Program Budget and Financial Operating Systems
T. E. STEPHENSON, JR., Wisconsin Department of Transportation

The concepts of the program budget system (PBS) include goal formulation, program definition, selection of program objectives, long-range program planning, management of operation, cost and responsibility control, and appraisal of results. In a broad sense, PBS is closely associated with every phase of planning and ties the various subsystems together. Instrumental to an effective PBS is a systematic approach to decision-making. PBS is structured to provide the total picture of the resources required, available, and used, and to determine how well the resources available are planned and, after the fact, how they were used. It is also involved in conducting current operations and in the appraisal of those results. PBS determines the way in which scarce resources are allocated among competing needs and how effectively these resources are used.

The data requirements of PBS are merged with the fiscal accounting, personnel, and payroll needs to provide the basic source of financial and budget information for the entire department. Thus, the financial operating system becomes the integrated accounting system for management. In performing these business functions, the financial operating system provides the working unit with the two types of data needed: resources (men, money, and materials) and time (process and/or production values). These data are most effectively supplied from the integrated accounting system obtained through the use of electronic data processing.

THE PROGRAM BUDGET SYSTEM (PBS) and the financial operating system (FOS) were designed as integrated subsystems of the larger Integrated Operations System (IOS). PBS is a procedural component and FOS is a computer-based component of IOS. Together, these subsystems obtain and present information pertaining to department operations. PBS provides the methodology to analyze the production information required to evaluate the department's ability to financially implement the transportation program. FOS provides the accounting function that serves as the financial link between headquarters and the operating divisions.

PBS and FOS are concerned with department operations, a subject too comprehensive and too complex to describe briefly. The budgetary decision process is the least understood component of PBS. This report will emphasize this process and its relationship to planning, IOS, and FOS.

Let us closely examine the actual decision-making process and follow this decision-making process through PBS to its place in the IOS.

PROGRAM BUDGET SYSTEM

What Is Program Budgeting?

Program budgeting is a method, or structured procedure, formulated to assist management in making better decisions on the allocation of resources. The necessary decisions on resource allocations require that the emphasis be on planning and management rather than on fiscal control. The resulting budget document serves as a
communications device within the organization for linking strategic planning, management control, and operational control.

As defined, program budgeting is a systematic method of considering a multitude of facets, alternatives, and constraints to assist management in organizing ambiguous goals into actual resources. But, there is a large gap between the goals of society and the resources available to realize these goals. Program budgeting attempts to establish priorities to bridge this gap. Goal and resource activities are classified, organized, and analyzed into groups called programs. The given resources for each activity assess the programs, which in turn lead to priorities that establish practical objectives. This gives a statement of the currently attainable social goals.

This program development process is especially adaptable to a traditional transportation organization. Using this structure, we can easily relate several activities to traditional functions (such as improvement, maintenance, and enforcement) through a mode or operation (e.g., highway or regulation) to the end results of mobility, safety, beautification, and utility.

Inferred Applications of Program Budgeting

The main purpose of program budgeting is to relate specific resources to specific results. Better decision-making capabilities should result if this procedure is carried to all activities within such a program development process or structure. The effectiveness of the resource allocation decision is directly proportional to the level of direction provided to those doing the resource estimation. This direction must be provided by management in terms of strategic objectives, priorities, and assignment of responsibilities.

Program budgeting is a formalized approach to decision-making using a budgetary document as its principal tool for understanding production. Again, this is used to serve the organization in strategic planning, management control, and operational control.

This method demands a fundamental change in language as well as in the work classifying and organizing schemes of the department. All managers and users of this system must have a common language, dictated by policy, in order to effectively communicate. If this requirement is ignored, any attempt to implement program budgeting could be an exercise in clerical futility.

A SYSTEMATIC METHOD OF DECISION-MAKING

The procedures, products, and language of program budgeting must be emphasized throughout the department until they automatically become the traditional methods of planning, organizing, and communicating.

Let us closely examine the actual decision-making process. What exactly is this planning and budgeting method that uses a systematic approach to decision-making?

Classifying the Activities

In our case, the first step is to arrange the transportation activities that must be administered into logical groups for decision-making. There are two decision-making opportunities for each activity: (a) the operating objectives, or What do we want to accomplish? and (b) resource allocation, or What are we going to pay for them?

To facilitate matters, we have classified our activities into 122 kinds that we call projects. As an aid to the user, these projects have been grouped into 27 types within eight categories. This makes it easier to adjust the overall program to the established legislative directives. The user is provided with standard guidelines called project descriptions that help him classify and prepare his short- and long-range work. Figure 1 shows the structuring of activities into the projects, types, and categories.

Selecting the Types of Decisions

Any systematic approach to decision-making requires classification, so our next major step is to identify the types of decisions to be made. Our approach emphasizes
budgetary control, a key to efficient administration in any enterprise, especially a large, complex one. Therefore, we have defined three types that cover all possibilities (Fig. 2):

1. Annual objectives and value comparisons,
2. Annual level of effort and priorities, and
3. Continuing project budget approval.

Annual objectives and value comparisons are applied to similar activities grouped by organization. It is a commitment to do specific work. The resources must be compared and balanced with objectives or planned accomplishments so management can determine relative priorities. This requires a four-step process to obtain the implied budget: (a) administrative direction before estimating resources and accomplishments, (b) self-analysis to ensure that estimates comply with the administrative directions, (c) independent analysis for establishing the desired compliance and resultant effect,

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<th>Special Design</th>
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Figure 1. Structuring of activities into projects, types, and categories.
Figure 2. The three types of decision-making.
and (d) the decision for action. Typical activities for this type of decision-making are those of an administrative or support service nature.

Annual level of effort and priorities consist of grouping activities to satisfy management's need to make limiting decisions. It consists of an implied commitment for a category of work in priority order. This kind of decision requires a five-step process: (a) administrative direction by legislation or historical trends before estimating the resources and accomplishments, (b) list of planned accomplishments for priority activities before estimating the resources, (c) decision for action on the list of activities in priority order, (d) decisions for action on the quantity of the effort to be expended in a specified time period, and (e) specific activities to be started when conditions are met by the supervisor and when resources are available.

Thus, a continuing action is authorized with implied approval until the actual level of effort or listed accomplishments are reached. This type of decision is especially required where needs far exceed available resources. Therefore, priorities must be predetermined by management.

Typical of this activity is highway maintenance. Historical trends tell us that we must budget a certain level of effort (resources) for winter maintenance and highway damage claims. Roadside improvements, such as scenic overlooks and waysides, also fall into this category. In the area of support services, the electronic data processing systems and programming activities use this approach.

Continuing project budget approval is the result of a study or investigation. The decision required at the completion of this process must include approval of the objectives and resources for the entire operation, which covers a period of years. In other words, the decision that management makes requires the authorization of some immediate action, followed by implied authorization for future action to be financed by reserved resources. This process demands that management make day-to-day decisions of a refinement nature in order to activate the reserved resources.

Typical activities of this type are investigations normally done by management's own staff. The result is usually a report with recommendations for an action in terms of phases or stages for implementation. For example, management can say: "Phase 1 is approved; have it completed in 18 months." During phase 1, investigation recommendations are refined and proposed to management for authorizing action into phase 2 and possibly into phase 3. In this example, the first action (phase 1) requires two subsequent refinement decisions (phases 2 and 3) to accomplish the entire objective. This process is typical of that applied to highway investigation, design, land acquisition, and construction functions.

Applying the Types of Decisions

The continuing decisions are the most difficult because we make them today, and they may control our operations for the next 10 years. In fact, we are now operating under decisions of this type made 10 years ago. The key to simplifying this type is to realistically group the implied authorizations so that refinement decisions can be scheduled in advance. This way the reserved resources can be tapped on a scheduled basis without undue problems. Figure 3 shows the continuing decision-making process and how these decisions are summarized into an annual program.

Decision types 1 and 2 should be the easiest decision-making processes when approached systematically. Management can easily make these annual decisions if planned and scheduled well in advance. We should arrange as many of our operations as possible for these types of decisions. Figure 4 shows that nearly half of the programs for the Wisconsin Department of Transportation can be decided on annually.

Administrative emphasis must be on the continuing type of decision because of the large dollar value and time expended. This is Wisconsin's transportation improvement project program, which requires decisions each year on over 500 projects that are worth about $122 million. As explained, each project is the result of an investigation. Accordingly, the first priority must be managing the investigation process.

Investigations are created by the type 2 decision-making process, annual levels of effort and priorities. We establish priorities, then determine the required level of
effort so each organization may proceed with its work and investigation processes in a systematic manner. Therefore, management can schedule these decision opportunities far in advance. By knowing the relative priority assigned to each project, management can also predict the effects of each project on the overall program. The investigation team must also recommend the continuing action in terms of immediate action for design and reserved resources for right-of-way and construction. This leads to decision type 3, continuing project budget approval. We have arranged our activities into meaningful groups, defined the types of decisions that have to be made, and identified the type of decision needed for the groups of activities. What is the next step?

Defining the Budgetary Decision-Making Process

The third step in defining a systematic method of decision-making is to examine the overall procedure. There are four parts to this step: (a) obtain direction in terms of goals and objectives by the administrators, (b) estimate the resource requirements and accomplishments of the planned activities, (c) review the estimated resources and accomplishments for compliance and effect, and (d) obtain the authorization for action. In summary, we have defined a basic four-step process of direction, activity planning, review, and approval (Fig. 5).

Before any action can be taken, specific direction, review, and evaluation must be performed below the department level. The direction is usually provided within each control organization by the district engineer or bureau director. The program is again refined by the assigned project manager, who must establish the specific activity
Figure 4. Transportation program and decision-making types.
objectives and estimate the resource requirements. The process, then, is department direction refined at the district or bureau level and again refined by the actual manager responsible for the project.

Review and analysis are essential. We normally get self-analysis by the project manager and again for leveling and balancing within the districts or bureaus that determine if they have the necessary resources for the activities. We also have a review by the department for each of the designated activities. This review is for effect as well as compliance. Finally, a staff organization provides an independent analysis to ensure management that all responsibilities conform to the department’s original directions.

Defining Independent Analysis

What are the concepts for independent analysis? If we use the theoretical approach, there are three basic units: (a) production or budgetary analysis for operation control, which obtains and presents information pertaining to the department’s internal performance and production capabilities; (b) technical or management analysis for management control, which determines the administrative rules and analyzes manufacturing methods for efficiency and effectiveness; and (c) economic or policy analysis for strategic planning, which determines the operational rules and cost consequences of existing and proposed actions.

These analyses and their resulting decisions are recorded in three management documents: the budget, administrative directives, and policy memoranda (Fig. 6). The administrative and policy documents result from continuing decisions. They are maintained in the Transportation Administrative Manual. The budget is a document prepared annually by organization or biennially by program. The budget includes management and planning decisions as well as operational decisions to ensure that the budget serves its communications purpose.

Completing the Process Definition

After we complete our reviews and analyses, we can make the decisions. Thus, we can have a complete budget approval process as shown in Figure 7. This is a very simple process that must be understood by everyone involved.

A flow chart for the department describes the complete budget process by combining a chart for each of the 27 project types. In preparing this flow chart, we have asked the following questions about each group of activities:

1. Is the grouping meaningful?
2. What type of decision-making will be used?
3. Who is responsible in the department for this group?
4. Will there be department direction for the next year?
5. What kind of independent analysis will be performed on this group of activities?
6. Who represents the department in reviewing and making the decision?

Figure 8 shows a portion of a chart that resulted from using this budgetary decision process.

Some groups of activities need not have an independent analysis, whereas other groups of activities will not need departmental direction. Other groups of activities will not, for the moment, be assigned a department-wide responsibility. Thus, by using this systematic approach, management can understand and assign the appropriate degree and type of control necessary so that it is completely aware of where to apply administrative emphasis. As the decisions are made, through approvals or in terms of direction, they are recorded in the appropriate management documents and thereby communicated to the operating organizations.

Defining the Linkage Between Planning and Budgeting

When placed in operation, this decision-making process becomes complicated. It must be kept simple in order to be understood and used in the planning and budgeting areas. The first and last steps of this process—direction and resource allocation—should be reemphasized.
Figure 5. Basic four-step decision-making process.

Figure 6. Defining independent analysis.

Figure 7. Complete budgetary decision process.
Figure 8. 1970 annual budget review.
The decision process starts with direction, which is strategic planning. This direction is a product of the formal planning process and results in policy statements for the department on the following:

1. Goals, resulting from the statewide physical planning process; and
2. Objectives, resulting from the level of service selection and the priority ranking processes.

The process ends with the following resource allocation decisions that are documented in the budget:

3. Program budgets, resulting from grouping of activities by function, and
4. Operating budgets, resulting from summarizing the various decisions by organization and responsibility.

As numbered, this becomes the structured sequence of events that link planning to budgeting. If we include the audit function traditionally associated with these events, the following structured cycle evolves:

1. Goal formulation and goal performance,
2. Objectives selection and objectives performance,
3. Functional (program) budgets and responsibility performance, and
4. Operating (project) budgets and project performance.

Because this is a cyclic process, we can graphically illustrate these steps as a wheel (Fig. 9).

Furthermore, because the data bases and analytical methods are different, there would be two wheels, one for planning and one for program budgeting. These wheels are graphically illustrated as gears to identify the required integration of procedures (Fig. 10).
The steps listed in the figure (goals, objectives, and functional and operating budgets) become the subsystems of both planning and program budgeting.

**Defining the Data Bases**

The data base for planning's economic analyses is the taxpayers of Wisconsin. Wisconsin’s filing system for these data is the highway network data and information system.

The data base for production analyses by program budgeting is the dollar and manpower resources available to the Wisconsin Department of Transportation. This system depends on the sophisticated computer-based financial operating system (the integrated accounting system) for its data and information.

When these systems are linked to the project development system we can graphically illustrate all of IOS through a series of gears (Fig. 11).

In summary, PBS when linked to the "p" for planning includes most of the decision-making processes and generally controls goal formulation, program definition, selection of program objectives, long-range planning, management or operations, costs and responsibilities, and the appraisal of overall results.

**Selecting the Common Information Link**

Because planning and budgeting are integrated, they must have a common information link. Wisconsin has chosen the traditional highway programs as the common denominator between goals and operations. These categories of information are improvement, maintenance, aids, regulation, administration, and support services. Accordingly, planning and budgeting information on goals, objectives, and functional and operating budgets are summarized according to these categories called subprograms in Wisconsin’s program structure.
Understanding the Different Audit Methods

The budget audit is easily understood. One simply compares the planned or budgeted resources with the expenditures. This fulfills the quantitative audit function.

Planning is more difficult to audit because it has no set resource values for its goals. The accepted cost/benefit methods use dollars as the common resource value. Cost/benefit methods assume dollars for a facility can be compared to a dollar value for safety or beauty to find a total cost. It assumes that all factors can be converted to dollars as a tool to assist decision-making, and that this tool serves as the base for auditing.

We must have a plan and action before we can audit. In reality we review the action taken to implement the plan as our audit. The question now is: Shall we provide a plan for decision-making through cost/benefit methods, or is there another method that would be more effective to the planning decision-maker?

What we have to realize is that planning is based more on value judgments than on actual dollar values. We cannot place a dollar value on goals and objectives because we do not know quantitatively the cost of the effect. Because we are not dealing with a specific cost, what we are doing is making value judgments about what should be, not what is.

Value judgments do not come from off the top of the head, however. They are sometimes called "guesstimates". We look at the entire system and try to make an intelligent decision on what should be. To aid us, we can use a three-dimensional matrix. The three sides of this matrix are goals, functions, and priorities. Because there are various categories within each of the three, let us use goals and assign to it mobility, safety, and utility. Figure 12 shows the subdivision of the three-sided matrix. Now we are ready for the value judgment, the identification of priorities. Priority 1 is mobility, priority 2 is safety, and priority 3 is utility. Within each of the goal categories we must make another value judgment as to the function to be performed:

1. For mobility priority 1 is acquisition, priority 2 is construction, and priority 3 is design.
2. For safety priority 1 is construction, priority 2 is design, and priority 3 is acquisition.
3. For utility priority 1 is design, priority 2 is acquisition, and priority 3 is construction.

This is graphically shown in Figure 13.

In essence each of the priority lists prepared is lineal. The task now is the integration of these lists into a single matrix with the following priorities:

Priority 1 is mobility-acquisition
Priority 2 is safety-construction
Priority 3 is mobility-construction
Priority 4 is utility-design
Priority 5 is mobility-design

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Figure 12. Three-dimensional goal-priority-function matrix.

Figure 13. Value judgment of goal-priority-function matrix.
Priority 6 is safety-design
Priority 7 is safety-acquisition
Priority 8 is utility-acquisition
Priority 9 is utility-construction

Now our matrix is as shown in Figure 14.

How Is This Used?

The task is to match the best combinations of categories within the structure. Assume that we have nine projects that need attention, and it would cost $5 million to implement them all. If we only have $2 million, some projects are going to be shelved.

Now comes the value-judgment listing by priority. Using the established decision-making matrix for planning, we can obtain the following priority and dollar list:

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<td>500,000</td>
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</tr>
</tbody>
</table>

The first three priorities equal the dollar control. But management elects to implement priorities 2, 6, and 7. Planning now must analyze the effects of management judgment. This is called planning's audit (Fig. 15).

Based on the decisions made when compared to the established matrix, planning could report on the performance of the decisions. Planning could prepare an annual audit report highlighting the areas of compliance and noncompliance and their relative effect on the taxpayers and the department. A second decision matrix could be prepared for objectives that would analyze for Wisconsin priorities between the several modes of transportation. A third matrix utilizing the common data base, namely the traditional transportation programs, could be prepared, and then planning would be adequately linked to budgeting.

![Figure 14. Matrix of the integration of judgment list.](image)

![Figure 15. Management's judgment versus planning's judgment.](image)
Figure 16 shows this decision matrix approach to objectives and programs.

The decision-maker will use such decision matrices when planning provides them. These matrices should be an end product of the physical planning efforts like the state highway plan and the numerous other transportation plans.

FINANCIAL OPERATING SYSTEM

Defining the Linkage Among All Operations

The main link between headquarters and the operating divisions is financial. This essential financial link is a reporting system that can be relied on to alert management...
quickly to problems and unusual occurrences at the division level.

To set up this reporting system, the accounting and other internal information-gathering methods of each operation must be compatible. This is an arduous process. The complexity of establishing a reasonably foolproof financial reporting system is so intricate that even those who have struggled hardest and longest with it still make mistakes. But without such a system management has to accept pretty much on faith such data as the operating divisions are able and willing to supply.

The Basis for Improving Financial Reporting

The legal or fiscal requirements for most state governments are similar. States usually require central accounting by legislative appropriation and a series of standard objects for expenditures. This accounting information satisfies the legislative control requirements and provides the basis for line item budgeting.

However, such information does not adequately provide for lower level operational control. For example, in most states, highway project accounting is supplemental to central accounting. This supplemental accounting system has been created to improve management reporting about highway contracts. The task today is to make the supplemental systems compatible and integrated with the legal or fiscal accounting.

To improve financial reporting, the accounting method should be used to (a) create the budget, (b) charge expenditures against the budget, (c) provide legal or fiscal accounting, and (d) report performance to management.

Accounting starts by setting up the budget. This begins in the decision-making process by describing the groups of activities that we call projects. Forms are used to describe the project and its resources. The resources can be extended into dollars, financed with revenue, and reserved in a planning and funding file as authorized for charging. In Wisconsin this is accomplished with a computer procedure shown in Figure 17.

As charges are made against the project budget, they can be compared with the planned amount. Furthermore, the charges can be filed in a general ledger and filed again in transaction order to provide for an audit trail. A computer procedure also maintains these files.

Charges can then be accounted for and balanced against available revenue to satisfy the fiscal accounting and disbursement requirements. We employ a series of off-line computer procedures to provide these analyses and reports.

Information can also be given to management that portrays performance of the various operations. This is provided by reporting the management-oriented information from the plan cost file to the users from a cost-monitoring subsystem.

What has been described are the fundamental elements of our financial operating system (Fig. 18).

Applications of the Financial Operating System

The FOS can be classified as a management services system. As a management services system, the FOS is a network of related procedures that are developed according to an integrated scheme for establishing and accomplishing the objectives of the total organization and its individual units. FOS then is a set of related procedures that are goal- and performance-oriented.

The FOS includes the necessary computer and manual procedures for the integrated planning and accounting of all resources (both dollars and manpower) of the department. When coupled with a management information reporting capability, it provides control at the lowest level of management, the project manager.

The FOS has been expanded to provide information in areas of operational work planning and resource management. It integrates and refines the other subsystems, such as personnel and project scheduling.

The system being developed is believed to be the most advanced highway management information system in the nation. It provides unique features such as the development of project work plans based on standards of performance. This is done by mathematical resource simulation and adjusting of budgets based on actual work performed. In this manner it produces a more definitive analysis of variances by cause and responsibility.
Figure 17. Basic filing subsystem.
Another key to effective management reporting is making the accounting data conform to a uniform coding structure. This satisfies the diverse needs of the department for financial and management data through basic input codes. Wisconsin's uniform coding structure consists of eight basic codes: appropriation and account, program, project identification, function, organization and responsibility, activity and object, manpower classification, and social security number. Although this depth and detail may seem undesirable, it is necessary to have this information to manage our many operations.

FOS Subsystems

There are nine subsystems in FOS (Fig. 18). These are designed to facilitate the gathering, planning, controlling, and coordinating of the entire integrated accounting system. This information is obtained and presented through the use of electronic data processing. The subsystems are as follows:

1. The table dictionary subsystem—one dictionary exists for all financial procedures. These tables define the standard codes, their descriptions, escalation and payment rates, and standard factors to generate information about all operations. By filing data elements, the financial files can be regulated and updated to current policy.

2. The basic filing subsystem—this is the central files. It creates and maintains all project and financial data for resource planning and accounting. It is an on-line file designed for weekly processing, which provides information 10 days after the end of the week.

3. The personnel subsystem—this is designed to provide employee, personnel, and position processing and reporting within the department.

4. The FOS payroll subsystem—Because the statewide Department of Administration is responsible for payroll checks, FOS needs a link to it. It coordinates personnel, position, and payroll processing and reporting for the Department of Transportation.

5. The accounting subsystem—This subsystem controls the fiscal accounting procedures and reporting methods. It satisfies the department's diverse needs for financial accounting data and meets the legal and management requirements of the department.

6. The cost monitoring subsystem—Because cost reporting is fundamental to any operation, this system is designed to provide line managers with current information for use in controlling and planning their operations.

7. The procedure monitoring subsystem—Key points for decision-making are called milestones. This subsystem will provide management with the means to establish and monitor these production and program objectives by coordinating cost and manpower reporting.

8. The budget and financial subsystem—This provides the necessary information for the annual and biennial budget processes and long- and short-range financial planning. It gives management the data and information for encumbrance accounting, the authorization for operating expenditures, and program planning.

9. The historical subsystem—This is the processing link to the highway network data and information system. It maintains historical records of the department's expenditure program in order to establish trends and other environmental analyses.

Management Reporting Philosophy

With all this information available, our reporting system still must allow for oral communication within the organization. The most effective management is still on a personal basis. Accordingly, FOS reporting techniques do not provide all the information to everyone. It does, however, provide all the information needed within an organization. For example, we report detailed financial costs about a project to the lowest level of management (the project manager). These reports are line item budget and expenditures separated by manpower and other costs. The supervisor of several project managers receives only a summary report for each project. If he wants details he must "talk" to his project manager. A section chief receives a report that summarizes budget and expenditures for each of his unit supervisors. Thus, he must "talk" to his subordinates if he wants more detail. This concept of reporting continues up the chain of command (Fig. 19).
Figure 19. FOS cost and performance reports.
No central "supersnoop" receives all reports. Thus the Secretary of Transportation and on down must consult his organization to obtain detailed information.

Continuing Budget Approach

We have developed our department's legislative budget for the past and present biennium by using a program budget format and approach. We submitted this budget using only the existing legislative authorized programs. We call this our "continuing program budget". New programs are introduced to the legislature separate from the formal biennial budget. By using this approach, the new program can be analyzed for effect on the "continuing budget". This approach eliminates the sometimes confusing zero base budget, inasmuch as it clearly identifies new and continuing programs. This approach is a real key to a successful transportation legislative program.

SUMMARY AND CONCLUSION

The program budget and financial operating systems satisfy the two principal purposes of governmental budgeting. They are the focus for rational policy decisions and are tools for effective management. The budgetary process is associated with every phase of planning from the identification of major goals to the selection of immediate priorities. This process must be involved in the conduct of current operations because results cannot be appraised without it. PBS and FOS also determine how to best allocate scarce resources among competing needs and indicate how effectively they are used.

We have emphasized that one of the primary purposes of program budgeting is to provide the manager with better information for decision-making. This requires a common language for communication, which is attained only through education, orientation, and personal involvement. Based on this language, information can be generated to guide the decision-maker. Decision-making is dependent on good judgment because it involves the real world and real people. This PBS decision-making is generally at a high-level and therefore must be easily communicated to the people who need it and in a usable form. A uniform method of accounting is necessary. This reporting must also be timely, so we have to modernize our entire accounting system.

Although this is a relatively simple process, it has taken Wisconsin 4 years from conception, 3 years since we started, and 1 year of operating under both the old and new environments to reach our present stage. It has cost us $1.2 million for this development. We will probably not be operating smoothly for another 3 years, but we have seen some of the results.

One of the best results has been in terms of everyone's attitude in helping to improve operations and services. Because of this, we are now operating as a team with greater success in solving problems. Another important development is that we are acting as one department, dedicated to serving all the transportation needs of the state of Wisconsin. But to improve by changing 40-year-old methods takes time and effort. The changes will come only through tireless effort and dedication on the part of many. We at Wisconsin are providing the necessary effort and deepening our dedication. We know we shall succeed; a profitable and productive future depends on us.