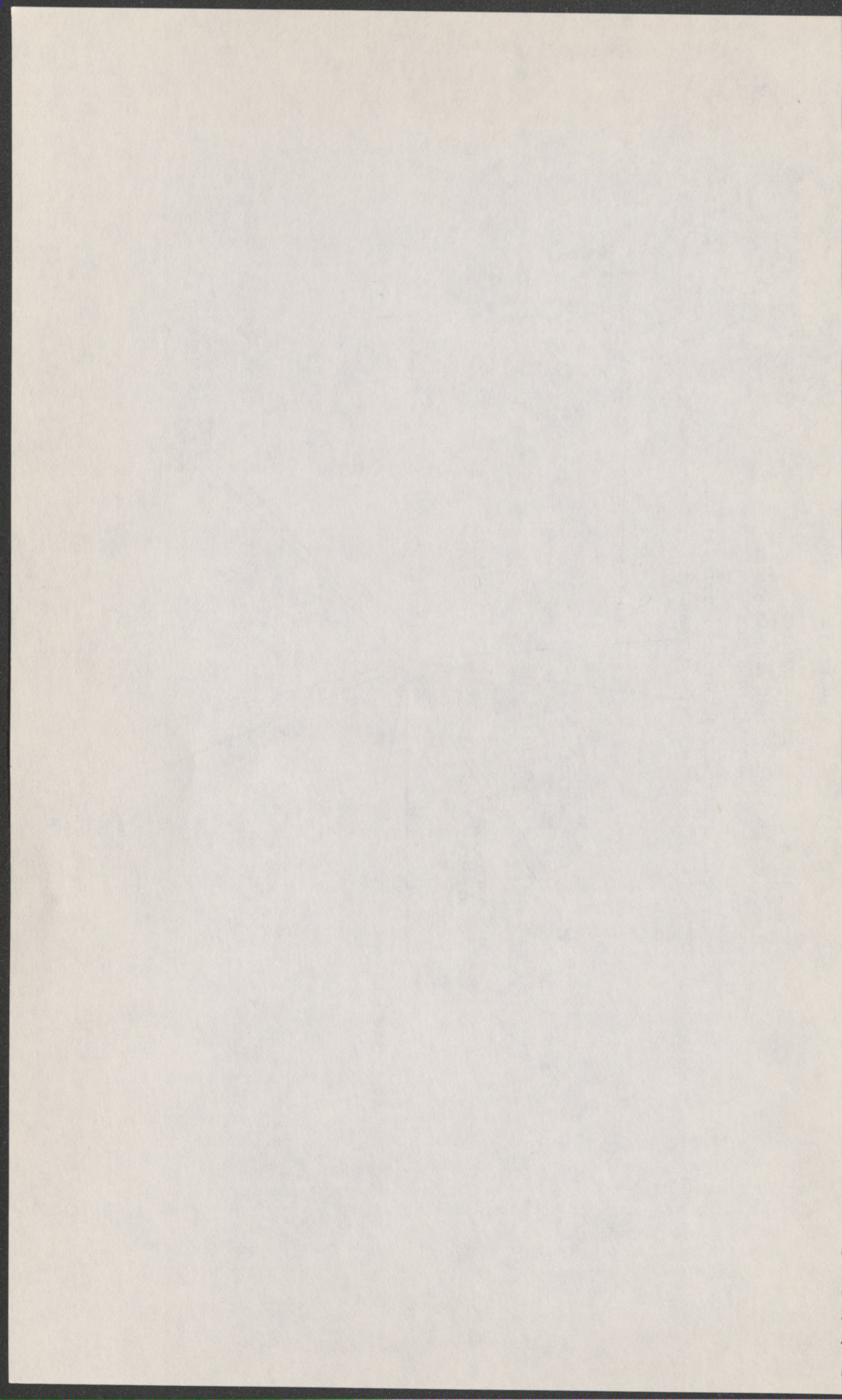

 1,922 EDUCATIONAL SERVICES

 985 COMMUNITY DEVELOPMENT

NASSAU COUNTY
RECOMMENDED 1969 PROGRAM BUDGET
(GENERAL FUND ONLY)

GROSS OPERATING EXPENDITURES = \$277,484,784





PPBS IN WAYNE COUNTY, MICHIGAN

LOUIS G. BASSO*

I. BACKGROUND

A. INTRODUCTION TO WAYNE COUNTY, MICHIGAN ¹

In 1860 the First Federal census counted only 74,727 residents in Wayne County. By 1920 that figure had reached 1.2 million. Since 1920 the population of Wayne County has increased 130 percent, reaching an estimated 2.7 million in 1967. The great economic development which occurred during the same 45 years is indicated by the growth of county equalized valuation from \$2.1 billion in 1920 to \$9.5 billion in 1967-68—a 350-percent increase.

Since 1920 much of the growth in population and economic development has taken place in the county outside of Detroit. In 1920 out-county residents were 16 percent of the total county; in 1967 they were about 40 percent. In 1920 outcounty equalized valuation was 21 percent of the total; in 1967 it was 49.5 percent.

This population growth and economic development has required the provision of more governmental services such as water, sewage disposal, and fire protection. One means of furnishing such services was by creating new cities. The following table shows the growth in the number of cities and the resulting decrease in townships during the period 1920 to 1967.

CITIES AND TOWNSHIPS IN WAYNE COUNTY, 1920-67

Year	Cities	Townships	Total
1920.....	2	21	23
1930.....	7	18	25
1940.....	10	18	28
1950.....	14	18	32
1960.....	24	14	38
1967.....	31	12	43

The change from a rural society to an urban industrial society placed complex demands on county government. Wayne County, as the most heavily populated, most industrialized county in Michigan, has experienced the impact of urbanization to a greater extent than any other county in Michigan. Not all service needs could be met through incorporation of new cities. Some needs were countywide in nature. Other needs were too costly to be met locally. The traditional role of county government as an administrative unit of the State, while still

*Director, Budget and Finance Division, Wayne County, Mich.

NOTE. I wish to acknowledge the contribution of Mr. Michael W. Meagher, Program Analyst, who prepared the draft of this report.

¹ Adapted from *The Michigan County Home Rule Act of 1966*, report and recommendations of the Citizens Committee of 99. February 1968.

adequate for many counties, lacked flexibility in responding to problems unique to Wayne County.

Through the years the State legislature recognized problems peculiar to Wayne County by granting specific legislative authorization for various new public services and functions. Each legislative act was a patch added to county government which has remained basically unchanged since the mid-19th century. The piecemeal legislative approach has been a cumbersome, time-consuming process. Sometimes the county inaugurated a new program, then belatedly secured legislative authorization. The county, for example, operated a general hospital for many years before securing legislative authority to do so.

Historically, counties have been considered "creatures of the State," that is, geographical and administrative subdivisions of the State with designated officials elected or appointed to administer State laws. The authority of present county government in Michigan is based on a proliferation of laws and statutes enacted over a period of approximately 150 years. Michigan counties have delegated powers only. Their structure and authority and the duties and powers of all their offices and agencies are prescribed in detail in the constitution and statutes of the State.

B. ORGANIZATION AND STRUCTURE OF WAYNE COUNTY GOVERNMENT

As a result of this historical development, the present organization and structure of Wayne County government consists of a loosely knit assembly of elective offices, appointive officials, boards and commissions, and State officers and agencies.

1. *Legislative Branch*

The board of supervisors is the legislative body of the county, and has such powers, both legislative and administrative, as have been conferred upon it by the constitution and the legislature of the State.

Many boards and commissions are appointed by the board of supervisors, but often operate in a semi-independent manner. The 1967 county manual states: "The degree of independence exercised by each board of commission varies. The road commission, for example, is almost completely independent due to the fact that operating funds are securing primarily from the allocation of State gas and weight taxes. Other boards and commissions are more closely regulated by the board of supervisors, primarily through budgetary controls."

There are approximately 30 boards, commissions, and authorities, plus individual officers appointed with the approval of the Governor.

Until January 1969, the board of supervisors had 136 members, 26 more than the Michigan House of Representatives. The large size of the board resulted from the formula for representation prescribed by State law. The law provided city representation of the following:

0 to 25,000	1.
25,000 to 40,000	2.
40,000 to 70,000	3.
Over 70,000	1 additional for each 30,000 or major fraction thereof.

As of January 1969, supervisors have been directly elected on a partisan basis from 26 single-member districts which are apportioned on the basis of population.

Major functions and duties of the board of supervisors include: the securing of funds for the operation of county government; review and adoption of the annual budget; consideration and approval of taxation matters, and equalization of property assessments; appointing persons to various Wayne County boards and commissions; establishing management policies for the operation, maintenance and control of county departments and property subject to the supervisors' control; adopting local ordinances and resolutions.

The board of supervisors has 13 standing committees. These committees and their scope are shown below.

Ways and Means (26 Members)

All ordinances and all budget and finance matters.

Personnel Activities Subcommittee (7 members).

All matters relating to:

1. Employees' compensation.
2. Employees' fringe benefits, pension, hospitalization, and group life insurance.
3. Conditions of employment.

Equalization, Taxation, and Apportionment (5 Members)

Prepare recommendations to the board for the annual county equalization of assessments as required by law; represent the county in hearings before the State board of equalization; act in a liaison capacity to the bureau of taxation; prepare recommendations on apportionments of taxes in accordance with law and review and submit recommendations regarding particular tax matters.

Legislative (14 Members)

To be composed of the chairman of each of the standing committees; since most county activities are regulated by the State constitution and statutes, all supervisors' committees will of necessity, from time to time, suggest changes in the statutes in order to improve services and/or reduce costs to the county; if all chairmen are of the same political party then at least one additional member from the minority party shall be added to the membership.

Public Works (9 Members)

(Water, sewer, disposal of solid wastes, drains, parks and recreation, roads and bridges, disposal of surplus county-owned property, planning and capital improvement.)

Health, Education and Welfare (15 Members)

A. Wayne County General Hospital—Liaison to the Wayne County Board of County Institutions.

B. Wayne County Training School (change title to Child Development Center to correspond with official name of institution)—Liaison to the Wayne County Child Development Center.

C. Health—Liaison to Wayne County Board of Health and to the cooperative extension service.

D. Social Welfare—Liaison to the Wayne County Board of Social Services.

E. Library—Liaison to the Wayne County Library Board.

F. Liaison to the Detroit Wayne County Community Mental Health Services Board.

Judiciary (5 Members)

Liaison to the various county courts.

Law Enforcement and Public Safety (7 Members)

A. Sheriff and Medical Examiner—Liaison to the sheriff and medical examiner.

B. Civil Defense—Review policy on civil defense matters; liaison to the county office of civil defense.

C. Liaison to the prosecuting attorney.

D. Liaison to the Coordinating Committee on Crime Control and Prevention.

Transportation (9 Members)

Liaison on airports, Detroit-Wayne County Port Commission, railroads and rapid transit.

Rules (5 Members)

Matters concerning rules and procedures of the board.

Supervisors Committee on Economic Opportunity (7 Members)

Provides liaison with State and Federal agencies in connection with applications for grants and other projects of the Wayne County Office of Economic Opportunity and its citizens committee.

General Government (7 Members)

Liaison for all county departments and functions not specifically assigned to other standing committees.

Human Relations (7 Members)

Liaison to all county departments in civil rights matters.

Juvenile Affairs (7 Members)

Liaison for activities relative to the juvenile division of probate court and all other county activities related to youth.

2. *Executive Branch*

There are nine elective administrative officers in the county government. Five of the nine are established by the State constitution. These are the county clerk, prosecuting attorney, sheriff, treasurer, and register of deeds. Four elective offices of Wayne County were established

by State statute rather than by constitutional provision. These are the drain commissioner and the three-member board of county auditors. All nine elective offices are filled through an at-large election on a partisan ballot. These nine offices might be said to constitute the "executive" of the county government, although a sizable number of boards, commissions, and authorities exercise semi-independent or independent authority.

A. THE WAYNE COUNTY BOARD OF AUDITORS

The board of auditors is composed of three members elected at large on a partisan basis for 6-year staggered terms of office.

The board of auditors provide centralized financial control services, and many other functions of a centralized executive, such as the estimation of revenues, preparation of the budget estimates for the board of supervisors, and administration of the budget as approved by the supervisors. The board of auditors does not have the power to veto legislation, or the authority to appoint department heads, but it can informally provide county departments with a degree of administrative supervision and direction.

B. BUDGET, FINANCE, AND COLLECTION INVESTIGATION DIVISION

This division is a principal staff arm of the board of auditors, and is composed of three units, budget, finance, and collection investigation. Overall responsibility for these three units rests with the budget director. The budget unit is responsible for the planning, direction, coordination, and control of county budget and related fiscal matters. It is divided into three sections, administrative analysis, accounting control and analysis and secretarial. The county's PPB efforts have been located in the administrative analysis section of this unit, directly responsible to the budget director. (See Chart I.)

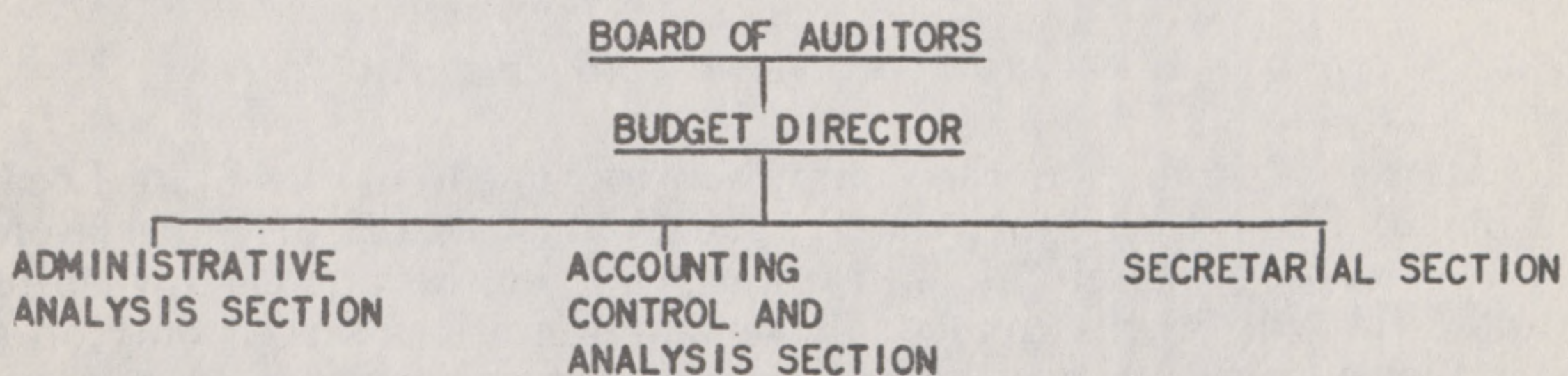


CHART I.—*Administrative organization of budget unit, division of budget finance and collection investigation*

C. PRESENT BUDGET FORMAT

Prof. Allen Schick has outlined three stages of budget reform, where the budget has been used as an instrument for control, management and planning purposes.² This analysis is quite relevant to the experience in Wayne County.

² Allen Schick, "The Road to PPB: The Stages of Budget Reform," *Public Administration Review*, December 1966.

1. *Control and Performance*

As in many other jurisdictions, the Wayne County budget follows the traditional line-item object-of-expenditure approach to the allocation of county moneys. The chief purpose of this arrangement was to control the use of these funds. However, the urbanization of the county greatly expanded the scope and cost of county services, and it became increasingly apparent that proper accounting for expenditures did not necessarily mean that the funds had been expended in the most efficient and economical manner.

The chief action in recognition of this need came in 1964, when steps were taken to recast the budget along functional lines. Instead of a simple listing of units, the departments operating on general fund moneys were arranged according to major service areas such as health and welfare, judicial and legal, and other functional areas of responsibility. In correspondence with this performance approach to budgeting, the departments were directed to begin submitting work performance or "workload" data along with their budget requests.

2. *Introduction to PPBS*

After several years experience with the performance budget, it became apparent that while of managerial value, the workload data was still not yielding the kind of information which would be useful to the board of auditors and to the board of supervisors in determining allocation priorities.

At this time, Wayne County was approached by Dr. Selma Mushkin with regard to participating in the State-Local Finance Project. The realization that the county needed a more systematic approach to the balancing of program priorities dovetailed neatly with the opportunity to explore PPBS, and the offer to participate was accepted.

II. PPBS IN WAYNE COUNTY

A. LOCATION, STAFFING AND TRAINING

1. *Location*

At the beginning of the county's involvement in the State-Local Finance Project (5-5-5), the Wayne County Board of Supervisors was composed entirely of representatives from the various townships and cities within the county. These representatives served only on a part-time basis. It was, therefore, deemed appropriate to place responsibility for the exploration of PPBS under the board of auditors, and with the auditors' chief fiscal agent, the budget unit of the Budget, Finance and Collection Investigation Division. Experience with this arrangement has proven the decision to be sound, for the operating departments of the county deal most directly with this unit.

2. *Staff*

As with urban government throughout the country, service responsibilities have always been a step ahead of financial capacity. It was because of this chronically poor financial condition that the decision was made to use the bulk of the 5-5-5 project grant for staffing the

PPBS effort. It was with these funds that a new position was created in the budget unit to serve full-time on the project.

Recruitment for this new position was inhibited for some time by inavailability of appropriate candidates whose salary requirements were not greatly in excess of the then current salary structure in the budget unit. However, with the aid of a nearby university, the position was ultimately filled by a recently graduated attorney who had also acquired a master's degree in public administration.

3. *Training*

At the beginning of the project, the budget unit staff, and the full-time PPBS analyst had only a very limited exposure to the concepts of PPBS. To correct this situation, the county initially contacted neighboring universities to determine the possibility of establishing PPB training programs. For several months Wayne State University officials and representatives from the State, city of Detroit, and Wayne County conferred at the university on this subject. It was finally determined that such PPBS training programs would not be available from Wayne State University.

Following these conferences, the "Budget Executive Institute" at Oakland University, Rochester, Mich., held a number of PPBS seminars over a period from February 19 through April 22, 1968. The objectives of the seminars were:

1. To provide participants with the knowledge of the structure and functioning of PPBS.
2. To introduce participants to the quantitative approaches to management planning and control.
3. To provide background from which participants could continue studies on PPBS.
4. To provide participants with an opportunity to think through application of the PPBS approach in working environment.

At these seminars experts were called in from government, universities, and from private industry to discuss their experiences with PPBS. The topics discussed included introduction to the subject by description, history, and comparison of PPBS; the presentation of PPB as a system for planning and decisionmaking; the formulation of program structures, the use of PPBS as a planning tool for economic analysis; the introduction of systems analysis and simulation techniques; a quantitative technique for evaluating alternatives; methods of determining cost data in PPBS; the development of information systems.

Four members of the county budget division attended the seminars. It was felt that the seminars would have been even more valuable if they had been preceded by a brief, elementary introductory session.

In June 1968 the University of Michigan offered a 10-day PPB training seminar. It included PPB introductory material; discussion of program structure; cost-benefit analysis and statistical techniques; and the general applicability of PPB to local government. Examples of PPB in operation were supplied from two Federal Departments, Labor and Defense. One budget division member and the chief lay

official at the county health department attended this seminar. The course was offered again in August 1968, and the full-time PPB analyst attended this session, as well as the assistant controller of the Wayne County Hospital.

B. QUESTIONS OF APPROACH

At the same time that training classes were being initiated, the question of approach was being debated within the board of auditors staff. The question was, basically, whether efforts should be aimed at a unit-wide or department-by-department implementation of PPBS.

The relevant literature and expert opinion appeared to indicate that the most desirable route was the unitwide approach. However, much of this same literature and opinion presumed the existence of a single executive having overall responsibility for the whole of the governmental unit. Because this was not the case in Wayne County, it was ultimately decided to approach the exploration of PPBS on a departmental basis.

This incremental approach was dictated not only by the peculiarities of the structure of Wayne County government, but also by the fact that but one position in the budget unit could be devoted to the task on a full-time basis. Under these circumstances, it was felt that a unitwide announcement would be merely pretentious, and leave the one PPBS analyst with little time to do more than act as a firefighter, allaying departmental fears of reorganization.

C. CHOOSING THE DEPARTMENT

Having made the decision to proceed on a departmental basis, the next step was to choose the department which could best serve as a "prototype". This was done by first drafting for "in-house" (budget unit) purposes an overall program structure, and then choosing from that structure a department whose functions were left basically intact.

With considerable aid of the 5-5-5 project staff, the general fund supported services had been reduced to six basic categories:

1. Protection of persons and property.
2. Protection of public health and welfare.
3. Education.
4. County planning and development.
5. Leisure time activities.
6. Supportive services.

Within this structure, the "health"² function utilizes over half the general fund budget (52 percent of \$142 million), and is comprised chiefly of the County General Hospital and the health department. For these reasons and because of the relatively small size of the health office,³ this function and this department were chosen for our initial effort in implementing the program budget format.

² While the country contributes about \$10 million to welfare expenditures, administration of the welfare program is basically a State responsibility.

³ Approximately \$3 million annual operating budget.

1. *Development of Departmental Program Structure*

The process of developing a program structure very shortly brings to light the dual nature of a governmental agency. It is a provider of services; it is also an employer of people. Frequently accompanying the latter role is a rationale, justified in varying degrees, which identifies some mission as being unique to that unit or subunit. In very practical terms this may mean that the unit or subunit views itself as a program, rather than as a means of servicing (supplying inputs) some defined goal. If, in the eyes of the employee, the agency and mission are "co-terminous," objective development of a program structure can be an unsettling experience. This may be particularly true of employees in fields which are characterized by a high degree of professional skill and dedication.

A. *Approach.* In the context outlined above, the need for a democratic approach was deemed to be apparent. For this reason, the development of the health department program structure was based on a series of meetings held by the health officer and his chief lay official with the heads of the divisions within the health department.

The analyst from the budget unit also attended these meetings and conducted PPBS orientation sessions. The materials used in these presentations were sample drafts of program structures for the health function based on the format outlined in PPB Note #10 of the series published by the State-local finance project staff.

B. *Structure.* In August 1968, the first draft of the health department program structure was completed. The structure outlined in the draft directly reflected the administrative organization of the health department.

While an excellent beginning, a review of this first attempt at designing a program structure indicated that the various divisions had difficulty in distinguishing between "inputs" and "outputs". Further, it was found that the term "output measures" had not been clearly understood, with the result that each division turned in what amounted to detailed statements of their unit's future aspirations (for example, increased staff, facilities, and so forth).

In January 1969, a second and revised draft of the health departments' program structure was completed.⁴ This is an interim document, and its five major categories represent a compromise between agency subunit recognition and health objectives. Within these five, however, a more successful effort has been made to construct a goal-related format.

The five major categories and their related subcategories are shown below:

Outline of Program Structure, Health Department, Wayne County, Mich.

I. *Administration*

A. Management services.

B. Education and information.

⁴ See attachment 1 of the family health services category of this program structure.

II. *Environmental Health Programs*

- A. Food programs.
- B. Water programs.
- C. Air programs.
- D. Shelter programs.
- E. Land programs.
- F. Waste programs.

III. *Family Health Services*

- A. Generalized public health nursing program.
- B. Maternal health programs.
- C. Child health programs.
- D. Epidemiology and disease control program.
- E. School health program.
- F. Health care facilities.

IV. *Dental Health Programs*

- A. Prevention.
- B. Treatment.

V. *Tuberculosis Control*

- A. Case management.
- B. Suspect management.
- C. Contact management.
- D. Case detection.
- E. Patient rehabilitation.

It should be noted, again, that this structure is not considered a final product. It is, however, an approach to the need to at least begin thinking in term of programs and their objectives, rather than organizational unit.

C. *Criteria for Evaluation.* Considerable progress in outlining possible evaluation criteria has been made between the first and second draft of the program structure. It should be noted, however, that a number of these are stated in terms of sources of information which are not currently "on tap;" others are in the form of suggested areas of exploration.⁵ A major problem to be faced in the near future will be the firming up these criteria.

D. *Data Needs.* In addition to the data needs which will be generated by the development of program evaluation measures, there is also a need for securing costs by program area. Toward this end, and concurrent with the second attempt at the drafting of the program structure, the employees of the health department have been submitting daily time sheets which report, by quarter hour, the time devoted to each program area. For the past several months the tabulation of this information has been done by hand on a trial basis in order to ascertain the feasibility of the forms and methods used in the reporting system. It is anticipated that within the next several months, this tabulation will be accomplished by the data processing center of the County's hospital which is located in the same building complex.

⁵ The criteria under tuberculosis have been developed as part of an analysis of the county's TB program and are considered to be virtually final.

Ultimately it is hoped that these efforts will result in a periodic report similar to the example given below for nursing inputs to the tuberculosis control program.

SAMPLE MONTHLY SUMMARY SHEET

Position number and hourly rate (including fringe)	Tuberculosis							
	Field		Clinic		School		Total	
	Hours	Amount	Hours	Amount	Hours	Amount	Hours	Amount
704 (Staff) \$6.00-----	40	\$240	60	\$360	40	\$240	140	\$840
705 (Staff) \$6.00-----	10	60	30	180	100	600	140	840
Total-----	50	300	90	540	140	840	280	1,680
101 (Supervisor) \$10.00-----							10	100
104 (Supervisor) \$10.00-----							20	200
Grand total-----	50	300	90	540	140	840	310	1,980

The health department employees have been markedly cooperative in accurately completing the daily reports so essential to the costing of the program areas. This success has been due principally to (1) the professional attitude of the employees, (2) the development of an open relationship between the budget unit and the health department lay administrator, and (3) continuing efforts on the part of both the health and budget administrators to keep the health department staff informed as to the development and ultimate purpose of the system.

Relative to the last point, the approach taken by the health and budget administrators was, first, a frank admission that the cumulative effect of the monthly reports could, indeed, prove injurious to the budget aims of a particular unit within the agency, or to the department as a whole. Secondly, no attempt was made to obscure the fact, that, over time, individual performance could be judged to be inadequate relative to a standard developed from the reports. It was emphasized, however, that the intent of the system was not to penalize the Department or individuals, but rather to permit the department to gain certain positive benefits. These benefits were outlined as follows:

Internal

1. Ability to determine if existing distribution of staff time is in accordance with public health program priorities.
2. Ability to more knowledgeably transfer staff time in relation to overall public health program priorities.
3. Ability to determine whether recommended transfer of time is actually being effected.
4. Ability to detail to staff supervisors and staff the need for altering or maintaining the distribution of personnel time on the basis of program priorities.

External

1. Ability to state more meaningfully the effective staff time available for program areas.

2. Ability to state in more concrete terms the service consequences of requested staff increases, decreases or maintenance of current staff levels.

D. MULTIYEAR FINANCIAL PLAN

In order to chart a course toward some distant shore, it is first necessary to know the point of departure.

It seems reasonable to apply this tenet of navigation to the subject at hand. A multiyear financial plan must await the development of a capacity to state in programmatic terms the current allocation of health department resources. It is expected that installation of the cost information system (see above) will provide the data base necessary for such a plan.

E. PROGRAM ANALYSIS

To date, analysis has been limited to the county's tuberculosis program.

State law provides that the county be responsible for the care of tubercular patients within its boundaries. As a practical matter, those patients without insurance, and those who cannot otherwise afford the cost of caring for their disease become charges of the county of Wayne. Such patients are cared for, in the main, at two city of Detroit-owned hospitals. City expenses are recovered from the county via a cost-based per diem rate.

For some years the state of medical knowledge dictated that definitive diagnosis and treatment of the tubercular patient be hospital based and controlled. In Wayne County this approach resulted in an average length of stay of some 9 months for the proven active patient, and an extended disruption of the patient's relationships with his family, friends and employer.

As a first step toward alleviation of these problems, the budget staff and the Wayne County director of respiratory disease control jointly developed an "issue paper" which defined the tuberculosis program and suggested three alternative approaches. These alternatives were, essentially, (1) maintain the present program, (2) establish an acute and chronic care hospitalization program, and (3) institute a chemotherapy, outpatient-oriented program. Preliminary investigation of these alternatives showed that family, social, and employment disruption could be minimized without medical danger to the patient or community under the third alternative. The next step taken was an attempt to cost out this approach.

Briefly, the costing of the proposed outpatient program revealed the distinct possibility that, despite a great reduction in inpatient load, the net cost to the county could increase by several million dollars. It was determined, however, that by reorienting the State subsidy formulas to include outpatient clinic visits, the net cost to the county could be maintained at present levels. The county is currently engaged in negotiations with the State relative to this question.

One of the major insights gained by the budget staff in this effort is that program analysis, like agency role definition, can be an unsettling experience for those responsible for the particular service area. For this reason, it is anticipated that, as a first step in approaching the next area to be analyzed (see below), a committee of those related

to the area will be formed for the purpose of reviewing the development of the analysis. Such a committee would bring interested parties together on a periodic basis, thus assuring that these same parties are aware of each step in the analysis of the program area. The tuberculosis program analysis showed that development and maintenance of such an awareness is a necessary prerequisite if changes in program are ever to occur.

F. FUTURE PLANS

The Wayne County General Hospital comprises approximately \$35 million of the \$142 million general fund budget. For this reason, and because of the advent of public health care programs, the appropriate role of the hospital in the provision of health services to county residents will be the next subject of analysis.

Wayne County is currently awaiting approval of a grant from the U.S. Department of Housing and Urban Development which will be used to finance this study, and tie in the development of the "mechanical" aspects of PPBS with what is currently being done in the health department.

It should be noted that, in anticipation of this study, several of the hospital administrators have attended PPBS training seminars with budget and health department personnel.

III. SUMMARY

To be frank, it is too early to state with any degree of certainty that PPBS will "work" in Wayne County on a unitwide basis, and the conditions which forestalled its immediate implementation on a county-wide basis will continue to hinder its implementation on an incremental basis. However, from initial experience in the health department, there have been indications that the county's programs can benefit greatly from the systematic study which PPBS entails. The issue-paper approach to analyzing the county's TB control program, for example, has yielded a completely altered view of the goals of the program. Further analysis has resulted, too, in a set of concrete criteria for the evaluation of that program's effectiveness. Wayne County is certain, therefore, that the efforts thus far have proven worthwhile, and hopeful that future exploration of PPBS will yield a similar result.

ATTACHMENT 1

BIENNIAL PROGRAM PLAN, 1969-70, WAYNE COUNTY HEALTH DEPARTMENT, FAMILY HEALTH SERVICE CATEGORY

FAMILY HEALTH SERVICES

Major Objective:

To promote, develop and maintain an adequate state of health with adequate reserve in the citizens of Wayne County.

Program Elements:

- A. Generalized public health nursing program.
- B. Maternal health programs.
- C. Child health programs.

- D. Epidemiology and disease control program.
- E. School health program.
- F. Health care facilities.

A. Generalized Public Health Nursing Program

Objective:

To promote, develop, and maintain an adequate state of health with adequate reserve in the citizens of Wayne County.

Activities:

The concept of public health nursing is fundamental to the whole structure and purpose of the Wayne County Health Department. Public health nurses work as a member of the health team to further community health. They utilize the philosophy, content and methods of both professional nursing and public health. They provide nursing services to individuals, and families at home, at school, at work, in hospitals, clinics, nursing homes and other settings.

B. Maternal Health Program

Objective:

The reduction (to some, as yet, undetermined level) of maternal morbidity and mortality; to reduce immaturity, infant mortality, and illegitimacy; to preserve viable family units.

Activities:

The focus of this program is based upon services rendered in the home visit setting (generalized nursing service to women relating to human fertility.) To provide more adequate services, certain activities have had to be developed on an organized basis, pulling together other members of the health team, to assist in realizing the plan for the family or individual. These activities are a part of the generalized public health nursing program but are identified separately for descriptive purposes and to allow for the development of cost-accounting procedures.

1. Antepartum and Postpartum Services

A. A limited referral program for antepartum and postpartum patients exists between Wayne County General Hospital, individual patients, physicians, and school referrals for home nursing service. An attempt is made to give service to the high-risk maternity patient.

B. Individual and group teaching at Wayne County General Hospital AP clinic, and postpartum units.

C. Evening expectant parent classes held throughout the year.

2. Family Planning Services

A. Providing interconceptional care services to women in need through the development of family planning clinics in areas of high risk as determined by vital statistics.

B. Family planning is an integral part of all home visiting by public health nursing staff.

C. Consultation is provided on request to schools and community groups via group discussion and use of other appropriate materials.

Projection:

1. Expand pre- and post-natal services through community health centers to increase the number of pregnant women under care.
2. Increase by 50 percent family planning clinic services.
3. Working with the school systems to develop programs for pregnant teenage girls.
4. Increase group work with expectant mothers and expectant parents.
5. Increase work relationship with school districts regarding family life programs.

Evaluation:

1. None developed at present other than activity reports, use of nursing record. Need to develop assessment tool.
2. Number of women under care, number of fertile months under control, vital statistics data, and so forth, natural and infant mortality, rate of prematurity.
3. Evaluation of effectiveness of family life program in school systems.

*C. Child Health Program**Objective:*

To reduce infant and child morbidity and mortality.

Activities:

The focus of this program is based upon services rendered in the home visit setting by public health nurses. To provide more adequate services, certain activities have had to be developed on an organized basis, pulling together other members of the health team, to assist in realizing the plan for the child. Some of these activities are part of the generalized public health nursing program, others are identified separately for descriptive purposes and to allow for the development of cost accounting procedures.

1. Well-child conferences for children 3 months to 5 years of age. The focus in these clinics is prevention by providing physical examinations, immunization and counseling—to teach the parent to increase his understanding of child growth and development, nutrition, and behavior. Referrals for specific problems are made to other agencies and institutions.

2. Prescad (comprehensive health care centers) :

- A. Provide services in two satellite clinic locations to children aged 1-19 years of age. Satellite clinics utilize diagnostic screening techniques, physical examinations, counseling, treatment, referral, and followup as indicated.

- B. A referral and hospital coordinator program facilitate continuity of pediatric services to children in out-Wayne County served jointly by the health department, Wayne County General Hospital, and school districts.

3. Mental Retardation :

- A. Ongoing referral program between Plymouth State Home and Training School and Wayne County Health Department Public Health Nursing Division coordinated by means of a full-time mental retardation nursing consultant.

B. Ongoing patient evaluation conferences which are jointly attended by staff of Wayne County Health Department and Plymouth State Home and Training School.

C. Special activities:

1. Nursing consultation to schools where special classrooms provide educational opportunities for the mentally handicapped.

2. Work with community group organizations whose major concern is the adequacy of service to this segment of the population.

Projection:

1. To explore and redefine the role of the well-child health conference in order to allocate resources so that they can be more effective.

2. To redefine the Prescad target area and reach the project objective of comprehensive care.

3. Increase screening services to preschool population (hearing and vision).

4. Provide more effective follow up of known handicapping conditions in child population.

5. Assist with development of additional services in the community to mentally retarded in group setting.

6. Develop a more effective birth reporting system.

7. Develop parent-child group sessions.

8. Define our role in group care facilities.

9. Develop services for the adolescent population.

Evaluation:

1. Selective use of vital statistics and morbidity reports.

2. Prescad evaluation procedures in accordance with children's bureau guidelines.

3. Development of an evaluation tool applied to nursing service.

4. Prevalence of mental retardation and numbers under adequate supervision.

D. Epidemiology and Disease Control

Objective:

To reduce the incidence of communicable disease in the community.

Activities:

The basis for these activities lies in the field work of the generalized public health nursing program through counseling, casefinding, and education. To make these activities effective, certain additional services must be provided on an organized basis in a form which is not necessarily family centered.

1. General Communicable Disease Control

Nurses and physicians work together in order to obtain information about specific cases of communicable disease in accordance with State rules and regulations. Surveillance of cases, contacts and carriers is carried out in accordance with same.

2. *TB Control*

See above under generalized public health nursing program and see below under TB program.

3. *Venereal Disease Control*

A. One Federal venereal disease investigator is assigned part time to Wayne County.

B. Weekly VD clinic service, laboratory reporting, contact investigation, case followup and consultation services are provided.

C. Education program with school districts.

4. *Immunization Clinic*

A. In addition to immunizations provided as part of more comprehensive child health programs, regular weekly clinics are held. All immunizing agents are provided.

B. Special immunization clinics are held at appropriate locations in the County.

Projection:

1. Development of telephone epidemiology for certain diseases to save nursing time.

2. Employment of one field investigator for VD and general communicable disease investigation.

3. Improve CD reporting from hospitals and private physicians.

4. Depending on funding, to develop one additional immunization clinic site in out-Wayne County.

Evaluation:

1. Communicable disease reports.

2. Immunization levels in community (sample survey).

3. Absenteeism reports.

E. *School Health Services*

Objective:

1. To promote, develop and maintain an adequate state of health of the schoolage population of Wayne County.

This is achieved by means of direct nursing contract services with certain school districts in the county. In all other noncontract school districts, nursing service is provided by means of limited generalized nursing consultation.

The nurse participates in the school health program by planning, coordinating, evaluating, and promoting health programs and resources in the school and the community which will have a positive affect on the health status of the schoolage population.

2. To provide a means of early detection of hearing and visual problems in the schoolage population.

Activities:

1. The public health nurse works with the school administrator and director of special services in overall planning of school health programs in the following activities:

- A. Plans for school visiting schedule of the nurse.
- B. Plans for meetings with teachers.
- C. General periodic review of the total school health program.
- D. Interprets special health programs within the school; that is, vision, fluoride, and so forth.
- E. Reviews policies regarding handling of health emergencies in the school, first aid practices and ordering of clinic supplies.

2. She furnishes direction and provides needed services in connection with the following school health programs:

A. Vision programs, including Snellen demonstrations to teachers or volunteer parents, rescreening, home followup as needed. Does followup on youngsters who fail the Michigan vision screening.

B. Hearing program (including audiometer, puretone testing and otology clinic). Assists in organization of otology clinics, gives supervision and makes home visits as needed.

C. Assists in the nutritional program of the schools, including hot lunch evaluations.

D. Provides leadership for the fluoride program, for example, interpretation to schools and community, organization of meetings, clinics, and evaluation and followup.

E. Preschool roundups. Works with school personnel and P.T.A. in a planned program for prekindergartners, including organization of roundups and as a participant.

F. Continues encouragement of early immunization and regular medical attention when visiting homes.

3. Communicable Disease Control Program:

A. Interprets the immunization law to school administrators and parents.

B. Interprets the law requiring all teachers to receive a yearly tuberculosis examination to school administration and parents.

C. Reviews policies regarding exclusion, recognition of illness, and so forth, with teachers, parents and children when indicated.

D. Does individual pupil inspection and interviewing upon request.

E. Takes active part in evaluation of immunization status of the community.

F. Tuberculosis control. Casefinding, continued supervision of diagnosed cases and contacts.

G. Evaluation of environmental conditions in school in conjunction with sanitarian and school administrator.

4. Handicapped Children:

A. Through home visiting to young families, encourages the correction of handicapping conditions before schoolage.

B. Makes home visits to children referred for homebound teaching and completes necessary medical forms.

C. Acts as liaison between schools and communities in relation to continued medical supervision, corrective care and adequate instruction.

5. Mental Health:

A. Contributes to the improvement of the mental health of the school child through work with families and referral to community groups.

B. Works with visiting teacher, psychologist and screening committees as indicated.

C. Enters actively in preventive mental health program and gives guidance to parents of young families.

6. Teacher and Nurse Relationship:

A. Works with individual teachers in promoting health education within the school through adequate and timely health instruction as a correlary to current health services such as vision and hearing programs.

B. Conferences with teachers regarding current health problems, home visits when indicated.

C. Demonstrations to teachers, such as first aid, taking temperatures, and so forth.

7. Community:

A. Provides leadership and participates actively in organization and functioning of school health councils, community health councils, health guilds upon requests.

B. Acts as a resource person and speaker in the school or community, upon request.

8. Healthful Physical Environment: Assists in fostering the above in the areas of proper sanitation facilities, lighting, use of color, plant maintenance and safety.

9. The public health nurse provides services to a school population by means of its generalized program of home visits and clinic services.

10. The hearing conservation program in school districts contracting for this service provides for preliminary hearing-screening in the following grade levels—Kindergarten, 2, 4, 6 via the use of trained audiometric technician staff.

11. The Michigan vision screening program operated in 38 school districts which contract for this service. It provides for the screening of children in the following grade levels: 1, 3, 5, 7, 9, and 11 by administering a battery of visual testing techniques administered by trained vision technicians.

The followup phase is partially accomplished by use of public health nursing field followup contact to families with children reported defects.

Projection:

1. To adequately staff the hearing and vision program.

2. To develop a language screening program.

3. To apply hearing, vision and language screening to the preschool population.

4. To develop a new followup mechanism for child health screening programs in order to assure followup without depending solely on the public health nurse.

5. To develop a profile of the present state of school health services and to plan with the school districts for the definition of responsibility for school health services.

6. To redefine grade levels to be tested in the hearing and vision program in schools in view of a preschool screening program.

Evaluation:

1. To provide a means of determining the health status of children at the completion of the school program.

2. The percentage of children who complete the hearing and vision screening program.

3. From the total schoolage population, 10-12 percent will need referral and followup for vision defects, 21½ percent will need referral and followup for hearing defects, and 15 percent will be in need of language referral and followup.

4. Review of completed followup phase in all screening programs.

F. Health Care Facilities

Objective:

To provide assurance that patients of nursing homes and homes for the aged are provided with an acceptable level of nursing care in a health environment.

Activities:

1. Regular, planned, unscheduled nursing visits to ascertain existing practices within the facilities.

2. Conduct annual evaluations of these facilities in order to make licensing recommendations to the Michigan Department of Public Health.

3. Offering nursing consultation to the facilities.

4. Liaison and referral activities so that facilities are aware of other helpful services and resources in the community.

5. Following through on complaints from the community.

6. Cooperate with engineers within the Division of Environmental Health in their assessment of the adequacy of the environment in which the staff of the nursing homes provide patient care. (See Environmental Health Shelter Program.)

A. By reviewing jointly with the engineers plans of proposed facilities, additions, or alterations of existing facilities.

B. by offering nursing's interpretation (to owners, builders and architects) of patient needs; and of the types of buildings and patient units which best meet these needs.

7. Insure that nursing homes and homes for the aged control communicable diseases.

A. By surveillance and observations of patients, nursing procedures and problems reported.

B. By requiring confirmation of freedom from communicable disease of patients and staff in accordance with existing regulations and recommended practice.

C. Through liaison activity, provide medical, nursing and environmental consultation.

8. Conduct seminars for operating personnel.

9. Ascertain and follow up on adequacy of meals so that patients receive food that meets nutritionally accepted standards of quantity and quality.

Projection:

1. The rules and regulations currently being promulgated by the Michigan Department of Public Health will bring to light new aspects of the program difficult to evaluate at this time.

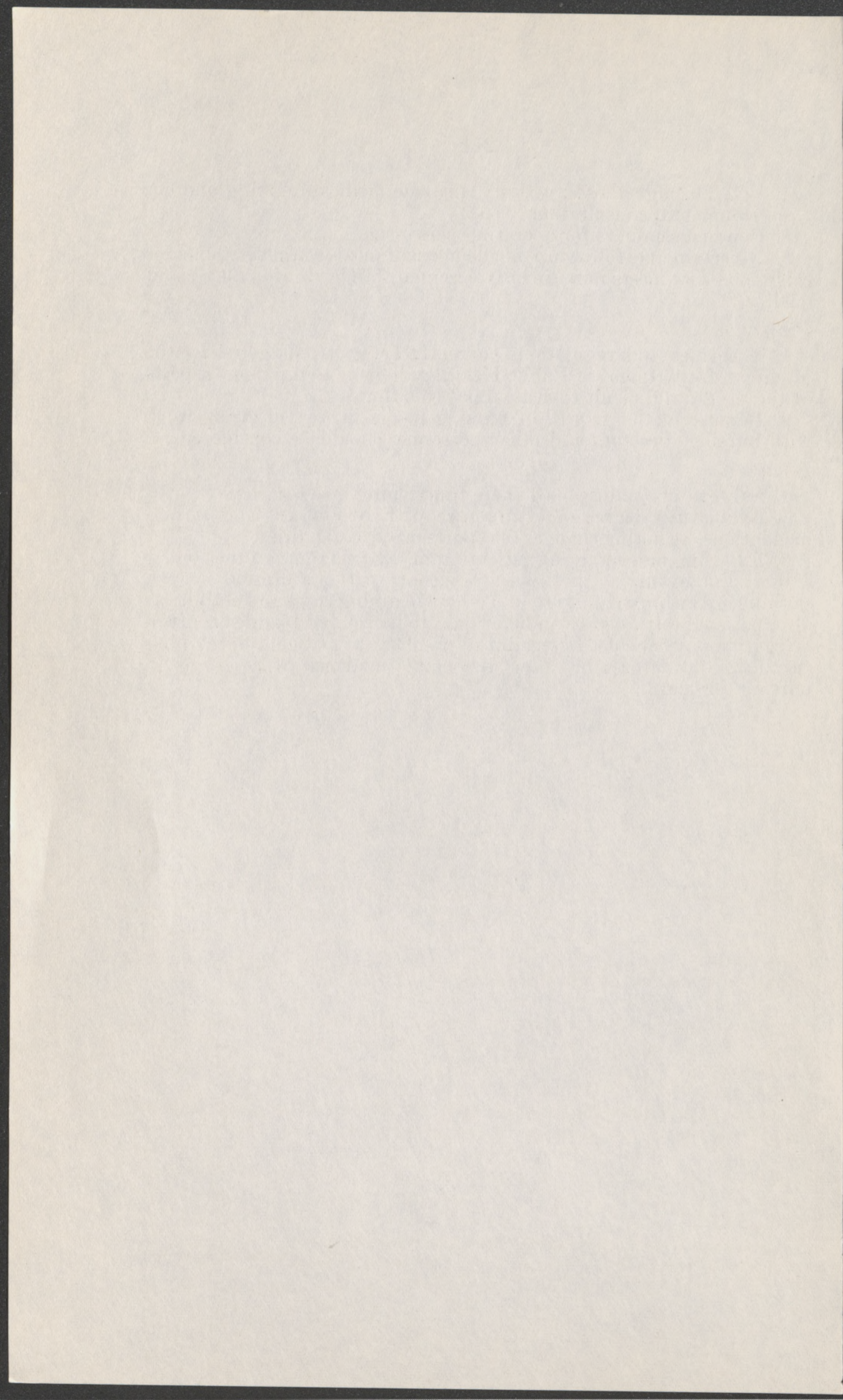
2. Because of the growth of nursing homes, increased group work with nursing directors and other personnel should be considered.

Evaluation:

1. Surveys of facilities—of their functioning and records.

2. Evaluating degree of compliance with regulations and recommendations, by noting changes in reports made on facilities.

3. Assessing percentage of patients at or near maximum functioning ability. For example, (positive assessment) patients dressed in own clothing, given opportunity to join others in dining room and activities; also, patients retrained to ambulations; to bowel and bladder control. (Negative assessment) Determining numbers of patients developing decubiti, contractures or other discernible evidence of problems in nursing service.



DEVELOPING A PLANNING-PROGRAMING-BUDGETING SYSTEM IN THE CITY OF DAYTON, OHIO

NICHOLAS M. MEISZER*

INTRODUCTION AND BACKGROUND

A Planning-Programing-Budgeting System consists of four components, or functions to be performed; each a separate, distinguishable entity which, when totally integrated with the others will form the complete system.

The first of these components is the program structure. The structure will be a written series of policy statements which will provide the guidelines for subsequent years' budget preparation. The structure we are developing consists of four levels which we have labeled: Service Area, Category, Program and Activity (e.g. Personal Safety, Law Enforcement, Crime Prevention and Visible Street Patrols) and is patterned after The George Washington University State-Local Finances Project's suggested outline.¹ A specific objective is stated for each of the first two levels, and a definitive description of each program also is shown. Programs are defined further by listing the activities, either ongoing or contemplated, necessary to complete the program successfully; and, in turn, to fulfill the stated objectives of the service area and category levels. For each program, a listing of the agencies contributing to its completion in the form of a resource commitment to an activity is provided. These agencies are divided into primary and secondary classifications to indicate responsibility for the program and contain only agencies of the city of Dayton. A complete assessment of the total community interaction with the city's programs would require an inventory of other agencies outside the city's jurisdiction. Finally, evaluation criteria are presented for each program to indicate the kinds of information needed in determining whether or not the objectives of the first two levels are being met.

Thus, in one document, we have stated the city's policy, assigned the responsibility for its implementation and indicated the character and scope of the management information system required to monitor it.

The second component of the system is program analysis which is of two types: The issue paper analysis and the in-depth analysis.

Issue paper analyses are prepared by departmental or divisional staff members at any management or supervisory level about any issue involving a resource allocation question of short-term budgetary significance. This would normally require a decision within the next fiscal year. These analyses are primarily a summarized set of answers to the

*Assistant to the City Manager, City of Dayton, Ohio.

¹ Planning-Programing-Budgeting for City, State, County Objectives, PPB Note 3, January 1967, pp. 12-19. George Washington University.

following questions: What is the problem? What is its present and future implication? What are its causes? Who is affected? What solutions are possible? What information is needed to evaluate results?

This kind of analysis tends to evolve from the day-to-day administrative problems faced by line managers. Examples would include cost reductions, personnel allocations or organizational structuring. This approach is a fundamental difference in the value of PPBS to our municipality as opposed to the value obtained by various Federal agencies.

The in-depth analyses, on the other hand, usually are prepared by consultants, assisted by internal staff of the management services section, on major program or policy resource allocation questions of long-term budget significance. A decision may be required within the next fiscal year, but the budgetary implications continue beyond that year. These analyses, as the name implies, offer the decisionmaker a more finite appraisal of the decision situation than do the issue paper analyses. Since they involve much data gathering and data analysis in addition to rather lengthy written documentation, expediency in major problem solving is obtained by selectively contracting for these analyses when time or expertise is not available internally. However, as experience is gained by the city's staff, the dependence on consultants will be significantly reduced.

The third component is the program budget and multiyear financial plan which embodies, for us, a 5-year projection of revenues and expenditures, both operating and capital. From the program structure, which sets the policies governing budget preparation, we obtain 5-year budget requests from the various agencies for each activity (fourth level) in which they participate. These requests are submitted in the traditional object-class detail and are cross-referenced to the program structure by activity, program, category, and service area as well as by organization; and in this way, the difficulties inherent in the development of a crosswalk between the program classifications and the object classifications are virtually eliminated.

Thus, for budgetary purposes, our initial emphasis is on the activities contained in the programs, and not on the programs themselves. The rationale behind this approach is simply that the programs (which we define as a homogeneous grouping of activities to achieve a common goal) virtually have been predetermined via the planning process which established the program structure and preceded the budgetary process. For municipalities, the budgetary process, in an overly simplified sense, is a matter of fitting proposed expenditures into relatively limited revenue parameters. The planning process is constrained by these financial limits. However, our assumption at the outset of the budgetary process is that all predetermined programs can be funded to a major extent, and that the alternative choices are among activities, not programs.

Our final system component is program evaluation which provides us with the "feedback" information on the scope and direction of program decisions. Again referring to the program structure, we have established agency responsibility for each program and have developed specific evaluation criteria to indicate progress toward the

objectives. Using these two bases, then, we will be able to block out the framework of a total management information system which we will build and refine over a period of several years. In essence, we will be forming our own data bank, which, with careful planning, can be keyed into other agency data banks in the area to reduce duplication.

The success of our program evaluation efforts, in a large part, will be dependent upon our two traditional volume information handling functions—accounting and data processing. When accounting and data processing are integrated into the total PPB system, the nucleus of our evaluation component will have been formed. The completeness of our future program evaluative capability then will be primarily a function of data availability and utilization.

STAGE OF DEVELOPMENT

Dayton has been involved officially in PPBS activities for less than 2 years and the Planning-Programing-Budgeting System is still in the developmental state. An assessment of our development can best be shown by a “completed”, “in-process” and “planned” discussion of each of our four previously mentioned system components.

PROGRAM STRUCTURE

Completed.—Draft program structures, as we outlined above, have been completed for all city agencies. These structures were prepared by the agencies themselves using guidelines provided by the PPBS central staff.

From the agency program structures, we have developed a comprehensive citywide program structure which was completed during June 1969.

Planned.—When our total structure is completed, it will become the official policy guide for preparation of the first multiyear budget for the period 1970–74 inclusive. Thereafter, the program structure will be reviewed by the city’s legislative body at least every 2 years. This will ensure the relevancy of city objectives and policies as they affect the budgetary process.

PROGRAM ANALYSIS

Completed.—We have prepared eight issue paper analyses which were completed primarily as training exercises for various PPBS representatives from the several departments and agencies of the city. One of these analyses has had an important effect on a budgetary decision, and two others have a high probability of affecting such a decision within the next few years. One of these issue paper analyses (subemployment conditions in the model city area) was used as the basis for our only completed in-depth analysis. This in-depth analysis included a cost-effectiveness study and was directed toward a comparative analysis of the various employment service agencies operating in the model cities area before and after the emergence of the federally sponsored concentrated employment program and National Alliance of Businessmen efforts to aid the subemployed. In this analysis, we

related the kinds of employment services offered to residents of the area, the capacities of these services and their respective costs to the employment needs of the residents. This relationship was presented considering the future, when the initial enthusiasm begins to diminish for either CEP or NAB and when there will be a need to maintain the momentum of these or similar programs.

In Process.—Dayton currently has a contract with the U.S. Department of Housing and Urban Development to develop our analytic capabilities by undertaking three major in-depth analyses this year, and to continue the development of our internal capability to make such studies. The subemployment analysis mentioned above will be submitted as one of the three.

Planned.—The analyses to be completed in fulfillment of the HUD contract will be the only major analytic efforts attempted during the remaining months of 1969. However, in subsequent years, we will continue to develop and expand our analytic capabilities principally in the area of issue paper analysis of crucial problem areas where a short-term resource allocation question is to be answered. These analyses should sharpen our ability to be more responsive to administrative management needs at the operating levels.

PROGRAM BUDGET

Completed.—During the summer of 1968, we experimented with a random selection of budget requests submitted by the agencies for inclusion in their proposed 1969 financial requirements to see if program budgets could be developed with only minimal exposure to the PPBS concept. The results obtained fell in a wide range of usefulness in the sense of furnishing factual information on which to base a budget decision, but a sufficient number of favorable returns did indicate that program budgets could be produced to yield an improved resource allocation capability.

In Process.—We have begun the task of collecting historical expenditure, revenue and personnel data for recasting into program format when the citywide program structure is completed. This will give us a rough benchmark against which we can measure the dollar magnitude of future program budget requests. Also, we are preparing a new budget manual with complete instructions and forms for submitting budget requests in program terms. These new budget procedures will be used in the preparation of our 1970-74 budget document and financial plan.

Planned.—Since this will be our first attempt at a complete program budget presentation, there will be inconsistencies in the data received from various agencies. Our future emphasis on this system component will be to refine the budget information obtained by assisting each agency in developing its own internal information subsystem. The rationale in this approach is that program budgeting and program evaluation in reality cannot be separated, and the ultimate success of one depends on the success of the other. That is to say that good budgeting promotes good evaluation and that promotes better budgeting and so on.

PROGRAM EVALUATION

Completed.—Dayton has made a considerable effort to establish measures of effectiveness toward meeting program objectives in the area of manpower programs, specifically in the area of model cities. There, however, has not been enough data gathered to produce a meaningful indication of progress, or lack of it, at this time.

In Process.—Evaluation criteria for our programs are being developed as part of the comprehensive program structure. As we have mentioned, these criteria will give good indication of the kinds of information we must obtain in order to assess our relative position in fulfilling our stated objectives. Criteria are being prepared without regard to data that is currently available. This will mean that new information subsystems will have to be developed or old ones restructured to produce the required data.

Planned.—As the available data expands and we are able to do a better job of evaluating decisions, which in turn will allow us to perform more accurate analyses, thus producing better budgets; we will be in a position to redirect the emphasis of our programs as needed. This will be our ultimate goal in providing feedback information on our existing programs and to recommend possible alternatives in the application of resources to accomplish those redirected program efforts.

PLANS FOR FURTHER IMPLEMENTATION

The nature of our recent funding arrangement with The George Washington University limited us principally to the establishment of short-range goals. Now, having had considerable exposure to PPBS, and having formed a more permanent full-time staff, we are able to direct our PPBS planning to intermediate-range goals, over the next 5 years.

By the end of 1969, we will have completed the framework of two of our four system components: The program structure and the program budget. The present contract with the U.S. Department of Housing and Urban Development will give us a start toward developing competence in the program analysis component, which we expect will take from 3 to 5 years to develop completely.

During the early part of 1970, we will shift our primary working emphasis to the development of the Program Evaluation component. This, as we have indicated, will be a rather long-term effort, but over the next 5 years, we should have sufficient data to be able to complement quite well our analytical capabilities.

Over the next several years, we will be constantly refining all four of our individual system components to produce the best composite machinery for improving our decisionmaking ability.

SIGNIFICANCE OF PPBS IN THE BUDGETARY PROCESS

In Dayton, the significance of a PPB system can best be shown by contrasting it with the existing budgetary process. Probably of most importance, the PPB system adds the element of depth to the plan-

ning process. The present budget, for example, is prepared for 1 year with little regard to the effect it will have on future years. Our past emphasis has been on answering the question, "What do we need next year?"

Another significant characteristic of a PPB system is that it adds the element of direction to the decisionmaking process. Traditional financial systems can furnish the "distance traveled" or "money spent" information by determining the rate of expenditure as of a particular point in time. This information, while useful, does not begin to provide the answers to the real questions that need to be answered, "Is the expenditure too much or too little in order to accomplish the goals of the project or program? What are we getting in return for the expenditure? What are the effects on the program objectives in terms of other than economic factors?"

There is also the element of challenge to the status quo. Plans and programs, and their initial decisions, are reviewed continuously to see that goals are being met within stated resource allocations and that the yield of benefits is the highest obtainable with those same resources.

A planning-programing-budgeting system will add further the element of coordination among many agencies and departments. Intra-agency contributions to the same objectives will be highlighted and a more efficient application of resources then can be made. Certainly not the least important for Dayton will be our improved ability to view federal and state resources in proper perspective as either complementary or supplementary to the locally generated financial resources.

Since all pertinent costs of a pending decision must be considered under PPBS, the traditional concept of keeping separate the planning of capital and operating requirements will be abolished. In this regard, the volume of factual information about a decision situation presented to a decisionmaker will increase significantly over that which is now available. Our goal through PPB will be to establish decision-making at the most appropriate level on the management pyramid where action can be taken in the most effective and economical manner.

