

Program Budgeting and PPBS in the Federal Government

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•THIS paper discusses the planning-programming-budgeting system (PPBS) at the federal level from a government-wide point of view. In so doing, it (a) briefly traces the history of PPB, first in the Department of Defense and then in the civilian agencies; (b) comments on some of the difficulties of applying the Defense model of PPB to the civilian agencies; (c) describes the current status of PPB, including both its problems and its accomplishments; and (d) speculates about the future of PPB.

HISTORY OF PPB

PPB was formally introduced in the Department of Defense in 1961. Previously, Defense had carried on independent planning and budgeting processes, and thus its plans tended to be unrealistic and to overemphasize short-run costs.

President Johnson clearly had the Defense model of PPB in mind when, on August 25, 1965, he directed the civilian agencies to adopt the innovation. In his Cabinet statement on that date, the President indicated that PPB would permit the civilian agencies (a) to identify national goals, (b) to choose the most urgent of those goals, (c) to search for alternative means of reaching those goals most effectively at the least cost, (d) to take account of future-year consequences of decisions, and (e) to measure program performance.

There were several important differences between the Defense Department and the civilian agencies which led to difficulties in applying the Defense model of PPB on the northern bank of the Potomac River.

First, there had been a tradition of long-range planning in the military before 1961, unlike the situation in many of the civilian agencies in 1965.

Second, there had been a history of analysis of defense issues at places like the Rand Corporation prior to 1961. Similar analyses of civilian issues were rare in 1965.

Third, in 1961 the Defense Department had a research base and literature from which to draw. Notable in this literature is "The Economics of Defense in the Nuclear Age," by Charles J. Hitch and Roland N. McKean. Such a literature is just now beginning to develop on the civilian side.

Fourth, prior activities had, as a by-product, resulted in the training of a large number of people in the application of modern analytical techniques to the resolution of current issues.

Fifth, Defense enjoyed greater data availability in 1961 than most of the civilian agencies in 1965.

Sixth, the Defense Department in general has a single objective, whereas most of the civilian agencies have multiple objectives.

Seventh, there are no autonomous actors in its field other than the Department of Defense. In the case of many civilian agencies, state and local governments and the private sector strongly influence the activities of federal agencies.

Finally, many of Defense's problems are hardware-oriented. Therefore, actions and reactions are much more predictable than are those of the socially-oriented civilian agencies.

CURRENT STATUS OF PPB

In general, most of the civilian agencies have made progress toward all five goals identified by President Johnson. However, the federal government has not yet reached the end of the road on any one of them. A number of problems have emerged.

First, there are inherent limitations in systematic planning and analysis; they seldom give unambiguous answers.

Second, the data base in many civilian agencies is inadequate for PPB.

Third, in the effort to apply PPB in a comprehensive manner, it has not yet been possible to tailor its development to specific programs and agencies.

Fourth, there has been inadequate communication between analysts and decision-makers in many of the civilian agencies. As a result of different backgrounds, jargons, and views of the world, analysts and decision-makers have frequently been unable to develop supportive relationships. Thus, decision-makers have been unable to make full use of analytic talent and, correspondingly, analysts have frequently failed to have useful analyses available when decisions had to be made.

Fifth, legislation has frequently been excluded from the process of systematic planning and analysis.

Sixth, there has been a general scarcity of analytic talent, owing in part to the attempt to be comprehensive.

Seventh, because the period since 1965 has evidenced substantial budgetary restraint on the civilian side, administrative and political feasibility have greatly influenced resource allocation decisions.

Eighth, a number of agency heads have failed to support PPB, have failed to involve themselves in it, and/or have failed to obtain an analytic capability of sufficient quantity and quality.

Despite the foregoing problems, PPB has already produced a number of benefits.

First, as a result of PPB, more issues have been identified sooner, have been specified more clearly, and have been considered more carefully than otherwise would have been the case.

Second, PPB has begun to produce better and more complete program information for the President, the Budget Bureau, the department head, the bureau chief, and other levels of management.

Third, PPB has resulted in more and better analysis of issues.

Fourth, PPB has led to greater consideration of long-term consequences, both benefits and costs.

Fifth, PPB has resulted in the development of more analytic people.

Sixth, PPB has laid the groundwork for more progress in the near future toward systematic planning and analysis for decision-making.

Finally, and most important, PPB has led to some better and/or more confident decisions. Examples of such decisions are the HEW child and maternal health programs, the affirmative action program of the Equal Employment Opportunity Commission, and the Interior oil shale program.

FUTURE OF PPB

PPB is now about 3½ years old. I suspect that it will evolve in the following ways during the next few years.

First, there will be an increase in the demand for and supply of analysis as studies become more responsive to the problems facing top management and as they display results so they are useful to top management.

Second, now that virtually all agencies have acquired some competence in PPB, there will be more tailoring of planning and analysis to particular programs and agencies. In the transportation field, I believe that such tailoring will include intermodal comparisons, better comparisons of alternative transportation systems, better data on multi-modal trips, better forecasts of demand at alternative levels of service, better cost data, better data on the relationships among federal, state, and local funds and in particular on the extent to which federal grants stimulate or substitute for state and local funds, and better information on benefits, such as the impact of transportation facilities

on regional economic development, on access to recreational and cultural attractions, and on social, political, and economic development of their environments.

Third, there will be more emphasis on the substance of PPB and less on the process.

Fourth, there will be reemphasis on the benefits of PPB to the agency as compared with those to the Budget Bureau and to the President. There will be wider appreciation of the fact that the benefits to the agency accrue to virtually all levels of management and not merely to the agency head.

Fifth, there will be more flexibility in issue identification.

Sixth, there will be greater integration between PPB and budgeting.

Seventh, there will develop aids to interagency comparisons. In particular, a government-wide program structure will be very useful in this regard.

Eighth, there will be more emphasis on long-range planning.

Ninth, there will be greater realization that PPB is not an all-or-nothing technique. Issues—many of which are susceptible to less sophisticated techniques—will be successfully resolved, thus demonstrating the usefulness of systematic analysis to those who still have doubts.

Finally, the Congress will be more and more involved in PPB. This will result in part from congressional interest in the method by which the executive branch arrives at its recommendations.

CONCLUSION

In conclusion, I would like to quote Professor Frederick Mosher of the University of Virginia, who recently told a congressional subcommittee that President Nixon may "abolish the expression PPBS from the federal vernacular... but it is unlikely that he would or could fail to support a more systematic approach to the problems of planning, programming, and budgeting in the national government..."