AN EXPLORATORY STUDY OF THE USE OF A PLANNING,
PROGRAMMING, BUDGETING SYSTEM
IN CITY GOVERNMENTS

DISSERTATION

Presented to the Graduate Council of the
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By

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The problem of this investigation is that of analyzing the planning, programming, budgeting system (PPBS) concept and determining its actual application in northeastern Texas cities. The sources of information were the mail questionnaires returned by seventy-one of the 120 cities queried and the in-depth personal interviews with city officials in twenty-five selected cities. The secondary source of information was the PPBS literature.

The dissertation is organized into seven chapters. Chapter One sets forth the premise, assumptions, purpose, methodology, and organization of the study. Chapter Two analyzes the PPBS concept, including its history, its problems, and its contributions. Chapter Three is an empirical study of the actual application of PPBS practices in northeastern Texas cities. Twenty-five cities were selected for in-depth interviews from among 120 cities surveyed in a preliminary study. Chapter Four is a study of the Model Cities Program and has illustrations of program goals, measures, and objectives. Chapter Five sets forth the assumptions, administrative factors, needed conditions, and suggestions for implementation of a PPBS. Chapter Six is a PPBS Procedural Guideline. Chapter Seven contains the summary and recommendations.
Through the investigation it is revealed that a planning, programming, budgeting system does contribute to the administration of a city by providing for the establishment of a city's goals and objectives and providing for the comparison of the long-run cost and benefit of each alternative means of achieving objectives. A related benefit is that it puts first things first and makes resources available for the items with higher priority. A PPBS helps to avoid conflict among projects and programs by bringing attention to all needed improvements at one time rather than on a piecemeal basis.

The Model Cities Program, since it essentially requires a PPBS, was given a more in-depth study. The Model Cities Program has been credited with improving and strengthening the decision-making abilities of cities and developing some performance criteria for programs. The improvement in the cities' decision-making abilities has arisen primarily from implementation of PPBS characteristics. There is Model Cities Program documentation reflecting that many PPBS characteristics had been fully or partially implemented.

This study concludes that the cities in northeast Texas have not implemented a full PPBS. Several of the cities have made great strides in implementing various PPBS characteristics. A key problem is the difference in conception of an objective. This difference affects all other answers about PPBS. Since most cities' objectives are in terms of input rather than output, their long-range planning is in terms of input. Very
few cities have long-range planning for the accomplishment of objectives. Five of the cities have specific statements of goals, which are rather vague and philosophic. These statements are not satisfactory statements of goals for a PPBS. The cities' budgeting practices and procedures differed from the PPBS practices and procedures more than they were similar. It was concluded from the research that no city had an objective-oriented information system but that an information system adequate for a PPBS could be developed.

A PPBS Procedural Guideline is presented to aid interested city administrators in the implementation of a PPBS. It is intended that the Guideline be useful with minimum adaptation efforts. Illustrative forms, instructions, procedures, timetable, and program structure outline are included to facilitate adaption by interested city administrators.
TABLE OF CONTENTS

LIST OF TABLES .......................................................... v
LIST OF ILLUSTRATIONS .................................................. viii

Chapter

I. INTRODUCTION .......................................................... 1
   Introduction
   Premise
   Assumptions
   Purpose of the Study
   Methodology
   Contents and Organization

II. THE PLANNING, PROGRAMMING, BUDGETING SYSTEM CONCEPT ............. 10
   Introduction
   History of PPBS
   PPBS Concept
   Cost-Benefit Analysis
   Problems of PPBS
   Contributions of PPBS

III. PLANNING, PROGRAMMING, BUDGETING PRACTICES IN CITIES ............... 48
   Introduction
   Factors Affecting City Government Administration
   PPBS Characteristics

IV. MODEL CITIES PROGRAM ............................................. 100
   Introduction
   Model Cities Program Considerations
   Selected Examples of Model Cities Program
   Goals, Measures, and Objectives
   Impact of Model Cities on the Administration of the Remainder of the City

V. ASSUMPTIONS, ADMINISTRATIVE FACTORS, NEEDED CONDITIONS, AND SUGGESTIONS FOR IMPLEMENTATION OF A PPBS ............ 127
Introduction
Assumptions
Administrative Factors
Necessary Conditions
PPBS Implementation Suggestions

VI. PPBS PROCEDURAL GUIDELINE .................. 145

- Part I: Introduction
- Part II: Program Structure Outline
- Part III: Program Plan Report

VII. SUMMARY AND RECOMMENDATIONS ............ 189

Summary
Recommendations

APPENDIX A. ........................................... 206
APPENDIX B. ........................................... 212
APPENDIX C. ........................................... 223
APPENDIX D. ........................................... 236
BIBLIOGRAPHY ......................................... 246
LIST OF TABLES

<table>
<thead>
<tr>
<th>Table</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>I. Cities With 10,000 or More Population Selected for Personal Interviews</td>
<td>7</td>
</tr>
<tr>
<td>II. Cities With Less Than 10,000 Population Selected for Personal Interviews</td>
<td>8</td>
</tr>
<tr>
<td>III. Form of City Government</td>
<td>51</td>
</tr>
<tr>
<td>IV. Do You Have a Policy Statement Which Specifically Defines and Assigns Responsibilities?</td>
<td>52</td>
</tr>
<tr>
<td>V. Does Anyone or a Committee in Your City Have the Specific Responsibility for the Coordination of Long-Range Planning?</td>
<td>54</td>
</tr>
<tr>
<td>VI. Title of the Individual or Committee Having the Specific Responsibility for the Coordination of Long-Range Planning</td>
<td>56</td>
</tr>
<tr>
<td>VII. Time Period City Operations Are Planned Ahead</td>
<td>57</td>
</tr>
<tr>
<td>VIII. Has Your City Prepared Its Own Budget Manual Containing Forms and Instructions for the Preparation of the Budget?</td>
<td>61</td>
</tr>
<tr>
<td>IX. In Addition to the Legally Required Budget Schedules, Are Any Supplementary Budget Schedules Made?</td>
<td>62</td>
</tr>
<tr>
<td>X. Have the Fundamental Objectives of the City Been Formally Identified and Set Forth?</td>
<td>65</td>
</tr>
<tr>
<td>XI. Cities With Documents Having Statements That Have Been Referred to as Objectives</td>
<td>67</td>
</tr>
<tr>
<td>XII. Availability of City Documents Intermittently Referred to as Having Statements of Objectives</td>
<td>68</td>
</tr>
<tr>
<td>XIII. Are Fundamental Objectives Expressed in Measurable, Quantitative Terms?</td>
<td>79</td>
</tr>
</tbody>
</table>
XIV. Do City Policies Provide That the Objectives Shall Be Reviewed and Re-evaluated Periodically or at Least Within Every Five Years? 80

XV. Do You Have a Plan in Operation Which Evaluates the Extent to Which Goals and Objectives Have Been Accomplished? 82

XVI. Do You Document the Future Alternative Means of Achieving the Objectives, Their Costs, and Their Benefits? 84

XVII. Are All Activities That Are Related to the Achievement of Each Objective Explicitly Identified and Set Forth? 86

XVIII. Are All Monetary Costs Considered in Making Decisions on Municipal Services? 87

XIX. Is a Formal Multi-Year Program Schedule and Financial Plan Prepared? 89

XX. Cities That Have People Who Have Had Formal Training in Planning, Programming, Budgeting System Procedure 92

XXI. Title of Those Who Have Had Experience in PPBS Procedure 94

XXII. Has Any of Your City's Administrative Staff Attended a Workshop or Seminar on PPBS in the Last Twelve Months? 95

XXIII. Would Your City Send One or More of Its Administrative Personnel to PPBS Workshop? 96

XXIV. Do You Currently Have A Planning, Programming, Budgeting System (PPBS) in Your City? 98

XXV. Cities in the Northeastern Section of Texas Included in the Study 207

XXVI. Do You Currently Have A Planning, Programming, Budgeting System (PPBS) in Your City? 213

XXVII. Have the Fundamental Objectives of the City Been Formally Identified and Set Forth? 214

XXVIII. Do City Policies Provide That the Objectives Shall Be Reviewed and Re-evaluated Periodically or at Least Within Every Five Years? 215
LIST OF ILLUSTRATIONS

<table>
<thead>
<tr>
<th>Figure</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Change in Emphasis in the Process of Budgeting</td>
<td>15</td>
</tr>
<tr>
<td>2.</td>
<td>Planning, Programming, Budgeting Cycle</td>
<td>152</td>
</tr>
<tr>
<td>3.</td>
<td>Form PPBS-1, Department Program Structure Summary</td>
<td>157</td>
</tr>
<tr>
<td>4.</td>
<td>A Completed Form PPBS-1, Department Program Structure Summary for the Police Department</td>
<td>158</td>
</tr>
<tr>
<td>5.</td>
<td>Form PPBS-1A, Program Category</td>
<td>159</td>
</tr>
<tr>
<td>6.</td>
<td>Form PPBS-1B, Page 1, Program</td>
<td>161</td>
</tr>
<tr>
<td>7.</td>
<td>Form PPBS-1B, Page 2, Program</td>
<td>163</td>
</tr>
<tr>
<td>8.</td>
<td>Form PPBS-2, Page 1, Program</td>
<td>168</td>
</tr>
<tr>
<td>9.</td>
<td>Form PPBS-2, Page 2, Program</td>
<td>170</td>
</tr>
<tr>
<td>10.</td>
<td>Form PPBS-3, Personnel Requirements</td>
<td>171</td>
</tr>
<tr>
<td>11.</td>
<td>Form PPBS-4, Capital Facility Requirements</td>
<td>173</td>
</tr>
<tr>
<td>12.</td>
<td>Form PPBS-5, Fiscal Requirements</td>
<td>175</td>
</tr>
<tr>
<td>13.</td>
<td>Form PPBS-6, Page 1, Proposed Program Change</td>
<td>177</td>
</tr>
<tr>
<td>14.</td>
<td>Form PPBS-6, Page 2, Proposed Program Change</td>
<td>179</td>
</tr>
<tr>
<td>15.</td>
<td>Form PPBS-6, Page 3, Proposed Program Change</td>
<td>181</td>
</tr>
<tr>
<td>16.</td>
<td>Form PPBS-6, Page 4, Proposed Program Change</td>
<td>182</td>
</tr>
<tr>
<td>17.</td>
<td>Form PPBS-7, Program Effectiveness Studies</td>
<td>184</td>
</tr>
<tr>
<td>18.</td>
<td>Texas Map Highlighting the Northeastern Section Included in the Study</td>
<td>211</td>
</tr>
</tbody>
</table>
CHAPTER I

INTRODUCTION

In city governments, as in most economic entities, the demand for resources exceeds their supply; therefore, some demands are to be satisfied and some are to be left to the future. The functions of public administration are extremely broad; fundamentally, they begin with planning and end with control. Planning is to allocate the resources effectively to achieve objectives, and control is to use allocated resources efficiently.

A planning, programming, budgeting system (PPBS) is a process of rational resource allocation. "Planning, programming, and budgeting constitute the process by which objectives and resources, and the interrelations among them, are taken into account to achieve a coherent and comprehensive program of action for the government as a whole."¹

A close relationship exists between intelligent decisions, timely action, and the utilization of good planning, programming, and budgeting techniques. Through planning, public administrators prescribe an orderly and timely sequence of action. Effective planning and programming help to prevent hasty decisions rendered under pressure and ill-considered action.

dictated almost wholly by emergency situations. The planning process lays the foundation by anticipating future situations, defining objectives, and establishing standards. Programming consists of identifying the required activities and formulating a program or programs that will in the anticipated future situation achieve the objectives in accordance with the accepted standards. Budgets provide an efficient medium for presenting in a formal manner the planned activities which are essential to the successful conduct of local government operations. Budgets also allocate resources and project resource availability. A planning, programming, budgeting system will aid, not in the day-to-day operational decisions of a government, but in the top level policy decisions.

The current literature indicates that there are several distinctive characteristics of a planning, programming, budgeting system. The characteristics of a planning, programming, budgeting system are as follows:

1. Objectives of the city have been stated explicitly;
2. Objectives are stated so that progress toward their achievement may be measured;
3. Objectives are reviewed and evaluated periodically;
4. Activities related to each objective are identified;
5. All monetary costs are considered in decisions about municipal programs;
6. Monetary costs and benefits of alternative courses of action are documented;
7. Planning and budgeting are long-range; and
8. Information system has the capacity to meet the needs for planning and budgeting.

The public administrator's task is to achieve objectives through the coordinated and concentrated efforts of people. Judicious allocation of resources places a heavy responsibility on public administrators to formulate objectives of the city, to identify the problems involved in achieving the objectives, to collect and analyze pertinent data relevant to the solution of the problems, to consider possible alternatives, to select the preferable alternatives, and to develop a program of action designed to accomplish the selected objectives. The program of action, if logically developed, should result in effective utilization of resources consistent with existing conditions and established objectives.

Premise

This study is conducted on the premise that
1. Since a long-range point of view would be adapted in resource allocation decisions,
2. Since decision-makers would consider the total cost and benefits of programs,
3. Since the point of view of decision-makers would change from only the appropriation of the input costs of programs to determining the objectives to be accomplished, i.e. services to be performed,
It therefore follows that the implementation of even part of the characteristics of a PPBS would yield benefits over the traditional budgeting system used in cities.

Assumptions

This study is based on the following assumptions:

1. Cities are not able to supply all of the services demanded of them.

2. A variety of analytical techniques may be utilized; consequently, the success of a planning, programming, budgeting system does not depend on the use of any one particular technique.

3. The planning, programming, budgeting system concept is not well-defined. In general for this research study, PPBS is assumed to "constitute the process by which objectives and resources, and the interrelations among them, are taken into account to achieve a coherent and comprehensive program of action for the government as a whole."\(^2\)

4. A city, as the term is used in this study, is an incorporated city, town or village with a 1960 census population of 2,500 or more.

Purpose of This Study

In view of the limited resources of the city government, the unlimited demands on it, and the seeming benefit to the public administrator of a planning, programming, budgeting

\(^2\)Ibid.
system, there is a real and continuing need for extensive research relative to the application and implementation of a planning, programming, budgeting system. The general purpose of this study was to conduct an exploratory analysis and appraisal of the planning, programming, budgeting system and consider the possible contribution which such a system could make to selected cities in the northeastern section of Texas. The specific purposes were

1. To do an in-depth analysis of the planning, programming, budgeting system concept to learn its nature, its historical development, its methods and procedures, its advantages, and its disadvantages.

2. To determine if long-range planning for the accomplishment of objectives was being conducted by cities in the northeastern section of Texas.

3. To determine the extent that objectives were formally established by cities in the northeastern section of Texas.

4. To determine if the costs and benefits of alternative programs of accomplishing objectives were documented in the resource allocation process by cities in the northeastern section of Texas.

5. To determine to what extent these cities' existing budgeting practices and procedures differ from those described in current literature for a planning, programming, budgeting system.
Methodology

Primary and secondary sources of information were utilized in this study.

1. The literature was searched. This search documented the history and development of planning, programming, budgeting systems. It also provided evidence of experience in its applications.

2. A mail questionnaire survey was conducted. The questionnaire generated additional information on the budgetary and administrative practices of a selected group of cities. All cities in the northeastern corner of Texas with a 1960 census population of 2,500 or more were queried with a mail questionnaire. Fifty of the total 120 cities included in the mail questionnaire survey completed and returned the questionnaire on the first mailing, and twenty-one of the seventy remaining cities completed and returned the questionnaire on the second mailing. Table XXV, Appendix A, is a listing of all cities included in the study through the mail questionnaire. Figure 18, Appendix A, is a Texas map highlighting the northeastern section of the state that was included in the study.

3. Governmental officials and advisers were interviewed. Preliminary interviews improved the perception of practices and problems disclosed by the search of the literature. Interviews following the mail questionnaire obtained information which could not be gained through a standardized questionnaire. These interviews concentrated on twenty-five
selected cities that had implemented parts of a PPBS. Table I shows the cities with 10,000 population selected for personal interviews.

**TABLE I**

CITIES WITH 10,000 AND OVER POPULATION SELECTED FOR PERSONAL INTERVIEWS*

<table>
<thead>
<tr>
<th>City Number</th>
<th>City Name</th>
<th>Population</th>
<th>Number of PPBS Characteristics</th>
</tr>
</thead>
<tbody>
<tr>
<td>200</td>
<td>Abilene</td>
<td>90,368</td>
<td>8</td>
</tr>
<tr>
<td>229</td>
<td>Corsicana</td>
<td>20,344</td>
<td>7</td>
</tr>
<tr>
<td>231</td>
<td>Dallas</td>
<td>679,684</td>
<td>2</td>
</tr>
<tr>
<td>234</td>
<td>Denton</td>
<td>26,844</td>
<td>8</td>
</tr>
<tr>
<td>241</td>
<td>Fort Worth</td>
<td>356,268</td>
<td>8</td>
</tr>
<tr>
<td>243</td>
<td>Garland</td>
<td>38,501</td>
<td>2</td>
</tr>
<tr>
<td>248</td>
<td>Grand Prairie</td>
<td>30,386</td>
<td>4</td>
</tr>
<tr>
<td>251</td>
<td>Haltom City</td>
<td>23,133</td>
<td>5</td>
</tr>
<tr>
<td>261</td>
<td>Irving</td>
<td>45,985</td>
<td>7</td>
</tr>
<tr>
<td>272</td>
<td>Longview</td>
<td>40,050</td>
<td>8</td>
</tr>
<tr>
<td>274</td>
<td>McKinney</td>
<td>13,763</td>
<td>1</td>
</tr>
<tr>
<td>275</td>
<td>Marshall</td>
<td>23,846</td>
<td>3</td>
</tr>
<tr>
<td>280</td>
<td>Mineral Wells</td>
<td>11,053</td>
<td>3</td>
</tr>
<tr>
<td>282</td>
<td>Nacogdoches</td>
<td>12,674</td>
<td>6</td>
</tr>
<tr>
<td>287</td>
<td>Palestine</td>
<td>13,974</td>
<td>6</td>
</tr>
<tr>
<td>288</td>
<td>Paris</td>
<td>20,977</td>
<td>4</td>
</tr>
<tr>
<td>297</td>
<td>San Angelo</td>
<td>58,815</td>
<td>5</td>
</tr>
<tr>
<td>308</td>
<td>Texarkana</td>
<td>30,218</td>
<td>4</td>
</tr>
<tr>
<td>310</td>
<td>University Park</td>
<td>23,202</td>
<td>1</td>
</tr>
<tr>
<td>312</td>
<td>Waco</td>
<td>97,808</td>
<td>7</td>
</tr>
</tbody>
</table>

*Criteria for Selection:
1. Population 10,000 and over;
2. Returned the questionnaire; and
3. Have established objectives or at least partially so.

Tables I and II also show the number of PPBS characteristics reported by each city.

4. The information from the interviews and questionnaires was compiled in a form conducive to exhaustive, in-
depth analysis. The objective of the analysis was to spot-light significant conditions and procedures.

TABLE II

CITIES WITH UNDER 10,000 POPULATION SELECTED FOR PERSONAL INTERVIEWS*

<table>
<thead>
<tr>
<th>City Number</th>
<th>City Name</th>
<th>Population</th>
<th>Number of PPBS Characteristics</th>
</tr>
</thead>
<tbody>
<tr>
<td>208</td>
<td>Bellmead</td>
<td>5,127</td>
<td>8</td>
</tr>
<tr>
<td>210</td>
<td>Bonham</td>
<td>7,357</td>
<td>5</td>
</tr>
<tr>
<td>258</td>
<td>Hillsboro</td>
<td>7,402</td>
<td>7</td>
</tr>
<tr>
<td>278</td>
<td>Mexia</td>
<td>6,121</td>
<td>7</td>
</tr>
<tr>
<td>281</td>
<td>Mount Pleasant</td>
<td>8,027</td>
<td>8</td>
</tr>
</tbody>
</table>

*Criteria for Selection:
1. Population less than 10,000;
2. Returned the mail questionnaire;
3. Have established objectives or at least partially so;
4. Have over half of the PPBS characteristics; and
5. Selected five of the twenty-three cities with less than 10,000 population that have set forth their objectives.

5. A guideline was prepared. Using the information and experience gathered from the search of the literature, from the mail questionnaire, and from the personal interviews, a procedural guideline was prepared. This proposed PPBS procedural guideline is one that cities could take and with slight modifications utilize in their own jurisdiction.

6. Summarization. The existing budgeting and administration practices of cities were summarized and the advantages as well as the disadvantages of utilizing a planning, programming, budgeting system were considered.
Contents and Organization

The Planning, Programming, Budgeting Systems' history, concept, benefit analysis, problems, and contributions are presented in Chapter Two. The current planning, programming, budgeting practices in cities are analyzed and discussed in Chapter Three. The Chapter Three topics include the factors affecting city government administration and current implementation of PPBS characteristics. Since the Model Cities Program utilizes many PPBS characteristics, Chapter Four presents a brief general study of the Model Cities Program and a general description of selected aspects of the Model Cities Program in two cities. Chapter Five discusses the policies and conditions that are conducive to the implementation of a PPBS. A proposed PPBS procedural guideline for cities is presented in Chapter Six. Then, Chapter Seven contains the summaries and recommendations.
CHAPTER II

THE PLANNING, PROGRAMMING, BUDGETING SYSTEM CONCEPT

Introduction

Traditionally, budgeting has been conceived to be a systematic process of allocating resources to achieve the objectives of the organization. In this respect, there is an important part of PPBS in every budgeting process. Even at the turn of the century when the formal budgetary process was just in its post-natal stages, there were some very convincing statements on the desirability of having a system to plan the objectives to permit evaluation of the usage of the resources. Even from the beginning, the budgeteers conceived of the budget as serving several functions.

The budgetary process seems to have always served administrators with varying degrees of emphasis. The three stages of emphasis have been labeled control, management, and planning. According to a study by Allen Schick, the first emphasis or orientation of the budgetary process was control, the second emphasis was management, and the third emphasis was planning.¹ A control emphasis is concerned with (1) holding agencies' expenditures within a limit prescribed by the legislative

body and the chief executive officer, (2) establishing reporting procedures to enforce propriety in expenditures, and (3) setting limits on spending for personnel and equipment. A management emphasis is concerned with (1) the best way to organize for accomplishing a certain task, (2) the staffing alternative for achieving the best relationship between the central and field offices, and (3) the project or program which should be approved. A planning emphasis is concerned with (1) the long-range goals and policies and how these are related to the allocation of resources, (2) the criteria that should be used in evaluating the agencies' requests, and (3) which programs should be initiated, terminated, expanded, or curtailed. If the budgetary process can be conceived as a whole, then the change in the relative importance of the functions can be graphically illustrated as in Figure 1.

History of PPBS

When considering the genealogy and history of Planning, Programming, Budgeting Systems, it is very difficult to decide what it is an offspring of and how far back in time one should trace its lineage. There are some people who say that PPBS is nothing new; it is only a newer and higher sounding name for what has been called budgeting previously. If one considers only the distinctive package "PPBS", one would need to go back only to about 1954. If one tries to trace its lineage through planning, he will probably start in the Garden of Eden. There are some people who claim that the PPBS evolved
through the budgeting process; so, if one wants to know the history of PPBS, he will have to search the history of budgeting. The history of the formal process of budgeting seems to not go so far back in time. There are others who say that in the history of planning and management science is where you will find the origin of PPBS. Several of these historical claims will be investigated.

In the history of budgeting, the control emphasis era, the management emphasis era, and the planning emphasis era have been reflected in documents called the executive budget, the performance budget, and the program budget. These "era" labels have been attached to budgeting in general in the U.S. Probably the same terminology would be equally applicable to a particular organizational unit of our economy. The terms have appeared quite often in the governmental budgeting literature. So to use these terms in general is not to say that all organizations enter and leave a given era at the same time. Even though many of the contemporary writers say we are entering the planning era of budgeting, there are some governmental agencies still operating in the control era.

When the early reformers of budgeting, shortly after the turn of the century, talked about a budget, they meant an executive-budget. The budget was to be prepared by the

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\(^2\)Ibid., p. 243.
responsible executive. Regardless of whether one were emphasizing control, management, or planning, the executive is in the best position to prepare and administer the budget.

**Stages of Emphasis**

In even the most primitive budgetary systems the control, management, and planning aspects are present. Actually, these processes are inseparable. Planning, management, and control usually do not have equal emphasis in the operation of a budget system. Every budget system has planning, management, and control functions. A control emphasis in the budgeting process means the subordination, not the elimination, of planning and management. In the budgeting process, it is a matter of relative emphasis rather than a pure trichotomy. In practice, planning, management, and control tend to be competing processes. Since an administrator's time is limited, he will be selective in the things he will do.³

The control stage of budgeting accentuates the process of verifying operation as prescribed in the plans and policies. Control is paramount during the execution, review, and evaluation phases of budgeting. The form of budget estimates and legislative appropriations often is designed to facilitate control. Various controls are utilized by administrators during the budgeting period. These controls include position controls,

³Ibid.
comparison of actual expenditures to budget, limitations on appropriation transfers, purchasing and acquisition procedures, and employment regulations.\textsuperscript{4}

The management emphasis stage of budgeting accents the programming of the established objectives into definite activities and projects, the design and development of an organizational structure to execute the program, and the acquisition of needed resources for these programs.\textsuperscript{5}

In the budgeting process, the planning emphasis stage is concerned with the establishment of objectives, the development and consideration of alternative means of achieving the objectives, and the granting of authority more than the other aspects of the budgeting process.\textsuperscript{6}

Schick has provided a very good explication of the three stages of budget emphasis—control, planning, and management.\textsuperscript{7}

The first stage, control (dollar accountability control, running roughly from 1920 to 1935), emphasized establishment of a system of expenditure control. The planning and management activities were not completely ignored, but the development of a reliable system of expenditure accounts was given first priority. The second stage, when the management of activities was emphasized, began about the time of the New Deal. The management emphasis reached its peak in the performance budgeting movement. The management emphasis brought about

\begin{footnotesize}
\begin{itemize}
\item\textsuperscript{4}Ibid., p. 244.
\item\textsuperscript{5}Ibid.
\item\textsuperscript{6}Ibid.
\item\textsuperscript{7}Ibid., p. 245.
\end{itemize}
\end{footnotesize}
changes in the appropriation structure, the development of management improvement and work measurement programs, and emphasizing of the work and activities of agencies in budget preparation. The third stage, where the function of planning is emphasized, is just beginning. Schick says the full emergence of this stage "must await the institutionalization of PPB." This stage can be traced to early attempts to connect planning and budgeting. The development of this third stage is a result of modern informational and decisional technologies.

![Diagram of emphasis in budgeting]

Fig. 1-Change in emphasis in the process of budgeting

Control Emphasis.--There seems to be disagreement as to what the executive budget was to be during the control emphasis. In the executive budgeting movement, a functional classification system based on the work to be performed was strongly

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8 Ibid.  
9 Ibid.
recommended. Objects-of-expenditure data were to be provided for informational purposes. The budget was regarded as a planning instrument. According to Schick, the Taft Commission, whose report is one of the more highly regarded and frequently quoted reports, "recommended that expenditures be classified by class of work, organizational unit, character of expense, and method of financing." The Taft Commission opposed object-of-expenditure appropriations. The leading public administrators evidently thought there were overriding considerations. The more pressing practical consideration was the prevention of administrative improprieties; consequently, the primary objective was to establish effective central control. Functional classification gave no protection from administrative wrongdoing; it only restricted the use of the services. The object-of-expenditure or line-item budget offered a higher degree of protection in the control system. The literature indicated, also, that many of the personnel and purchasing controls were not dependable.

Control in the early stages of municipal budgeting seems to have been primarily protection of the public from malfeasance by public officials. To facilitate this concept of control, the object-of-expenditure budgeting system, appropriation system, and accounting system were installed. Expenditures were classified by organizational unit, function, and

\[10\text{Ibid.}, \text{p. 247.}\]
object. This system created a great number of practical administration problems. In 1913, New York City had 3,992 separate items of appropriation, as one example of these problems.\textsuperscript{11}

In response to some of these budgeting problems, the New York Bureau of Municipal Research conducted a study. The findings and recommendations of this study, published in 1917, were rather farsighted. The budget document was considered to be an instrument of control, planning, and publicity. The study group recommended that three separate documents be prepared. Although the study group did not utilize the PPB framework, "it seems that the appropriations were intended for control purposes, the budget for planning purposes, and the work program for management purposes."\textsuperscript{12} Their recommendation did not include systems analysis or a system of interrelating the three documents, but their system did contain the rudiments of PPBS. The study groups' plan and recommendations failed to materialize into an effective administrative procedure. The difference between budgets and appropriations was not understood very well, and the city officials did not accept the work-program idea because they said adequate accounting support was not available. The study group had failed to consider the fact that "the conceptual distinction between budgets and appropriations tends to break down under

\textsuperscript{11}Ibid. \hfill \textsuperscript{12}Ibid., p. 248.
the stress of informational demands.\textsuperscript{13} If the legislative body makes appropriations by object-of-expenditure, then in most cases, the budget will be classified by object-of-expenditure. If there are no functional accounts to accumulate the information, there is practically no possibility of including such data in the budget. Historically, the budget has reflected the appropriations act and the objects-of-expenditure have held the position of primary importance for control purposes. The pioneers in budgeting emphasized the function of control and the object-of-expenditure approach.

\textbf{Management Emphasis}.--From the early 1900's, when the control emphasis started, to the 1930's, gradual changes were taking place. These changes permitted a reorientation from a control emphasis to a management emphasis. Changes in laws, regulations, administrative procedure and a general improvement in public service were a part of the process. Accounting systems, which engendered confidence and reliability, were installed and higher quality personnel were hired and trained. Purchasing system reforms were installed, and many of the "watchdog" activities of the budget were eliminated. A change in the general public's attitude toward government had also occurred. Previously, government was thought to be a "necessary evil"; therefore, the main function of budgeting was to keep spending to a minimum. As the general public

\textsuperscript{13}\textit{Ibid.}
began to recognize that the output of government did have value, there was a concern for the efficient management of the resources.\textsuperscript{14}

Significant growth in city government activities and expenditures had made it much more difficult for central administrative officials to maintain control of the many objects in the budget. As the attitude of the general public and the posture of the public administrators changed, attention was given to the problems of managing large organizations and programs. Administrators used the budgetary process to appraise and evaluate various agencies and programs of the government. Attempts had been made to develop simple performance standards and to apply managerial cost accounting to governmental operations. A budget fashioned on these processes was entitled a "performance budget." Performance budgeting is management-oriented. It helps administrators to evaluate the efficiency of the operations of an agency by "(1) casting budget categories in functional terms, and (2) providing work-cost measurements to facilitate the efficient performance of prescribed activities."\textsuperscript{15}

With the management orientation, the focus of attention is "the work or service to be accomplished, and what that work or service will cost."\textsuperscript{16} In performance budgeting, work and activities are treated, practically, as ends in themselves.

Because of the confusion between performance budgeting and program budgeting (PPBS), it might be worthwhile to discuss some of the similarities and differences. PPBS tries to evaluate alternatives in terms of their effectiveness while, performance budgeting tries to evaluate alternatives in terms of their efficiency.\textsuperscript{17} In PPBS, the objective may be variable. To help decision-makers to evaluate the costs and benefits of the available alternatives, PPBS considers expenditures as a whole; the details are considered only in the analysis of the whole or in marginal trade-offs among alternative and competing options. Historically, there was a delay of several years between the height of interest in performance budgeting and the first conception and discussion of PPBS.\textsuperscript{18}

**Planning Emphasis.**--There were several important developments that occurred to change the budgeting process from a management emphasis to a planning emphasis. One important change was the development of new informational and decisional technologies which expanded the ability to do more objective analysis for policy making. A second development has been the convergence of the planning and budgetary processes.

Traditionally, proposed city expenditures have been determined by the operating and spending agency. The agencies set forth their demands without proper operating guidelines. By the time the budget department on behalf of the city manager

\textsuperscript{17}Schick, \textit{op. cit.}, p. 251.  \textsuperscript{18}Ibid.
got into the resource allocation process, it was faced with the responsibility of bringing expenditure requests into line with the available resources. Which expansions were to be included in the budget was the big question facing the budget department.

Because budgeting has been considered historically as an administrative procedure for financing programs, it will be difficult to change it to a decision-making process for ascertaining the extent and tenor of public objectives. The multi-year expenditure projections have helped budgeting to become planning-oriented. The evaluation of the marginal costs and benefits of the various alternatives will help to bring maximum benefit or service for the resources expanded. The new decisional and informational technologies make it possible to contend with the monumental informational and analytical requirements of PPBS.

Planning and budgeting have been converging. One of the factors contributing to this convergence is the long lead-time in the design, development, and procurement of capital items. The multi-year projections are a result of this difficulty. Another factor contributing to this convergence is the multitude of governmental agencies that are involved in major projects or programs. The sheer coordination and planning demands have caused much planning in trying to anticipate the problems involved.
In a PPBS, planning is the most important function. It attempts to have a multi-purpose budget system to give satisfactory attention to the control and management functions. In even its early developmental stages, PPBS seemed to call for the development of crosswalk grids to convert data from a planning to a management and control format and back again, if necessary. The three functions are compatible and complementary within the PPBS framework, but not equal aspects of budgeting. "In ideal form, PPBS would centralize the planning function and delegate primary managerial and control responsibilities to the supervisory and operating levels respectively." 19

Organizational Use

Government Use.--David Novick, one of the early pioneers if not the early pioneer of PPBS, has written his version of the history of PPBS. This was originally written as one of the Rand Corporation papers and then included as the "Introduction" to the second edition of his book. He traces the development of PPBS through the federal government and through industry. Novick said that some parts of PPBS are as old as civilization, but the concepts and methods of PPBS as it is understood and practiced today are of recent origin. 20

Program budgeting (PPBS) had its beginnings in the federal government in 1941 with the Production Requirements Plan,

19 Ibid., p. 246.  
20 Novick, op. cit., pp. xx-xxv.
which provided the first overall picture of the war needs and resources of the United States.\textsuperscript{21} In 1942 the Controlled Materials Plan was prepared, but this budget was prepared in terms of copper, steel, aluminum, and other critical materials rather than money. The plan was used through the balance of World War II. The Plan was considered a program budget (PPBS) because of some of its characteristics. The major goals were identified and each major goal was identified in program objectives. The program objectives were further divided into program elements. Programs crossed service lines so as to identify Army, Navy, and Air Force requirements as well as non-military requirements. A budget was prepared every three months for sixteen periods or four years. Alternatives were considered, and a systematic analysis was made of the requirements and supply. Then a few of the government agencies prepared a program budget. The Rand Corporation prepared several studies and published several items for the Department of Defense. In 1961, the Department of Defense began efforts to install a program budgeting system.\textsuperscript{22} In 1965, President Johnson instructed all executive agencies of the federal government to begin installing the PPB system.\textsuperscript{23} This endeavor has continued to the present time.

\textsuperscript{21}Ibid. \hspace{1cm} \textsuperscript{22}Ibid. \hspace{1cm} \textsuperscript{23}U. S. Senate Subcommittee on National Security and International Operations, "Statement By the President to Cabinet Members and Agency Heads on the New Government-Wide Planning and Budgeting System, August 25, 1965," Planning-Programming-Budgeting: Official Documents, (Washington, D. C., 1967), pp. 1-2.
Industrial Use.—PPBS seems to have been in industrial use by at least two companies in the 1920's. According to Donaldson Brown, General Motors as early as 1924 was using something very much like a program budgeting system. The Bell Laboratories was utilizing a concept "engineering systems analysis," which is similar to systems analysis. This was a much narrower approach than is ordinarily thought of in PPBS, but it was a beginning of a systematic analysis. Also, industry has devoted much time and effort to management by objectives. All of these concepts have a rational, efficient utilization of resources as their objective.

PPBS Concept

A planning, programming, budgeting system is intended to assist managers in making more meaningful policy decisions. Hatry and Cotton have noted that:

Its essence is the development and presentation of information as to the full implications, the costs and benefits to the major alternative courses of action relevant to major resource allocation decisions.25

A PPBS is not a panacea for all types of government administration problems. Such problems as budget efficiency and cost control of day-to-day operations are generally considered to be outside the scope of a PPBS. Cost accounting and quantitative performance reports are important in furnishing

24Novick, op. cit., p. xxv.
needed information for PPBS analysis. Such systems are complementary to PPBS rather than being an integral part of it.

The objective of PPBS is not to reduce public spending. It is neutral on cost reduction. The objective of PPBS is to present information on the benefits obtainable for each specific level of funding; it searches for the most efficient allocation of resources.26

There are several distinctive characteristics of a PPBS:

1. It focuses on identifying objectives of the government and then relating all activities to these (regardless of organizational placement).
2. Future year implications are explicitly identified.
3. All pertinent costs are considered.
4. Systematic analysis of alternatives is performed. This is the crux of PPBS. It involves (a) identification of the governmental objectives, (b) explicit, systematic identification of alternative ways of carrying out the objectives, (c) estimation of the total cost implications of each alternative, and (d) estimation of the expected results of each alternative.27

For the purposes of this study the characteristics have been rearranged and are shown in Chapter I.

There are several terms that are important in the understanding of the PPBS concept. These terms are goals, objectives, programs, program alternatives, output, progress measurement, input, alternative ways to do a given job, and systems analysis.

26 Ibid. 27 Ibid., p. 15.
Goals

A goal is a broad, general purposive statement of intent. A goal, which is general and timeless, does not have to be achieved within a specific period of time. Each city should maintain a current set of goal statements which provide direction for all city activities. Goals are statements of community desires which are carried out through all phases of city government operations. The approach of a city to provide the municipal service needs of the community it serves will be reflected in the goal statements. Goals will vary according to the characteristics of each city.

Objectives

An objective is a desired achievement which can be measured for specific conditions and for a specific time period. The accomplishment of the objective advances the city toward a specific goal. Objective statements set forth the results which are sought through the performance of a particular activity or group of activities by the city government. Objectives may be stated in terms of minimums, averages, maximums, or terminal performances and can be measured by changes in the specific condition or characteristics of the individual citizen, changes in condition or characteristics of the total citizenry, or changes in total environment or service available.28

Objectives of a City.—Formerly, much of the discussion about objectives in public administration was concerned with the search for the one right objective. To have only one objective misdirects public administrators to the point that they may endanger the survival of the city. To satisfy one vocal special interest group today, public administrators tend to undermine the future. They may promote those services and facilities that are most easily produced and neglect those that are most needed for tomorrow.

"Management by objectives" was advocated by Peter F. Drucker, and his general concept of administration seems to apply equally well to a business enterprise as to a city government. To manage a city is to manage a variety of needs and goals. This requires judgment. The search for the one objective is basically a search for the magic formula that will make judgment unnecessary. The attempt to replace judgment by formula is always irrational; what can be done is to make judgment more rational by narrowing its range and the available alternatives, giving it clear focus and a solid base in facts and valid measurements of the effects of actions and decisions. This, because of the nature of a city, requires multiple objectives.

Objectives should be stated for every area where performance and results directly and vitally affect the survival

and well-being of the city. Objectives are affected by every city administration decision and, therefore, must be considered in every city administration decision.  

Objectives in the key areas should enable public administrators to do five things: to organize and explain the whole spectrum of municipal phenomena in a relatively small number of general statements; to test these statements in the real world; to predict the outcome; to evaluate the appropriateness of decisions while they are still being made; and to permit public administrators to evaluate their own experience and, thereby, improve their performance.  

A city is a community of human beings, and its performance is the performance of human beings. A city must be founded on common beliefs and must be held together by common principles. Otherwise, it becomes incapacitated, unable to perform, unable to demand and to obtain support and performance from its employees and constituents. Because of the many intangible considerations, a city administrator's job is to establish operational dimensions or boundaries. To consider the intangible considerations as having negligible effect is to risk not only municipal administration incompetence but also employee and citizenry dissatisfaction and public rejection of proposals provoked by irresponsible municipal administration conduct.  

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30Ibid.  
31Ibid., p. 64.  
32Ibid.
The real task lies not in determining what the objectives are but in deciding how to set them. There is only one meaningful way to make this decision—by deciding what is to be measured in each area and what the unit of measurement shall be. What is measured determines what one pays attention to. Those things that are not kept before the decision-maker are not considered important or relevant. Most of the units of measurements, if any even exist in municipal administration, are unreliable.

**Time-Period of Objectives.**—For what time-period should objectives be established? Different areas of municipal administration require different achievement time-periods. To design and develop a surface water supply would take five years or more. The results of other decisions may be realized in days or weeks. The establishment of immediate objectives which can be realized in the near future must be balanced with the establishment of long-range policy proposals. There are no formulas for making the decisions. They must always be founded on judgment and are usually compromises.

Decisions concerning expenditures that are determined by current administration's decision, rather than by past irrevocable decisions or by the requirements of current operations, must be made after careful consideration of each item and of all of them jointly. Administrators must know and decide what they are doing in each area. Administrators must know and decide to which area priority should be given, which to reduce first and by
how much, which to expand first and by how much. Administrators must know and deliberately "decide what risks to take with the long-run future for the sake of short-term results and what short-term sacrifices to make for long-run results."\(^{33}\)

**Programs**

"A program is a package which encompasses each and every one of the agency's efforts to achieve a particular objective or set of allied objectives."\(^{34}\) This definition of a program is quite different from the traditional governmental use of the term "program." Traditionally, the term characterizes functions and professional disciplines such as "land acquisition program" or "engineering program." Many agencies, even now, starting to develop a PPB program structure, will have to do some revising because of their failure to understand this difference. The essence of a PPB system is the bringing together all the agency efforts needed to meet particular objectives so that each program may be compared and evaluated with other competing programs. Unless an agency did work for only one program, which ordinarily would be a rarity, it will have to apportion its efforts among the different programs in order to bring together all the costs for each program. There is a strong relationship between programs and objectives. In strict PPB interpretation, there are no objectives acknowledged

\(^{33}\)Ibid., p. 86.  
\(^{34}\)Greenhouse, op. cit., p. 273.
except those for which a program has been designed to achieve them. There is no entity recognized as a program unless it is designed to achieve specific objectives.

Program Alternatives

Program alternatives are two or more different approaches (programs) which will achieve the same objective(s). Any one of the alternatives would accomplish the objective. The agency would select the best program. Having chosen one of the programs, the agency could show why the alternative selected was preferred over the others.35

Output

Before something may be classified as output, it must have certain characteristics. It should be either a good or a service. The good or service must be the result of a program's effort. The product can be identified as being an indicator of the results of the program. The agency considers it as contributing to the accomplishment of one or more of the objectives. The term "output," as used in the PPB context, has a much narrower meaning than in normal usage. Many types of products which agencies in the past thought to be output are now considered intermediary or contributory products. Unless a good or service can accomplish a given objective and serve as an indicator of program results, it is not an output.36

35Ibid. 36Ibid., p. 274.
**Progress Measurement**

If only program end-products (output) are what a PPB system is interested in, then progress measurement must be considered with output. There are two conditions that must be fulfilled—the planned output must materialize and the people for whom it is intended must receive it. Progress measurement determines how closely actual production corresponds with planned production and how closely actual distribution corresponds with planned distribution.37

**Input**

The PPB usage of the term "input" is very close to its normal usage. The total personnel, materials, equipment, and facilities utilized in a program are considered input. Some of the items included in a program may be intermediate or contributory products.38

**Alternative Ways to Do a Given Job**

The concept "alternative ways to do a given job" is concerned with the inputs of a program for a given objective. These alternative ways of doing the job may involve changing

1. The mix of inputs,
2. The total or unit cost to produce and deliver the output,
3. The quality or maybe the quantity of the output, and
4. The timing of production and delivery.

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This concept is different from program alternatives. The "program alternatives" question is a policy question concerned with objectives. The "alternative ways to do a given job" question is an operational question concerned with achieving the established objectives. 39

**Systems Analysis**

Systems analysis is the application of cost-benefit analytical techniques to several areas of a PPBS. 40 Two areas lend themselves to the application of PPBS techniques especially well. One area is the analysis and evaluation of program alternatives to determine the cost-benefit advantage of different outputs and/or distribution patterns. Another area is the analysis and evaluation "of changing the input mix so as to produce and/or distribute the output more efficiently." 41

The purpose of analyzing the system is to gain knowledge and understanding of the situation. The decision-maker needs to have available the relevant cost and benefit data. He should have these information items in any case, and, if additional information is needed, he can act accordingly.

**Cost-Benefit Analysis**

When trying to define cost-benefit analysis, a semantics problem is encountered. In examining the literature for terms that carry the same general meaning, one finds such terms as "cost-benefit analysis," "benefit-cost analysis,"

There is no technical reason for the selection of the term "cost-benefit analysis" to be used in this study; it seems that the term sounded more appropriate in a municipal service context.

**Characteristics of Cost-Benefit Analysis**

There are several distinctive characteristics that ought to be considered in an examination of cost-benefit analysis. One key characteristic is the systematic examination and comparison of the alternative programs for achieving specific objectives. It is important to consider not only the existing alternatives but also to design new alternatives if the existing ones are not satisfactory. If the analyst is thorough and creative, the original objectives may be subsequently modified. A second characteristic is the critical comparison of the costs and the benefits of each alternative course of action. A third characteristic is the futurity of the time period. Often it is five, ten or more years into the future. A fourth characteristic, which comes because of the futurity, is uncertainty. This problem must be faced and thoroughly considered in the analysis. A fifth characteristic of cost-benefit analysis is the broadness and complexity of the problem situation being analyzed. The very nature of the situation then will prohibit simple solutions. A sixth characteristic is that qualitative work must not be overlooked. A seventh characteristic is the
concentration on research and development and/or investment-type decision situations. Operational problems are not ignored, but it is not intended that they be solved by cost-benefit analysis. Cost-benefit analysis focuses on a different level of problems. An eighth characteristic is the timeliness of the analysis. The analysis must be completed, even sometimes at the sacrifice of thoroughness, in time to be utilized by the decision-maker. A good analysis is worthless if it is completed after the selection of an alternative is made.\footnote{Gene H. Fisher, "The Role of Cost-Utilizing Analysis in Program Budgeting," \textit{Program Budgeting: Program Analysis and the Federal Budget}, 2nd ed., edited by David Novick, (New York, 1969), pp. 61-6.}

\textbf{Purposes of Cost-Benefit Analysis}

In the utilization of cost-benefit analysis, it is important to remember what its purpose is. Cost-benefit analysis plays an important though limited role in the decision-making process. In the final analysis, most long-range-planning decisions are made on the basis of a quantitative analysis and rely heavily on knowledge and judgment. The primary role of cost-benefit analysis is to improve the basis for the judgment of the decision-maker. There are few, if any, cases where the results of the analysis will make the decision. Most problems have many important, intangible, social, and political considerations that cannot be expressed in quantitative terms. In those unusual situations where a fairly comprehensive set
of computations of costs and benefits is possible and a conclusion may be reached, it may be that the procedure employed to arrive at the decision was more useful than the decision.

Cost-benefit analysis is a search routine by which a solution to a complex problem is sought by dividing the problem into its component parts. By studying the conduct and the interrelationships of these components, a better insight and understanding is acquired of the problem. A decision-maker can make decisions on a more rational basis because more specific data is available, alternatives are systematically compared, the benefits and costs of each program are evaluated and compared, and the relationship between costs and benefits are made more explicit and clarified. 43

Models in a Cost-Benefit Analysis

Often in the performance of the analysis, the analyst will not have to design and develop a "model" or a simplified version of the real situation, but he must propose a version containing only the important relationships between the factors. In cost-benefit analysis, the model need not be highly formal or mathematical to be useful. Model building is not a well developed formal process but an experimental process. The key consideration about model building for cost-benefit analysis is developing a manageable model that contains all

the relevant factors but excludes the relatively unimportant ones. The main purpose of a model is to show the relationships between objectives, the available alternative courses of action for achieving the objectives, the projected cost of each alternative, and the projected benefit of each alternative. Since a model is a simplification of reality based on certain assumptions, these assumptions must be made explicit. A good model can be a great aid in performing a cost-benefit analysis.

Cost-Benefit Analysis in Comparing Alternatives

There are several important things to remember when doing a cost-benefit analysis for a PPB system. Since the alternatives will be compared with each other through the analysis, it is very important that consistency be maintained in concepts, methods, and techniques. The analyst should develop and use procedures that treat the alternatives in an unbiased, consistent way, rather than striving for accuracy in an absolute sense. Cost-benefit analysis is an important part of a PPB system. Cost-benefit analysis is the systematic evaluation and comparison of alternative ways of achieving established objectives for a future time period. It may be necessary to develop a satisfactory alternative if the existing ones are not satisfactory. The purpose of cost-benefit analysis is to sharpen the judgment of decision-makers rather than to make the decision. It is important that the problem be

44 Fisher, op. cit., p. 72.
structured correctly and that the proper analytical framework be used. If a model is developed, it is imperative that the relationships between the objectives be shown, the alternative ways of achieving the objectives be shown, and the estimated costs and benefits of each alternative be explicitly set forth. Uncertainty must be specifically considered, and the model used in the analysis should be checked for validity. The quantitative work of analysis should be supplemented with qualitative analyses.45

Treatment of Uncertainty in Cost-Benefit Analysis

Cost-benefit analysis must give explicit treatment of uncertainty. There are two classes of uncertainty. One class of uncertainty concerns the future state of the world (city). In a municipal context, important factors are economic uncertainty, political uncertainty, population uncertainty, legal uncertainty, and many other factors. The second class of uncertainty, statistical uncertainty, originates from the chance elements in the world. Even if the first type of uncertainty (future state) could be completely eliminated, i.e. all the future states are known, the statistical uncertainty would still exist. The second type of uncertainty is much easier to work with. The first type of uncertainty is usually present in long-range situations.

"One can view cost-benefit analysis as anything from an infallible means of reaching the new Utopia to a waste of resources in attempting to measure the unmeasureable."\(^{46}\) The purpose of cost-benefit analysis is to obtain an optimum allocation of resources.

In the perfect sense, all costs and all benefits are identified and measured. Unfortunately, there is no perfect cost-benefit analysis. The normal procedure is allocation of the program's installation (capital) costs over the relevant time period to determine the annual installation costs. Then the annual operating costs are added. The market value of the units produced is divided by the number of units to estimate the average value of the output. The time streams of the costs and the benefits are discounted to secure the present value of the costs and benefits. Projects in which benefits exceed their costs or the projects with the most favorable cost-benefit ratio may be approved.\(^{47}\)

**Problems in the Use of Cost-Benefit Analysis**

There are some problems involved in the use of cost-benefit analysis. Some of these problems arise from the computational difficulties in estimating costs and benefits.


The market place, assumed to have competitive conditions and full employment, is used to measure value for society. Any weakness in the market works counter to the reliability of the results. Cost-benefit analysis seeks to improve economic welfare. The problem lies in determining whose welfare is to be improved. There is no scientific way to compare gains and losses of different people. Another problem in the use of cost-benefit analysis is that certain types of analyses are not meaningful. For example, the uncertainty and unreliability of cost estimates and the complex nature of benefits reduces the meaningfulness of such analyses.4\textsuperscript{8} Another problem in the usage of cost-benefit analysis is that some projects or programs lend themselves to cost-benefit analysis more readily than others. Prest and Turvey have said that "The technique [cost-benefit analysis] is more useful in the public-utility area than in the social-service area of government."4\textsuperscript{9}

Problems of PPBS\textsuperscript{50}

The PPBS problems may be categorized under three different headings: conceptual, operational and institutional.

\textsuperscript{48} Ibid., p. 295.

\textsuperscript{49} Prest and Turvey, op. cit., p. 689.

Conceptual Problems

The conceptual problems of PPBS are concerned with designing the program budget and making it relevant to the decision-making requirements of the administration of the government. PPBS is interested in the organization of information for decision-making, and this view continues from conception to implementation. The core issue is the definition of objectives to be achieved through resource allocation. The objectives of city executives may be as much political as economic; and where they are economic, they may be narrow, special interests or general idealistic interests, rather than managerial or operational interests. The administrative organization may come later as a result of reasons other than rationality after the formation of the city government. In philosophic and operational terms, the municipal government must know what it is for or what it is trying to accomplish. There have been few, if any, city objectives clearly defined in operational terms.

An example of the conceptual problem of cities is law and order. It is certain kinds of crime, certain levels of crime, and certain criminals that cities are concerned with. All laws cannot be completely enforced. The requirements of the specific concerns will determine the character of the decision process. A big advantage of the PPB system over traditional budgeting is an explicit statement of objectives, the development of alternative courses of action, and the

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51 Ibid., p. 286.
development of an information system that facilitates analytical evaluation of costs in relation to expected benefits. To bring this about, one must grapple with such problems as whether juvenile delinquency should be a problem for the parks and recreation department or a problem for the law enforcement department. If a "correct" answer can be ascertained, it will be only through a thorough analysis or examination of the facts and conditions. 52

Operating Problems

One of the problems that is not conceptual but is involved in the execution of the PPB system is the gap between pointing out a group of activities as a program or program element and then actually accumulating information applicable to making a program decision. The usual case is that the activities which form a program package are scattered throughout several city departments or agencies. Operating techniques will have to be developed for determining these activities and ordering them for the PPB system. This is not an easy assignment. The beginning task will be to identify the relevant activities in the various departmental budgets. The task is made even more difficult by bureaucratic resistance coming from the desire to maintain authority and position and from the apprehension that inaccuracies and inefficiencies may be revealed. The recipients of the public services affected by a change in

52 Ibid., pp. 288-291.
administration and operation of a program may also oppose any such shifts. Things are not likely to occur exactly according to plan after the introduction of a PPB system and there will be a certain amount of initial frustration with the whole decision-making arrangement.

A second operating problem is the determination of the correct amount of central control. Considering trade-offs and interdependencies more systematically, making a decision after these considerations and implementing these decisions may cause increased centralization seem to be more conducive to good administration or less costly than before. If agencies think they have ineffective bargaining power in the decision-making process, their incentive to create and promote alternatives will be weakened. If one level of the organization is subject to too few reviews and evaluations, its beliefs and convictions may dictate the decisions, and adequate consideration is not likely to be given to all the uncertainties. The attempt to make decision-making more rational and less sensitive to bargaining pressures might even inject a conservative bias into the process of policy formulation. It must be recognized when designing and introducing new administrative tools that they may be misused.53

Institutional Problems

Some institutional problems will be encountered in the design and implementation of a PPB system. It should be repeated

53 Ibid., p. 298.
here that the goals of the city government are not necessarily consistent with the goals of individual agencies or departments or of individual administrators. An honest consideration of future problems and a positive, constructive development of political, organizational, and social strategies can generate support for the PPB system and maximize its usefulness. The formal as well as the informal organization of the government may view the PPB system as a threat to an already established system. Decisions based on a more rational approach as a result of the PPB system will not be universally acclaimed as progressive. The characteristics of better decisions are considered to be (1) the identification and possible elimination of duplicate and meaningless activities, (2) the exposure of ineffective or inefficient usage of resources, and (3) a clearer understanding of long-range resource requirements for each alternative. Some of the institutional factors may not agree with some of these characteristics of better decisions.54

The city government has certain legal requirements which must be fulfilled. These can be very real problems to the implementation of a PPBS. For instance, in Texas there are two different laws under which cities are incorporated.55

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54 Ibid., p. 306.

The cities incorporated under these different laws are designated general law and home rule cities. The general law cities have only powers expressly granted by the legislature. The home rule cities have authority to enact ordinances and conduct affairs that are not inconsistent with the constitution and general laws of the State. The home rule city need only consider the limitations imposed on it by the Constitution and the general laws. The home rule cities have more freedom in the administration of the governmental operations. In some cases, existing laws for general law cities may have to be changed before a PPBS can be implemented.

**Contribution of PPBS**

The principal benefit to be gained by utilizing a PPBS is through the planning process where there is the procedure of "making program policy decisions that lead to a specific budget and specific multi-year plans." The annual budget is a detailed short-term plan for putting into effect program decisions. The necessity for critical budget analysis is not replaced by a PPBS. Penetrating analysis is still needed to insure that approved programs are performed in an efficient and effective manner. PPBS does not eliminate the requirement of preparing detailed, line-item type of supporting information for budget submissions. The decision-maker should acquire an improved understanding of the problems and the available

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56 Hatry, *op. cit.*, p. 15.
alternative solutions: the consequent program plan and the budget to carry it out should also be improved.\textsuperscript{57}

Will PPBS just change the way or method of making a decision, or will it mean that different decisions will be made? This is not an easy question to answer. One of the implicit assumptions of PPBS is that the behavior of decision-makers is influenced by the form in which information is presented. If this assumption is not true, then PPBS is just a manipulation of techniques and data. PPBS literature seems to take an overly mechanistic view of man. It is assumed that the decision-maker is committed to the efficient and effective operation of the governmental unit and that he will select the alternative that optimizes the allocation of resources. In politics, data are used to sway decisions in the allocation of resources. If information influences behavior, it is likely also that behavior influences information. Schick said that administrators "are more likely to seek and use data which suit their preferences than to alter their behavior automatically in response to formal changes."\textsuperscript{58}

PPBS aims at producing a different atmosphere for decision-making. Traditionally, budgeting's mission has been set forth in terms of an existing base and suggested departures (increases or decreases from it). The budgeting process did not question or analyze the base (the past and existing) but only critically examined proposed changes. This type of budgeting (incremental

\textsuperscript{57}Ibid. \hspace{1cm} \textsuperscript{58}Schick, \textit{op. cit.}, p. 257.
budgeting) projected the present into the future with only minor modifications. PPBS begins with objectives and requires the base to be compared with new proposals on an equal basis. This is not to say there will be a lack of continuity between the budgets of the different years. The sunk costs, the multi-year plans, and the vested interests of people will tend to discourage radical departures. The existence and presence of analytic data will cause a reconsideration of the economic, social, and political forces that enter into a budget.

With a PPB system, the flow of budget information is changed. Traditionally, the upper echelon issues a call for the submission of budget estimates from the lower levels. The lower levels prepare, assemble, and submit their budget requests to the next higher level in the administrative organization. The organizational units at the lower level form the building blocks for the next higher level. With a PPB system, before the call for budget estimates, the upper echelon must prepare the relevant policy instructions for the lower levels of the organization. Under traditional budgeting, the main part of the attention of the Budget Department is devoted to preparing the budget, whereas under a PPB system it is devoted to preparation activities—policy guidance and preparation.59

59Ibid.
CHAPTER III

CURRENT PLANNING, PROGRAMMING, BUDGETING PRACTICES IN CITIES

Introduction

Chapter two has revealed that there has been extensive research and writing about planning, programming, and budgeting. What does the research reveal about how these practices are currently used in city government? Much of the literature has not been read by officials who are responsible for the actual administration of the city government. Interviews with city government officials showed that this unfamiliarity was the result of short terms of office and lack of preparation and training on the part of mayors, commissioners, councilmen, and planning commissions.

Many cities have not yet formalized their planning, programming, and budgeting procedures. Pressure is being exerted to formalize these procedures in order to qualify for federal aid to conduct model cities, urban renewal, open space, housing, highway, and other city projects. Even in those cities where formal planning occurs, it is usually confined to planning for tangible things—land use, streets, sewers, parks, transportation, and the location of other public facilities. Budgeting procedures vary from city to city. Some cities, usually those with trained, professional
administrators, have almost model appropriation budgeting processes. In other cities, budgeting is a rather haphazard process. In most cities, the budgeting process does not include information on the objectives of the city, information about city problems and opportunities, or studies of the costs and benefits of the various proposed programs. Resource allocation decisions in cities where there is not a set of objectives, priorities, or programs are made by the city legislative body and the city government staff on the basis of historical precedent, their own personal preference in the situation, or response to pressure from special interest groups.

When a city administration critic begins to talk about one of his favorite topics, such as the increasing size, inefficiency, or ineffectiveness of city government agencies, he very well might describe city officials with a statement that is credited to William Faulkner, "Men ain't evil; they just ain't got any sense." The quote captures the frustration of the critic as well as dedicated city officials and the general public with the city administration issue; for if the problem were simply the result of evil men doing evil things, then it would be easy to correct by replacing the evil men with good men. But, the problem is one of foolish or shortsighted men who have control of organizations, new technology, and new programs designed for good which can be easily misused. This makes the problem much harder to grasp.
To determine the planning, programming, and budgeting practices in cities today, a questionnaire was mailed to one hundred twenty cities in northeast Texas. A follow-up personal interview was conducted in twenty-five of the seventy-one cities responding. Of the twenty-five cities interviewed, twenty had a population of 10,000 or greater and five had a population of less than 10,000. The criteria for the selection of the twenty larger cities and the five smaller cities were as follows:

A. Twenty larger cities
   1. Having a population of 10,000 or more
   2. Returning the questionnaire
   3. Having established objectives or at least partially so

B. Five smaller cities
   1. Having a population of less than 10,000
   2. Returning the mail questionnaire
   3. Having established objectives or at least partially so
   4. Having five or more of the PPBS characteristics.

The purpose of the mail questionnaires and the interviews was to explore city administration, to learn something of the interest in PPBS, and to determine the planning, programming, and budgeting practices being utilized. The body of Chapter III that follows originated from the mail questionnaires and from the personal interviews of the twenty-five selected cities.
Most of the data in the tables included in this chapter has been compiled from the mail questionnaires and the personal interviews. In some cases the answers in the returned mail questionnaires were adjusted to reflect the conditions found during the personal interviews. Appendix B, at the end of the study, contains information from the mail questionnaires of all seventy-one cities returning the questionnaires.

Factors Affecting City Government Administration

Form of City Government

One of the important factors in municipal administration is the form of government. The reported forms of city government are shown in Table III. If the city has a city

<table>
<thead>
<tr>
<th>FORM OF CITY GOVERNMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mayor-Council</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Council-Manager</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Commission-Manager</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Total</td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

*Source: Mail questionnaires and personal interviews.

manager, then the city tends to have a more formally organized administrative system. City managers, in general, tend to be
better qualified to hold public administration positions because of their experience and/or training. According to several city managers, the people now entering public administration have training far superior to those who began earlier. The full impact of these new administrators will not be felt for several more years. One surprising observation was that all cities had a city manager or an equivalent. One city called the individual the "City Administrator" rather than city manager. A city manager serving as the chief administrative officer makes the position more professional than political.

**Policy Statement Assigning Responsibilities**

Fifteen of the cities had a policy statement which specifically defined and assigned responsibilities (Table IV). Four of the five smaller cities and eleven of the twenty

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Population 10,000 and Over</th>
<th>Population Under 10,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>15</td>
<td>11</td>
<td>4</td>
</tr>
<tr>
<td>No</td>
<td>10</td>
<td>9</td>
<td>1</td>
</tr>
<tr>
<td>Total</td>
<td>25</td>
<td>20</td>
<td>5</td>
</tr>
</tbody>
</table>

*Source: Mail questionnaires and personal interviews.*
larger cities had such a policy statement. Some of the responsibilities were assigned to specific officials by the city charter. Some of the cities had defined and assigned responsibilities during a job evaluation study. In some cases, responsibilities were assumed informally, but as so often occurs, a responsibility that is not specifically assigned to anyone is carried out by no one. Ten (40 per cent) of the cities still need to establish a basic responsibility assignment policy.

Planning

Historically, planning in cities has been concerned only with the physical factors. Streets, sewers, water lines, parks, and utilities have had to be planned and provided. These items are only means to an end and not ends in themselves. As the head of the planning department in one city said, "We have been planning cities as if they were bricks without people." Many city officials acknowledge the need for more extensive and intensive planning. City officials rationalize their limited planning efforts by saying that their vast physical needs utilize all of the limited resources that are available to the city. Most city officials interviewed contended that they were five to ten years behind in providing just the minimum of the physical facilities for the citizens of their city.

The Planning Departments in most cities were concerned with land use and zoning administration. Although no specific
statistics were accumulated on this subject, it was observed that people who were at the heads of the Planning Departments were trained in architecture, engineering, or drafting. They knew more about the physical aspects of the city and were more interested in them than than in the social aspects. The Planning Department, which operated under the direction of the city manager, city council and city planning and zoning commission, focused on the physical facilities and left the determination of the objectives and the planning to accomplish them to someone else.

Long-Range Planning.—Long-range planning is essential if established objectives are to be achieved. Nineteen of the twenty-five cities had an individual or a committee assigned the specific responsibility for the coordination of long-range planning as shown in Table V. Four of the five

<table>
<thead>
<tr>
<th>TABLE V</th>
</tr>
</thead>
<tbody>
<tr>
<td>DOES ANYONE OR A COMMITTEE IN YOUR CITY HAVE THE SPECIFIC RESPONSIBILITY FOR THE COORDINATION OF LONG-RANGE PLANNING?*</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total</th>
<th>Population 10,000 and Over</th>
<th>Population Under 10,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>19</td>
<td>15</td>
</tr>
<tr>
<td>No</td>
<td>6</td>
<td>5</td>
</tr>
<tr>
<td>Total</td>
<td>25</td>
<td>20</td>
</tr>
</tbody>
</table>

*Source: mail questionnaires and personal interviews.
smaller cities and fifteen of the twenty larger cities had assigned this responsibility. It was difficult to find any tangible results from the assignment of the responsibility in some cities. As a matter of fact, two of the fifteen larger cities that claimed to have assigned this responsibility did not have a Capital Improvements Plan. It would appear that their long-range planning was not very effective. Of the five larger cities that did not claim to have assigned the long-range planning responsibility, four had a Capital Improvement Plan which covered five future years of capital expenditures. This indicated that some type of long-range planning was being performed. It should be noted that in these cities where long-range planning was undertaken such planning was limited to the future development of physical facilities.

The city manager in eleven of the cities had the specific responsibility for the coordination of long-range planning as shown in Table VI. In seven cities the Director of Planning or the Planning Commission had the responsibility for long-range planning. One city indicated that its city manager, budget director, finance director, planning director, and consultants shared the responsibility for long-range planning. The naming of several administrators to cover all areas of administration indicated an uncertainty concerning how responsibilities should be divided. Six of the cities did not assign the specific responsibility for the coordination of long-range planning to anyone.
TABLE VI

TITLE OF THE INDIVIDUAL OR COMMITTEE HAVING THE SPECIFIC RESPONSIBILITY FOR THE COORDINATION OF LONG-RANGE PLANNING*

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Population 10,000 and Over</th>
<th>Population Under 10,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>City Manager</td>
<td>11</td>
<td>9</td>
<td>2</td>
</tr>
<tr>
<td>Director of Planning or Planning Commission</td>
<td>7</td>
<td>5</td>
<td>2</td>
</tr>
<tr>
<td>Two or more**</td>
<td>1</td>
<td>1</td>
<td>..</td>
</tr>
<tr>
<td>No one</td>
<td>6</td>
<td>5</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>25</td>
<td>20</td>
<td>5</td>
</tr>
</tbody>
</table>

*Source: Mail questionnaires and personal interviews.

**City manager, mayor, budget director, finance director, treasurer, city clerk, planning director.

Planning City Operations.—Seventeen of the cities reported that they planned operations five years or more in advance (Table VII). Five of these seventeen cities did not have a Capital Improvements Plan which covered five years or more, and their budgeting process covered only one future year. These five cities had very little documentation to support their claim that they planned operations five years or more in advance. Two of the five cities had a completed
**TABLE VII**

**TIME PERIOD CITY OPERATIONS ARE PLANNED AHEAD***

<table>
<thead>
<tr>
<th>Time Period</th>
<th>Total</th>
<th>Population 10,000 and Over</th>
<th>Population Under 10,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>One Year</td>
<td>3</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Two Years</td>
<td>1</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Three Years</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Four Years</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Five Years</td>
<td>11</td>
<td>10</td>
<td>1</td>
</tr>
<tr>
<td>More Than Five Years</td>
<td>6</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Different Operations</td>
<td>3</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Different Periods</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>25</td>
<td>20</td>
<td>5</td>
</tr>
</tbody>
</table>

*Source: Mail questionnaires and personal interviews.

Comprehensive Plan\(^1\) and two were in the process of preparing one. These cities had at least given some consideration to the future. The Comprehensive Plans were usually too general to be considered as plans of operations. The Comprehensive Plans could guide the planning of operations, but they were not plans of operations.

\(^1\)A Comprehensive Plan is a twenty-to-twenty-five year physical resource plan for the city. For a more detailed discussion see the section entitled "Comprehensive Plan as a Statement of Objectives" in a later part of this chapter.
Of the five cities that planned operations ahead three years or less, three had a Capital Improvements Plan, four had a completed Comprehensive Plan, and one was in the process of preparing the Comprehensive Plan. Of the five cities that planned operations ahead three years or less, only one had a Workable Program, and it was in the early years of its existence. The Capital Improvements Plan, the Comprehensive Plan, and the Workable Program applications documented the fact that cities had planned capital items and/or operations into the future. Only one city did not have any of these documents. Most cities had done some planning of future city operations. The scope and depth of operations planning varied greatly between cities, but generally it was very limited.

Programming

Most city officials seemed to agree with the programming concept. Programming is the process of putting together in a package each of the agency's efforts to achieve a particular objective or set of related objectives. Programming, within the PPBS context, involves evaluation and comparing each

2A Capital Improvements Plan is a long-range (usually about five years) plan setting forth the capital improvements that will be needed. For a more detailed discussion see the section entitled "Capital Improvements Plan as a Statement of Objectives" in a later part of this chapter.

3A Workable Program is an analysis of a community's needs and problems, the long-range goals, and action programs with respect to community renewal and housing programs. For a more detailed discussion see the section entitled "Workable Program as a Statement of Objectives" in a later part of this chapter.
program with other programs, in terms of overall approach, dimension, costs, and benefits. There were several benefits that various administrators could envision as results of programming. One of the benefits was that it would put first things first and would make funds available for the items with higher priority. Proper programming would help to avoid conflict among projects and programs by bringing attention to all needed improvements at one time rather than on a piece-meal basis. It would help the public to see the whole financial picture (needs as well as resources), therefore, making it easier to understand (not necessarily accept) why locally-desired improvements or services cannot always be provided as quickly as the proponents wish. Programming would aid the performance of projects by making sure that necessary time is provided for land acquisition and plan preparation. It would help the city council, city administrators, and other public agencies to maintain the proper perspective of capital needs. Up until now, there has not been much programming to achieve specific objectives.

**Budgeting**

**Legal requirements of city budgeting.**—Municipal budgeting is required by law in Texas. Article 689a of Vernon's Civil Statutes designates the Mayor or City Manager as "budget officer." The budget officer is responsible for preparing a budget each year to include all proposed expenditures of the
city or town for the succeeding year. The budget is required
to be presented in such a manner as to facilitate a clear
comparison between expenditures. The code reads:

Such budget shall be carefully itemized so as to make as
clear a comparison as practicable between expenditures
included in the proposed budget and the actual expendi-
tures for the same or similar purposes for the preceding
year. The budget must also be so prepared as to show as
definitely as possible each of the various projects for
which appropriations are set up in the budget, and the
estimated amount of money carried in the budget for each
of such projects. The budget shall also contain a complete
financial statement of the city, town, or village . . .

If a city or town in this state (Texas) has already
set up in its charter definite requirements which provide
for the preparation each year of a budget of all expendi-
tures of said city and a public hearing on said budget,
then the charter provisions of said city . . . shall
govern . . . 4

Budget manual.--Thirteen cities reported preparing their
own budget manual, which contained forms and instructions for
the preparation of the budget (Table VIII). Three of the
smaller cities and ten of the larger cities had prepared such
a manual. It seems logical that a city that has formalized
its budgeting procedure would have a budgeting manual. The
preparation and the presence of a budget manual, however,
does not guarantee that good budgeting procedure will be
followed. During the interviews it was observed that most of
the "budget manuals" were rather limited in scope and help-
fulness. Many of the "budget manuals" consisted of (1) a

4Vernon's Annotated Revised Civil Statutes of the State
of Texas, 1B (Kansas City, Missouri, 1964), Articles 689a-13
through 689a-16, 177-178.
HAS YOUR CITY PREPARED ITS OWN BUDGET MANUAL CONTAINING FORMS AND INSTRUCTIONS FOR THE PREPARATION OF THE BUDGET?*

<table>
<thead>
<tr>
<th>Yes</th>
<th>Total</th>
<th>Population 10,000 and Over</th>
<th>Population Under 10,000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>13</td>
<td>10</td>
<td>3</td>
</tr>
<tr>
<td>No</td>
<td>12</td>
<td>10</td>
<td>2</td>
</tr>
<tr>
<td>Total</td>
<td>25</td>
<td>20</td>
<td>5</td>
</tr>
</tbody>
</table>

*Source: Mail questionnaires and personal interviews.

transmittal letter from the city manager giving due dates and (2) some blank budget request forms to be completed by the head of the department. These items were stapled together and sent to the department head. Twelve (48 per cent) of the cities had not formalized their budgeting procedure to the extent of preparing even a simple budget manual.

A good budget manual could promote uniformity and coordination in the preparation of the budget requests. It would help to insure that all the needed information was included with the budget request. With a budget manual, the budgeting procedures and requirements are more explicit, thus facilitating analysis and evaluation for decision-making purposes.

Table XXXI, in Appendix B, contains the budget manual statistics for all seventy-one cities returning the mail
questionnaire. Twenty-four (thirty-four percent) of all cities had prepared a budget manual.

**Supplementary budget schedules.**—Eighteen cities prepared supplementary budget schedules, in addition to the legally required budget schedules, for council consideration and/or for internal administration purposes (Table IX). Two of the smaller cities and sixteen of the larger cities prepared supplementary schedules.

<table>
<thead>
<tr>
<th>Yes</th>
<th>18</th>
<th>16</th>
<th>2</th>
</tr>
</thead>
<tbody>
<tr>
<td>No</td>
<td>7</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>Total</td>
<td>25</td>
<td>20</td>
<td>5</td>
</tr>
</tbody>
</table>

*Source: Mail questionnaires and personal interviews*

Of the eighteen cities with supplementary budget schedules, eleven had prepared budget manuals and seven had not. Two cities had prepared a budget manual but did not prepare supplementary budget schedules. Five cities (two of the smaller ones and three of the larger ones) had not prepared a budget manual or prepared supplementary budget schedules.
Also, of the eighteen cities with supplementary budget schedules, six prepared a formal multi-year program schedule and financial plan, while the other twelve did not. Of the seven cities that did not prepare supplementary budget schedules, four prepared a formal multi-year program schedule and financial plan, and the other three did not.

City officials differed as to what constituted a supplementary budget schedule. A certain schedule which might be considered a required schedule in one city would be considered a supplementary schedule in another city. The reason for this difference seems to be that for the first two or three years of its usage a new schedule is considered supplementary, and after that it is considered a required schedule. Practically all the cities did in fact prepare more budget schedules than just those legally required.

**Annual budget.**—All twenty-five cities prepared an annual budget. In most cases all city government revenues and expenditures were included in the document. Sometimes the detailed description of capital items and intergovernmental grants on special projects were included in another document with only a summary entry shown in the annual budget. Very few city charters prescribed the form of the city budget. In some city charters, a certain minimum amount of content of the annual budget was set forth. The basic budget (the legally required items) could be supplemented with schedules as deemed necessary. In most cases, the form and content of the budget
document were left to the discretion of the city council and/or city manager. In those cases where a charter did prescribe the form and the content of the budget, a typical instruction would say that in "parallel columns opposite the items of expenditure there shall be placed the actual amount of such items of expenditures for the last completed fiscal year, the estimated amount for the current fiscal year, and the proposed amount for the ensuing fiscal year." In most cases, the city manager was charged with the responsibility for the preparation of the annual budget, but he could delegate the authority to prepare the budget to one of his staff members.

Requirement in the city charter of a budget schedule or statement did not guarantee that it was prepared. One city charter called for a summary of proposed expenditures "by function, department, and activities." City officials were asked for copies of the activity expenditure schedules or statements which were not in the basic budget document. The city officials reported that these had never been prepared and that there were no specific plans to attempt to prepare them. It was the officials' opinion that the people who prepared the city charter did not realize what was required to prepare these statements, especially the statement showing expenditure by activity. So far, no council member has required

the statement and no citizen had said anything about it. This city charter was only four years old when this city was visited.

PPBS Characteristics

Objectives

In a PPBS, the objectives are the pivotal point of the whole system. Objectives are considered so basic to the existence of any organization that it is simply assumed that they exist. Yet it is extremely difficult to identify objectives for an organization. Administrators are reluctant to admit that city governments lack objectives.

As shown in Table X, the administrators of twenty of the twenty-five selected cities said in their mail questionnaire that they had formally identified and set forth their objectives.

| TABLE X |
|------------------|----------|-----------|
| HAVE THE FUNDAMENTAL OBJECTIVES OF THE CITY BEEN FORMALLY IDENTIFIED AND SET FORTH?* |

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Population 10,000 and Over</th>
<th>Population Under 10,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>20</td>
<td>15</td>
<td>5</td>
</tr>
<tr>
<td>No</td>
<td>3</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Partially</td>
<td>2</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>25</td>
<td>20</td>
<td>5</td>
</tr>
</tbody>
</table>

*Source: Mail questionnaires and personal interviews.
The officials of two other cities had identified and set forth a partial list of their objectives. All five of the smaller cities and fourteen of the larger cities had identified their objectives.

Table XXVII, in Appendix B, contains the statistics on setting forth fundamental objectives for all seventy-one cities returning the mail questionnaire. Forty (56 per cent) of the cities had set forth their fundamental objectives according to the questionnaires.

City administrators refer to various documents when they are identifying explicit statements of objectives. Different city administrators referred to various documents for an explication of objectives. Tables XI and XII show the various documents that were examined during the personal interviews with city officials. This table does not imply that all administrators would agree that these documents contain statements of objectives. Since some of the administrators interviewed did refer to these documents, these statistics were compiled to show how many cities possessed each of the documents.

City charter as a statement of objectives.--All twenty-five of the cities had a city charter (Tables XI and XII). The purposes or objectives of the cities were rarely stated in the charters. About the only statements in the city charter that remotely referred to objectives were statements such as to "provide for the future progress of our city and obtain more fully the benefits of local self-government."
The statements were rather philosophic presentations. The charters were fairly uniform in form and content because in preparing a charter the city's charter commission referred to the charters of other cities. Therefore, the charter prepared by the charter commission was a composite of the other charters examined. Based on observations in these twenty-five

TABLE XI

CITIES WITH DOCUMENTS HAVING STATEMENTS THAT HAVE BEEN REFERRED TO AS OBJECTIVES*

<table>
<thead>
<tr>
<th>Document Type</th>
<th>Total</th>
<th>Population 10,000 and Over</th>
<th>Population Under 10,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>City Charter</td>
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<td>20</td>
<td>5</td>
</tr>
<tr>
<td>Annual Budget</td>
<td>25</td>
<td>20</td>
<td>5</td>
</tr>
<tr>
<td>Statement of Objectives</td>
<td>5</td>
<td>5</td>
<td>..</td>
</tr>
<tr>
<td>Comprehensive or Master Plan</td>
<td>21</td>
<td>17</td>
<td>4</td>
</tr>
<tr>
<td>Application for Workable Program</td>
<td>15</td>
<td>14</td>
<td>1</td>
</tr>
<tr>
<td>Capital Improvement Plan</td>
<td>18</td>
<td>15</td>
<td>3</td>
</tr>
</tbody>
</table>

*Source: Personal interviews of the twenty-five selected cities

selected cities, a city charter is not a good document in which to look for a statement of the objectives of a city.

Annual budget as a statement of objectives.--An annual budget was prepared by all twenty-five cities (Table XII). Most city budgets contained only the minimum requirements
### TABLE XII

**AVAILABILITY OF CITY DOCUMENTS INTERMITTENTLY REFERRED TO AS HAVING STATEMENTS OF OBJECTIVES**

<table>
<thead>
<tr>
<th>City Number</th>
<th>C. C.</th>
<th>A. B.</th>
<th>S. O.</th>
<th>C. P.</th>
<th>A.W.P.</th>
<th>C.I.P.</th>
</tr>
</thead>
<tbody>
<tr>
<td>200</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
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<td>208</td>
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<td>210</td>
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<td>234</td>
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<td>243</td>
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<td>248</td>
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<td>Yes</td>
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<td>258</td>
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<td>278</td>
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<td>No</td>
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<tr>
<td>288</td>
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<tr>
<td>308</td>
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<td>Yes</td>
<td>No</td>
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<td>Yes</td>
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</tr>
<tr>
<td>310</td>
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<td>No</td>
<td>Yes</td>
<td>No</td>
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</tr>
<tr>
<td>312</td>
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<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
</tbody>
</table>

*Source: Personal interviews of twenty-five selected cities.*

*Abbreviations:*
- **C. C.**—City Charter
- **A. B.**—Annual Budget
- **S. O.**—Statement of Objectives
- **C. P.**—Comprehensive Plan
- **A.W.P.**—Application for Workable Program
- **C.I.P.**—Capital Improvements Plan
which were (1) the actual expenditures for the last completed fiscal year, (2) the estimated expenditures for the current fiscal year, and (3) the proposed amount for the coming fiscal year. If an administrator said the budget contained a statement of the objectives of the city, the annual budget usually contained extensive performance statistics for the various departments.

Selected examples of performance statistics were as follows:

Workload Statistics for the Public Safety Department

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Major Accidents</td>
<td>360</td>
<td>396</td>
<td>436</td>
</tr>
<tr>
<td>Minor Accidents</td>
<td>1,298</td>
<td>1,478</td>
<td>1,626</td>
</tr>
<tr>
<td>Fatal Accidents</td>
<td>5</td>
<td>6</td>
<td>9</td>
</tr>
<tr>
<td>Citations Issued</td>
<td>7,451</td>
<td>7,781</td>
<td>8,559</td>
</tr>
<tr>
<td>Miles Patrolled</td>
<td>559,120</td>
<td>565,409</td>
<td>571,063</td>
</tr>
<tr>
<td>Murders</td>
<td>3</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>Robberies</td>
<td>31</td>
<td>34</td>
<td>37</td>
</tr>
<tr>
<td>Arrests</td>
<td>3,709</td>
<td>4,186</td>
<td>4,605</td>
</tr>
</tbody>
</table>

Workload Statistics for the Parks and Recreation Department

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Maple Street Recreation Bldg-Attendance</td>
<td>8,900</td>
<td>9,100</td>
<td>9,600</td>
</tr>
<tr>
<td>Brown Pavillion-Attendance</td>
<td>18,300</td>
<td>18,500</td>
<td>19,000</td>
</tr>
</tbody>
</table>
Parks and Recreation Department (continued)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Hall Street Tennis court-attendance</td>
<td>2,240</td>
<td>2,460</td>
<td>2,560</td>
</tr>
<tr>
<td>Park acres maintained</td>
<td>1,000</td>
<td>1,000</td>
<td>1,100</td>
</tr>
<tr>
<td>Recreation Bldgs-major maintained</td>
<td>4</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Shrub beds maintained square feet</td>
<td>16,000</td>
<td>20,000</td>
<td>24,000</td>
</tr>
<tr>
<td>Park Board meetings</td>
<td>6</td>
<td>9</td>
<td>12</td>
</tr>
<tr>
<td>Staff meetings</td>
<td>80</td>
<td>100</td>
<td>150</td>
</tr>
</tbody>
</table>

These statistics were included as partial justifications for the amounts included in the budget for each of the departments. Many of the city administrators referred to the budget as the financial plan for achieving the objectives of the city without identifying the objectives. The performance of a specific unit of work or function is not the objective of the department or the city. Rather, the performance of that unit of work or function is the means for achieving a certain result. In most cases that result is not identified. Most cities did not even present the performance statistics for the past years or project them for the budget period. An examination of these twenty-five cities' annual budgets reveals that the annual budgets do not contain the objectives of the city.
Explicit statement of objectives.—Five of the twenty-five cities interviewed had specific statements of goals which were examined during the research (Tables XI and XII). All of these cities had a population of 10,000 and over. The cities did not differentiate between goals and objectives. Generally, the city officials' concept of a goal or an objective differed from the PPBS concept. In general, the five cities' statements of goals were unacceptable for a PPBS. Four of these statements had been developed after extensive citizen participation. The other one of the five cities had a statement of goals prepared by the planning department, but the majority of the city staff and the citizens of the city were unaware of it. The statement of goals in this city did not have a status in the mainstream of the decision-making process; therefore, it could not serve as a guide or standard in making decisions. The statements were rather philosophic in nature. It would be very difficult to use the statements in the actual decision-making process or to determine whether or not most of the goals were ever achieved. Two examples are cited to illustrate the point.

A. One city gave as a general goal of its education program: "must continually pursue and promote excellence in education so that all future citizens can attain their full potential as enlightened and productive members of our society." Then, for a "specific goal" the proposal stated:

"Pursue a continual program of education research and evaluation. Strive for excellence in teaching methods, aids and facilities."

One goal in which achievement could be determined was "Establish a kindergarten program."

These goals were fairly typical of the goals of other cities.

B. With respect to the development of culture, an administrative committee reported:

Our main goal is the creation of a community in which an atmosphere of openness and acceptance toward all people prevails; in which a spirit fostering enlightenment and encouraging excellence of taste flourishes; in which the physical surroundings are aesthetically pleasing. In short, we strive to create a community in which all people shall find it pleasurable to live and work, and in which everyone may truly enjoy life to the fullest.

However optimistic this statement may appear, it must be recognized that city government cannot satisfy the desires of all its citizens. It is doubtful that what is said is what is meant, and this is not an acceptable statement of a goal.

**Comprehensive plan as a statement of objectives.** -- A comprehensive plan sets forth the urban facilities that should be needed in the city during the next twenty or twenty-five year period. The terms "comprehensive plan," "master plan," and "general plan," are used interchangeably. The foreword of the comprehensive plan usually acknowledges that the plan

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7Ibid.

is not the ultimate plan for the city but is the beginning of a continuous program which is needed to meet new developments in the changing patterns of the city.

One of the qualifying requirements of certain federal assistance programs for cities is a comprehensive community plan--usually called a "Comprehensive Plan." Ideally, the community, working through its planning agency and assisted by experts, assessed its physical resources. Then it developed a plan and a program for providing the kind of environment needed for improvement, growth, and development. The documents setting forth the Comprehensive Plans did not define the precise day-to-day decision-making process. They were intended to serve as a guide for citizens and administrators, to show direction, and to minimize the alternatives for the physical environment. Often the local citizens and administrators were interested primarily in fulfilling the Federal requirements for a certain assistance grant. The plan prepared by a consultant reflected, usually, his conception of community needs.

The status or authority of the comprehensive plan varied between cities. In most cities, the status seemed to be determined by whether or not the city manager adhered to the comprehensive plan. The influence of the city manager was more apparent than that of the city council. However, since research was done only with the administrative staff, the relationship of the city manager with the interviewees may
account for this attitude. One city manager thought the document was a good thing to have, but it took two secretaries about thirty minutes to locate it. It made one wonder how important it was in his decision-making process. Several years ago, one city had prepared its comprehensive plan, and then the city council eliminated the planning department in an economy effort. The council reasoned that the planning department was not needed since the planning had been done for the city for the next twenty years. The planning department has since been re-established, but the city has encountered several unnecessary problems which arose during the absence of the planning department. The comprehensive plan was not the final answer to planning and objectives for the city.

Twenty-one of the twenty-five selected cities had a comprehensive plan. Seventeen of twenty of the larger cities and four of the five smaller cities had comprehensive plans (Tables XI and XII). Three of the four cities without a comprehensive plan were in the process of developing such a plan.

Workable program application as a statement of objectives. Before a city may receive financial assistance from the U. S. Department of Housing and Urban Development for most programs, it must have an approved Workable Program.

The basic purpose of the Workable Program requirement is to ensure that the communities desiring to utilize funds for renewal and housing programs understand the array of forces that create slums and blight and are
willing to recognize and take the steps within their power to prevent and overcome urban blight. 9

The Workable Program is the locality's program, and it is the responsibility of the locality to establish goals, action programs, and timetables . . .10

The U. S. Department of Housing and Urban Development's review of a city's application for certification or recertification of its Workable Program is based on an assessment of four factors:

a. Problem Analysis. Adequacy of the community's analysis of the problems and needs where required by the Workable Program elements.

b. Long-Range Goals. Adequacy and reasonableness of the long-range goals and targets for accomplishment proposed by the community for overcoming such problems.

c. Action Programs. Adequacy of the specific actions and timetable proposed to be taken by the community during the next period of certification to deal with the problems identified, in light of available resources and the magnitude of the problems.

d. Progress. Demonstration of reasonable continuing progress toward meeting goals and objectives specified by the community.11

Fifteen of the twenty-five cities had made application for "Workable Program" certification (Tables XI and XII). Fourteen of the twenty larger cities and only one of the smaller cities had an approved "Workable Program." One of the smaller cities had let its certification expire without

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10Ibid., Chapter 2, p.1. 11Ibid., p. 2.
renewing its application. The cities that still have an approved Workable Program can point to requirement "B, Long-Range Goals" as their statement of goals. The goals and objectives in a Workable Program application are rather narrow in scope since they relate only to renewal and housing programs. For many cities this is their first and only attempt at explicitly setting forth objectives, even for a limited part of their operations. This is a fairly recent program, and for some officials the agonizing process is still fresh in their minds.

Capital Improvements Plan as a statement of objectives.--
The purpose of the Capital Improvement Plan (CIP) is to relate capital expenditures to a soundly formulated, long-range plan for needed public improvements within the city's limited resources. The Capital Improvements Plans were usually prepared for a five-year period and updated annually in order to relate projected improvements to a long term work program and development plan. All CIP's contained a schedule of proposed improvements for each year of the program. Some contained a summary of the city's financial capabilities and a detailed explanation and justification of each project with the program. Capital Improvement Plans, however, are not statements of objectives. Referring to these plans as objectives is confusing the means with desired end or result. The objective is not the capital improvement itself but the service that it can yield the city.
Capital Improvement Plans had been prepared by eighteen (Table XII) of the twenty-five cities selected for personal interviews. Fifteen of the larger cities and three of the smaller cities had prepared such plans. Two of the smaller cities and one of the larger cities did not have a separate Capital Improvements Plan but said their comprehensive plan served this purpose adequately.

Setting Objectives

No uniform procedures were followed by cities in setting their objectives. The most common procedure seemed to be for the city council to appoint city-wide committees to prepare objectives.\textsuperscript{12} One city had divided its geographical area into sectors and then appointed committees from each sector to establish goals. In one city that had a statement of objectives, the Planning Commission requested the Planning Department to prepare a list of objectives.

It was quite common for the city council to appoint a "Committee for the Improvement of the City." The committee was to set forth the goals or objectives for the city. In the past, committee members came only from the higher socio-economic population of the city. The general populace of the city was not too concerned about the membership or what the committee did or proposed. In recent time there has been much public

\textsuperscript{12}Refer to the Chapter II section entitled "Objectives" in which objectives are briefly discussed in general, followed by a discussion of "Objectives of a City."
concern about the membership of such committees and their actions. It is becoming more common for the committee to be specifically charged with preparing the recommended objectives for the city or preparing the plan for the improvement of life in the city.

These appointed committees study the various factors that influence life in the city and its growth. The committees recommend the capital facilities that will be needed in the future and the methods for financing these facilities. It is generally thought that the committees study the needs for future growth and improvement. But, Mr Horton from Nashville, Tennessee, in a speech in Dallas said that in many respects in his city they would consider their objectives achieved if the city government were able to keep conditions from deteriorating over the next ten years. Other city officials have echoed his comment. Even many city administrators in Texas are now saying that they cannot improve without outside help. The recommendations from the committees often fail to identify capital facilities as an intermediary goal or objective with the ultimate goal of providing of a certain service or benefit.

Objectives in Quantitative Terms

The objectives of fourteen cities had been expressed in quantitative, measurable terms as shown in Table XIII. Ten of the twenty larger cities and four of the smaller cities have their objectives expressed in quantitative terms. Eight of the cities said that their objectives were not expressed
in measurable terms. In three of the cities, officials did not know exactly how they ought to answer the question. It was observed during the interviews that these three cities' objectives were not in quantitative terms. In one of the cities, an administrator answered that the city government did not have a statement of its objectives, but the answer to a subsequent question was that the objectives were expressed in quantitative terms. Upon investigation it was learned that the official providing the information felt that there were too few objectives set forth to say the city had a statement of objectives. But the few objectives that were established

TABLE XIII

ARE FUNDAMENTAL OBJECTIVES EXPRESSED IN MEASURABLE, QUANTITATIVE TERMS?*

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Population 10,000 and Under</th>
<th>Population Over 10,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>14</td>
<td>10</td>
<td>4</td>
</tr>
<tr>
<td>No</td>
<td>8</td>
<td>7</td>
<td>1</td>
</tr>
<tr>
<td>Not Sure How to Answer</td>
<td>3</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>25</td>
<td>20</td>
<td>5</td>
</tr>
</tbody>
</table>

*Source: Mail questionnaires and personal interviews.

were expressed in quantitative terms, and he responded affirmatively to that question. Fewer cities had their objectives expressed in quantitative terms (Table XIII) than had statements of objectives (Table X).
If the laying of a specified number of feet of sewer pipe, a specified number of miles of streets, or a certain number of policemen on the force are statements of objectives, then some cities had their objectives expressed in quantitative terms. In a PPBS usage, these items would be quantification of inputs and would not be considered as statements of output or objectives expressed in quantitative terms.

Review and Re-evaluate Objectives

City policies in twenty-one of the twenty-five cities provided that the objectives of the city be reviewed and re-evaluated periodically as shown in Table XIV. These twenty-one were the twenty cities with statements of objectives (Table X) and one city that had a partial list of objectives. The cities that have a Workable Program had to have it recertified every two years. The application for the recertification

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Population 10,000 and Over</th>
<th>Population Under 10,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>21</td>
<td>16</td>
<td>5</td>
</tr>
<tr>
<td>No</td>
<td>4</td>
<td>4</td>
<td>..</td>
</tr>
<tr>
<td>Total</td>
<td>25</td>
<td>20</td>
<td>5</td>
</tr>
</tbody>
</table>

*Source: Mail questionnaires and personal interviews.*
of the Workable Program requires that the city review and re-evaluate its objectives along with other requirements. Even in cities without a formal statement of objectives, officials said that during their annual budgeting process they reviewed and evaluated their past activities and considered what is planned in the future. This review was concerned with the operations and often the capital improvement items. Many of the officials said that they had to consider what they wanted in future accomplishments for their city each time they updated their Capital Improvements Plan, a task which is performed annually in most cities. Twenty-one of the twenty-five cities periodically review something—either the means or the ends, i.e. the objectives. The city officials were reviewing the inputs—dollars, equipment, manpower, etc.—but not the outputs or objectives.

Evaluate Accomplishment of Objectives

Thirteen of the cities had a plan in operation which evaluated the extent to which goals and objectives had been accomplished as shown in Table XV. All five of the smaller cities and eight of the twenty larger cities had such evaluation plans in operation. Eight of the thirteen cities that evaluated the extent of accomplishment of objectives had Workable Programs. Two examples of objectives in a Workable Program are elimination or upgrading substandard houses and unpaved streets. An evaluation of progress toward achievement of the established objectives would show the number of
substandard houses that was upgraded to standard or the amount of streets paved since the previous application. The evaluation of progress toward achievement of the established goals is required at least every two years when the city applies for recertification of its Workable Program. In six of the cities that did have Workable Programs, officials reported that they did not have a specific plan in operation which evaluated the extent of accomplishment of their goals and objectives. Most of these cities had relatively new Workable Programs less than

TABLE XV
DO YOU HAVE A PLAN IN OPERATION WHICH EVALUATES THE EXTENT TO WHICH GOALS AND OBJECTIVES HAVE BEEN ACCOMPLISHED?*

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Population 10,000 and Over</th>
<th>Population Under 10,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>13</td>
<td>8</td>
<td>5</td>
</tr>
<tr>
<td>No</td>
<td>12</td>
<td>12</td>
<td>..</td>
</tr>
<tr>
<td>Total</td>
<td>25</td>
<td>20</td>
<td>5</td>
</tr>
</tbody>
</table>

*Source: Mail questionnaires and personal interviews.

two years old, and the city government had not been forced into objective accomplishment evaluation. Some of the cities did not have a formal plan for evaluation. One of the five cities that had a formal statement of objectives did not have a plan for evaluation of accomplishment of the objectives, but the other four of the cities did have such a plan. During the
interviews, most city officials said that they did not document the evaluation process, but it was something that the city staff was continuously doing in an attempt to improve service. Evaluation has been performed only in a very narrow sense within most cities.

Table XXIX, in Appendix B, contains the statistics on evaluating the extent of accomplishment of goals and objectives by all seventy-one cities returning the mail questionnaires.

**Document Alternative Means**

Documentation of the future alternative means of achieving the objectives, the cost of each alternative, and the benefit of each alternative was claimed by fifteen of twenty-five cities as shown in Table XVI. In twelve of the twenty larger cities and in three of the five smaller cities, officials claimed to document the costs and benefits of the alternative means of achieving the objectives. The documentation may be a formal presentation of a special report or a very informal gathering of data and presenting it to the appropriate department head or the city manager. City governments are required by regulation to identify and evaluate the alternatives during the process of preparing a Workable Program, which usually affects only a limited portion of the city. Nine of the fifteen cities which consider alternative methods of achieving objectives had a Workable Program. In most cases the documents having the information on the alternatives not
TABLE XVI

DO YOU DOCUMENT THE FUTURE ALTERNATIVE MEANS OF ACHIEVING THE OBJECTIVES, THEIR COSTS, AND THEIR BENEFITS?*

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Population 10,000 and Over</th>
<th>Population Under 10,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>15</td>
<td>12</td>
<td>3</td>
</tr>
<tr>
<td>No</td>
<td>10</td>
<td>8</td>
<td>2</td>
</tr>
<tr>
<td>Total</td>
<td>25</td>
<td>20</td>
<td>5</td>
</tr>
</tbody>
</table>

*Source: Mail questionnaires and personal interviews.

selected were not available for consideration and evaluation. The administrators said the documents were valueless and would only occupy needed space.

Many administrators identified special situations as illustrative of their efforts to compare alternatives. Two specific examples of the comparison of alternatives involved garbage collection and copying machines. In a study of the garbage collection system, different city administrators considered different factors. The variables considered in the decision were frequency of pick-up (once or twice a week), place of pick-up (at curb or from behind home), and agency performing the service (a city department or a private agency on contract). There was no explicit consideration of the quality of service. With these as the variables the alternatives
were compared and the decision made. In another situation, the acquisition of the copying machines for the city government was discussed several times. In most cases, only the costs were compared, and the benefits were assumed to be equal. So the least expensive method of photocopying was selected. But in one case, the highest priced copying machine was selected because the city manager thought the better quality of the copies (the "benefit") was worth the difference in cost. City administrators contended that any time there was competitive bidding for goods and services, a comparison between the alternative bids had to be made.

In most of the ten cities the alternative means of achieving the objectives were not documented (Table XVII), officials contended that they did consider the alternatives even though they did not document them. Five of the ten cities had a Workable Program and eight of the ten cities had a Capital Improvement Plan. In most of the cities, administrators did consider alternatives although the comparison was rather narrow in scope.

**Identify Activities**

In eleven of the twenty-five cities, officials reported that all activities that were related to the achievement of each objective were explicitly identified and set forth (Table XVII). In four of the five smaller cities, it was reported that all these activities were identified, and in seven of the twenty larger cities, they were also identified. Of the five
cities that had a specific statement of objectives, in only two of them did the administrations identify all activities related to the achievement of each objective. The twenty cities reported that the fundamental objectives of the city had been formally identified and set forth (Table XVI); in eleven of these cities officials had identified and set forth all the activities related to the achievement of each objective. In

### TABLE XVII

**ARE ALL ACTIVITIES THAT ARE RELATED TO THE ACHIEVEMENT OF EACH OBJECTIVE EXPLICITLY IDENTIFIED AND SET FORTH?**

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Population 10,000 and Over</th>
<th>Population Under 10,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>11</td>
<td>7</td>
<td>4</td>
</tr>
<tr>
<td>No</td>
<td>14</td>
<td>13</td>
<td>1</td>
</tr>
<tr>
<td>Total</td>
<td>25</td>
<td>20</td>
<td>5</td>
</tr>
</tbody>
</table>

*Source: Mail questionnaires and personal interviews.*

nine of the fourteen cities in which officials had not identified and set forth all activities related to the achievement of each objective, administrators had set forth their objectives. Ten cities reported having a Capital Improvements Plan even though all activities related to the achievement of each objective were not identified. Many of the officials reasoned that since they were performing all of the required tasks they
must have identified all the related activities. They had planned and budgeted the necessary inputs. They had not explicitly related what was put into the governmental efforts to what they desired to accomplish, i.e. their objectives.

Table XXX, in Appendix B, contains the statistics on identifying the activities related to each objective by the seventy-one cities returning the mail questionnaire.

**Consider All Monetary Costs**

In twenty-one of the twenty-five cities, officials reported that all monetary costs were considered in making decisions on municipal services (Table XVIII). In all five of the smaller cities and in sixteen of the twenty larger cities, administrators considered all costs in municipal service decisions. During the research, it was learned that there were some differences of understanding as to what

**TABLE XVIII**

**ARE ALL MONETARY COSTS CONSIDERED IN MAKING DECISIONS ON MUNICIPAL SERVICES?**

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Population 10,000 and Over</th>
<th>Population Under 10,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>21</td>
<td>16</td>
<td>5</td>
</tr>
<tr>
<td>No</td>
<td>4</td>
<td>4</td>
<td>.</td>
</tr>
<tr>
<td>Total</td>
<td>25</td>
<td>20</td>
<td>5</td>
</tr>
</tbody>
</table>

*Source: Mail questionnaires and personal interviews.*
"considered" meant. Where certain facilities were constructed on a cost-sharing basis, the only costs which were influential in the decision were those to be borne by the city itself. The total cost was considered, but the city's share of the costs was more significant. That all costs, capital as well as operating over the life of the facility or service, were equally considered for all alternatives or even one alternative is not evidenced by the documents available for inspection. Any attempt to compare the total costs of the alternatives at a subsequent date would be almost impossible. It is much easier to compile construction costs of a facility than operating and maintenance costs, and consequently, the construction costs are the only ones considered in many decisions. With a one year operating budget period, the total operating costs are not shown in the budget, and it is easy to "hide" these costs if it is so desired. The administrators do make a cost comparison in decisions on municipal services, but often it is not a total of all costs over the life of the facility or the duration of the service.

Program Schedule and Financial Plan

The multi-year program schedule is a document which indicates what is planned to be achieved through existing and planned programs. The multi-year financial plan is a document which shows the estimated cost of the existing and planned programs. A formal multi-year program schedule and financial plan was prepared in only ten of the twenty-five cities
In four of the five smaller cities and in six of the twenty larger cities, it was reported that a program schedule and a financial plan had been prepared. Four of the ten cities that reported having a multi-year program schedule and financial plan did not have a Capital Improvements Plan or a Workable Plan, and they prepared their budget on an annual basis. All four either had on hand or were in the process of preparing a comprehensive plan. There was little documented evidence to indicate that they did in fact prepare an equivalent of a multi-year program schedule and financial plan. When questioned about this, the administrators said that programs and finances for the future were continually discussed by department heads and city council members.

TABLE XIX

| IS A FORMAL MULTI-YEAR PROGRAM SCHEDULE AND FINANCIAL PLAN PREPARED?* |
|-----------------|-----------------|-----------------|
| Population      | Total           | Population Under 10,000 |
| Total           | Yes             | No              |
| Population Under 10,000 and Over | 6  | 14 |
| Yes             | 10              | 15              |
| No              | 4               | 1               |
| Total           | 20              | 5               |

*Source: Mail questionnaires and personal interviews.

There were several interesting observations on the responses of cities about the preparation of the program
schedules and financial plans. Of the five cities with specific statements of their objectives, in only one city did officials report that they had prepared a program schedule and financial plan to accomplish the objectives. Of the ten cities reporting the preparation of a multi-year program schedule and financial plan, only one city had a specific statement of objectives, a Comprehensive Plan, a Workable Program, and a Capital Improvements Plan (the four most prominent multi-year documents). One city that reported that it prepared multi-year program schedules and financial plans did not have any of these four documents. The other eight cities had either one, two, or three of these four documents. These observations have been drawn from a study of the responses of city officials to questions asked and documents reviewed during the research. In the majority of the cities, administrators do not claim to prepare multi-year program schedules and financial plans. Many of the cities reporting to have the multi-year program schedules and financial plans have only rudimentary ones.

Comparing Costs and Benefits

In the comparison of projects or services, it is often extremely difficult to make quantitative comparisons. The cost of the service may be shown but the value of the benefit cannot. One example was a city-owned and operated bus system. The bus system was a public transportation facility, and it was subsidized by the city. The city administrators were convinced there was no way to make the public transportation
system a paying or break-even proposition. Its existence was justified by public service reasons. In a survey it was learned there are quite a few people who work in the city who depend upon the bus system for transportation. Without the bus system, these people would not have transportation. The cost was identified but not the value. Street lighting was a second area where justification was attempted. The city was able to show that crime rates were reduced in areas where there was good street lighting. The administrators were not sure if the reduction in the crime rate justified the additional cost. Parks have also been credited with reducing the crime rate. When parks were upgraded the crime rate was reduced. These attempts at comparison and evaluation had produced some quantitative measures for comparison. Most of the city officials thought that this was an improvement in their administrative procedure.

It was fairly common to find cities with problems which were the apparent result of efforts in previous years to falsely economize. One example cited was the case of storm sewer covers or orifices. One city in the mid-1960's, in a publicly heralded efficient administrative move, installed some storm sewer orifices (covers) which on a contract bid cost about one-third as much as alternative competing bids. The cheaper covers allow more trash and rubbish to get into the storm sewer system, and now the city expends a large amount of resources restoring and maintaining storm sewer service.
According to present city officials, if a long-range comparison of the costs and benefits had been prepared, as is characteristic of a PPBS, a different decision would have been made. Unless a long-range cost-benefit comparison is a part of the normal decision process, it is too easy to over-look or neglect such a comparison. If a PPBS were implemented, the cost-benefit comparison would be part of the normal decision-making process.

Formal PPBS Training and Experience

Even though there has been a considerable amount of public administration literature devoted to PPBS, there have not been very many city officials to receive formal PPBS training.

<table>
<thead>
<tr>
<th>CITIES THAT HAVE PEOPLE WHO HAVE HAD FORMAL TRAINING IN PLANNING, PROGRAMMING, BUDGETING SYSTEM PROCEDURE*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Have Had PPBS Training</td>
</tr>
<tr>
<td>No One</td>
</tr>
<tr>
<td>City Manager</td>
</tr>
<tr>
<td>Two or More People**</td>
</tr>
<tr>
<td>Assistant to the City Manager</td>
</tr>
<tr>
<td><strong>Total</strong></td>
</tr>
</tbody>
</table>

*Source: Mail questionnaires and personal interviews.

**City manager, mayor, budget director, finance director, treasurer, city clerk, planning director.
training. In sixteen of the twenty-five cities, no one had had PPBS training. Only two of five of the smaller cities have anyone with formal PPB training. Each of the two smaller cities had a city manager who had had some PPB training. As may be seen in Table XX, seven of the larger cities have people with PPB training. During the course of research, it was learned that at least two of those claiming to have formal training had received their training in seminars. It is interesting to note that in all the larger cities where the city manager had formal PPB training, there were also other people on the staff who had similar training. It seems that the city manager thought it important enough to have supporting people with the PPBS training.

Table XXXII, in Appendix B, contains the statistics on the cities with people who have had formal PPBS training for the seventy-one cities returning the mail questionnaires.

More public administrators in cities claim to have PPBS experience than have had training. Eleven cities did not have anyone with PPBS experience, but ten of the cities that have people with PPBS experience had two or more such persons. Only one of the smaller cities had a full time employee who had had PPBS experience. The mayor of a small city had been on the planning commission of the city and considered this PPBS experience. As shown in Table XXI, three of the five smaller cities had no one with PPBS experience. There was one large city and one small city where the only ones with PPBS experience were city managers.
TABLE XXI
TITLE OF THOSE WHO HAVE HAD EXPERIENCE IN PPBS PROCEDURE*

<table>
<thead>
<tr>
<th>Have Had PPBS Experience</th>
<th>Total</th>
<th>Population 10,000 and Over</th>
<th>Population Under 10,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>No One</td>
<td>11</td>
<td>8</td>
<td>3</td>
</tr>
<tr>
<td>City Manager</td>
<td>2</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Mayor</td>
<td>1</td>
<td>..</td>
<td>1</td>
</tr>
<tr>
<td>Two or More People</td>
<td>10</td>
<td>10</td>
<td>..</td>
</tr>
<tr>
<td>Treasurer</td>
<td>1</td>
<td>1</td>
<td>..</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>25</td>
<td>20</td>
<td>5</td>
</tr>
</tbody>
</table>

*Source: Mail questionnaires and personal interviews.

**City manager, mayor, budget director, treasurer, city clerk, planning director.

Table XXXIII, in Appendix B, contains the statistics on the cities with people who have had PPBS experience for the seventy-one cities returning the mail questionnaires.

Past PPBS Workshop or Seminar Attendance

Fifteen of the twenty-five cities have required some of their administrative staff attend a workshop or seminar on Program Budgeting or Planning, Programming, Budgeting Systems in the last twelve months, as may be seen in Table XXII. It is interesting to note that fourteen of the twenty larger cities and only one of five of the small cities had staff members attend such a workshop or seminar. Of the fifteen
cities having staff members attend a Program Budgeting or PPBS workshop or seminar, in twelve of the cities officials claimed to have set forth their objectives, but in the other three, they have not.

TABLE XXII

HAS ANY OF YOUR CITY'S ADMINISTRATIVE STAFF ATTENDED A WORKSHOP OR SEMINAR ON PPBS IN THE LAST TWELVE MONTHS?*

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Population 10,000 and Over</th>
<th>Population Under 10,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>15</td>
<td>14</td>
<td>1</td>
</tr>
<tr>
<td>No</td>
<td>10</td>
<td>6</td>
<td>4</td>
</tr>
<tr>
<td>Total</td>
<td>25</td>
<td>20</td>
<td>5</td>
</tr>
</tbody>
</table>

*Source: Mail questionnaires and personal interviews.

It is difficult to determine if attendance at the workshops or seminars had any impact upon the actual administrative process of the cities. Of the twenty cities in which officials claim to have their objectives set forth, eleven cities had someone from their staff attend such a workshop or seminar, and nine cities had no one attend. Of the five cities in which officials did not claim to have their objectives set forth, four cities had had one or more staff members attend such a workshop or seminar.
Of the fifteen cities with staff members that have attended a Program Budgeting or PPBS workshop or seminar, thirteen of the cities reimbursed the staff members for the costs of attending, and two of the cities did not reimburse. During the course of the interviews several of the city administrators said that a shortage of funds prohibited sending staff members to workshops or seminars.

Table XXXIV, in Appendix B, contains the statistics on past staff PPBS seminar and workshop attendance for the seventy-one cities returning the mail questionnaires.

**Attendance in a Future PPBS Workshop**

Twenty-three of the twenty-five cities would send one or more of their administrative personnel to attend a workshop designed to aid in the understanding, development, and implementation of a Program Budget or a PPBS as shown in Table XXIII.

**TABLE XXIII**

WOULD YOUR CITY SEND ONE OR MORE OF ITS ADMINISTRATIVE PERSONNEL TO A PPBS WORKSHOP?

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Population 10,000 and Under</th>
<th>Population Under 10,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>23</td>
<td>18</td>
<td>5</td>
</tr>
<tr>
<td>No</td>
<td>2</td>
<td>2</td>
<td>.</td>
</tr>
<tr>
<td>Total</td>
<td>25</td>
<td>20</td>
<td>5</td>
</tr>
</tbody>
</table>

*Source: Mail questionnaires and personal interviews.*
The only two cities in which staff members were not required to attend the workshop had a population of over 10,000. Eighteen of the twenty-three cities that sent administrative personnel to training sessions reimbursed the personnel only for the costs of attending the workshop. Five of the cities that sent personnel to the workshop did not reimburse the individuals for the costs of attending. These city governments would allow employees to take time off to attend. Of the fifteen cities that have required their personnel to attend a workshop or seminar on PPBS in the past, fourteen reported that they would send personnel to such workshops in the future. It seems significant that the officials of fourteen of fifteen cities that have required attendance in the past thought it important and valuable enough to want to promote attendance in the future. Of the ten city governments that have not urged attendance to a Program Budgeting or PPBS workshop or seminar in the past, nine want to attend one in the future. There was one city government that has not required attendance in the past and does not desire to do so in the future. In the main, city governments were very interested in future workshops or seminars on Program Budgeting or PPBS.

Table XXXV, in Appendix B, contains the statistics on the attendance in future PPBS workshops by staff from all seventy-one cities returning the mail questionnaires.
Cities Claiming to Have a PPBS

Table XXIV shows that officials of ten cities claim to have currently a Planning, Programming, Budgeting System (PPBS) in their city. This includes nine of the larger cities and only one of the smaller cities. Of the fifteen cities that did not have a PPBS, eleven were larger cities, and four were the smaller cities. It should be emphasized that four of five smaller cities (80 per cent) and eleven of twenty larger cities (55 per cent) did not claim to have a PPBS. Of the ten

<table>
<thead>
<tr>
<th>TABLE XXIV</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>DO YOU CURRENTLY HAVE A PLANNING, PROGRAMMING, BUDGETING SYSTEM (PPBS) IN YOUR CITY?*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
</tr>
<tr>
<td>Total 10,000 and Over</td>
</tr>
<tr>
<td>----------------------</td>
</tr>
<tr>
<td>Yes</td>
</tr>
<tr>
<td>No</td>
</tr>
<tr>
<td>Total</td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

*Source: Mail questionnaires and personal interviews.

cities that had a PPBS, six cities did not have anyone with formal PPBS training. Nine of the fifteen cities in which officials did not claim to have a PPBS did not have anyone with formal PPB training, and six of the cities had one or more persons on their staff with the training. Of the nine cities in which administrators did not claim to have a PPBS, three had city managers with formal PPBS training. Seven of the ten
cities in which officials claimed to use a PPBS had one or more persons who had experience in PPBS. Six of the seven cities had two or more persons with such training. Of the fifteen cities in which officials did not claim to have currently a PPBS, seven had one or more persons on their staff with PPBS experience. Of the ten cities in which leaders claimed to have a PPBS, officials of three cities reported that no one on their staff had had formal training in PPBS nor experience in PPBS. Seven of the fifteen cities in which officials claimed to have a PPBS did not have many staff members with either PPBS training or experience.

In general, the cities in the study did not employ PPBS. Having a statement of objectives is an absolute necessity for a PPBS. Administrators of twenty cities claimed to have their objectives set forth, but only those in five had a specific document which was called a statement of objectives. The other cities had a very narrow definition of objectives including only a segment of the city. Fifteen of the twenty cities in which officials claim to have their objectives set forth rely on statements such as the Application for Workable Program, Comprehensive Plan, City Charter, Annual Budget, etc. Because these statements and the other documents containing statements related to objectives are too vague and general, no city in the study may realistically claim to have a PPBS.

Table XXVI, in Appendix B, contains the statistics on cities in which officials declare to have a PPBS among the seventy-one cities returning the mail questionnaires.
CHAPTER IV

MODEL CITIES PROGRAM

Introduction

During the research and study it was learned that two of the cities (Texarkana and Waco) were participating in the Model Cities Program. The general purpose of Chapter IV is to examine in more detail the Model Cities Program since it requires, in essence, a Planning, Programming, Budgeting System (PPBS). The Model Cities Program's administrative requirements and considerations are reviewed. Selected examples of program goals, measures, and objectives are illustrated, and the benefits and problems encountered are examined. The Model Cities Program involves only a fraction of the whole city. The efforts are focused on the poverty-stricken portion of each participating city. Utilizing procedures similar to those in a PPBS, the Model Cities Program requires, among other things:

1. An in-depth study of the problems and opportunities of the area involved;
2. Establishment of goals and objectives;
3. Development of means of measuring progress toward achievement of goals and objectives;
4. Comparison of available alternative means of achieving the goals and objectives with respect to total cost.
and benefits;
5. Identification of all activities necessary for the achievement of each objective;
6. An evaluation of progress toward achievement of the goals and objectives;
7. An annual review and re-evaluation of the priorities of goals and objectives; and
8. Development of a long-range program schedule and financial plan.

This chapter contains a brief study of the Model Cities Program and a general description of the Model Cities Program in those two cities. No specific inferences will be attempted, but this analysis is included to give the study more depth. The Model Cities Program is a young, pioneer, politically controversial program that searches for solutions to perennial social problems.

**Model Cities Authorization**

The Model Cities Program was authorized by Title I of the Demonstration Cities and Metropolitan Development Act of 1966, Public Law 89-754. The purpose of the Model Cities Program is to demonstrate how the living environment and the general welfare of the residents of slum and blighted urban areas can be substantially improved in cities of all sizes and in all parts of the nation. Financial and technical assistance is provided to enable cities to plan, develop, and carry out
comprehensive five-year local programs in selected areas and to encourage new and imaginative proposals.

Any general policy-making unit of local government may apply for three different types of assistance. One type of assistance, a planning assistance grant, may cover up to 80 per cent of the total cost of planning the program. The second type of assistance, which is called supplementary grant, may cover up to 80 per cent of the non-federal local share of all federal grant programs affecting the model cities area. The third type of assistance, also called a supplementary grant, may cover up to 80 per cent of the local administrative costs for the program. Since the supplementary funds can be used for virtually any new project related to the physical, economic, and social needs of the model cities area, or can be applied to the city's share of programs currently offered by the federal government to be utilized in the model cities area, all other federal urban programs are related.

To be eligible for the Model Cities Program, a city or agency is required to show that it has the resources to carry out the program and that the program meets certain standards of quality. The city or agency must demonstrate in the proposal that the program will renew entire slum neighborhoods by the combined use of physical and social development programs. A choice of housing by citizens of all income levels should be available, and the program should increase the supply of
standard low-cost and moderate-cost housing. Plans for increased educational opportunities and job opportunities for residents of the area is a required part of the program. The program should contribute to the healthy growth of the entire city. The program is to be administered in such a manner as to achieve the widest possible participation of the citizenry and the maximum degree of local initiative in demonstrating innovative approaches to solving community problems. 1

The Model Cities Program makes it possible for public and private agencies to continue and coordinate their activities, to expand them to a level which will have a significant impact in the community, and to focus them on the greatest need. It helps to bring together federal assistance efforts and to enhance their contribution to the city. At the beginning of the program, the city designates its "City Demonstration Agency" (the official title). This agency applies for funds to plan a Model City program—setting forth the scope of the community's need, its resources, and the objectives which the program hopes to achieve. The in-depth planning goes far beyond a mere listing of the programs the community proposes to undertake. 2


2Ibid., p. 6.
The Need for the Model Cities Program

A natural question would seem to be, "Why is the Model Cities Program needed?" There are many factors which have an influence on the problems of cities. The cities in the United States are in trouble. There are seven million urban families who live in dilapidated or deteriorated housing. Most of these homes are concentrated in slum or blighted areas that also lack adequate schools, green spaces, recreation areas, and the other elements of a good neighborhood. These neglected neighborhoods have obsolete street patterns, traffic snarls, and a lack of decent public transportation facilities. The quality of residential urban life is further degraded by poor trash and garbage collection, polluted air, and crowded schools. These neighborhoods have extensive social decay as evidenced by soaring crime rates, rising numbers of school dropouts, and delinquency and contempt for law and order. Falling tax revenues, deteriorating real property tax base, loss of business, and hard core joblessness are indicators of the economic decline of these neighborhoods. The number and quality of municipal services is affected by the upward spiral in costs. All of these have a direct effect on the daily lives of Americans who live in cities. Cities have not kept up with the needs of their residents, and many cities have little hope of meeting their needs with resources presently available to the city governments.  

3 Ibid., pp. 1-2.
Administrative Requirements

Cities participating in the Model Cities Program develop, prepare, and submit a document entitled "Comprehensive Demonstration Program," which is the basis for funding by the Department of Housing and Urban Development. This Program is divided into three parts: (I) Problem Analysis, Goals and Program Approaches and Strategy, (II) The Five-Year Forecast, and (III) The One-Year Action Program. Even though this program was designed to cut across or eliminate Federal red tape, there are some rather elaborate, stringent requirements set forth.

Part I: The Problem Analysis, Goals and Program Approaches and Strategy Statements.--This part of the Comprehensive Demonstration Program is divided into three sections. The first section, problem analysis, describes in measurable terms to the extent possible, the problems and conditions of the model neighborhood and its residents, the cause of the problems or conditions, and what sustains them. These will be the same measures by which the city marks its progress toward meeting goals. (These aspects of the Model Cities Program are similar to the PPBS characteristics.) The problem analysis should cover all significant problems, but the depth of analysis will depend on the significance of the problem and data available. The underlying causes of the conditions should be analyzed. The presentation of the basic causes should show
how fully the problems are understood by the people who participated in the analysis. The deficiencies in existing public and private services to the model neighborhood and its residents and in the administration of those services should be analyzed. The causes of the deficiencies and how they operate to maintain or worsen initial conditions should be analyzed. 4

The second section is divided into two parts: goals and program approaches. The long-range goals should provide for improving the initial conditions so that conditions for model neighborhood residents are comparable to conditions in the greater community. A city's goals and strategy must be sufficiently comprehensive to include effectively all of the problem areas and conditions covered by the Model Cities law. Long-range goals will be broadly stated, but "most of them can and should be broken down into measurable components." 5 The means to achieve a goal or a part of a goal is included in the program approach. Alternative program approaches which were considered but not selected for implementation should be noted.

The third section deals with the strategy. Strategy describes and explains the order, priority, and relative emphasis among actions necessary to achieve the city's goals. There are two levels of strategy cities should make clear. The first is


5Ibid., p. 5.
strategy among goals. The second is strategy among the program approaches and changes within a goal.\(^6\)

**Part II: Five-Year Forecast.** The second part of the Comprehensive Demonstration Program describes:

- the progress the city expects to make in five years towards achieving its long-range goals;
- what existing or new projects it wants to carry on during the first two years;
- what program approaches it plans to work towards in future years;
- how much those projects and program approaches will cost;
- where the funds are expected to come from.\(^7\)

The cities were encouraged to prepare their five-year forecasts without assuming any particular limit on federal fundings after the first year which would limit the programs being carried out. The basis of the estimate was to be stated where estimates were made. In successive years, as the city gains experience in planning and in evaluating what it has done, it is expected that more precise data about present activities and better techniques for projecting will be gained. This increased capability is to be utilized in the annual revisions of the Five-Year Forecast and in each successive One-Year Action Program. Two tables of information are required for each goal listed. The first table shows all efforts and the cost of such efforts for each year and over five years. The second table shows how much progress the city expects to make toward achieving its goals over the five-year period. This progress would be the five-year and one-year objectives.\(^8\)

\(^6\)Ibid., p. 6. \(^7\)Ibid., p. 9. \(^8\)Ibid., p. 11.
Part III: One-Year Action Program. The third part of the Comprehensive Program is the one-year action program. Part I and Part II were involved in the problem analysis, goals, and the strategy for a five-year action phase which showed various components.

The first year action program describes the strategy of the city demonstration agency in using supplemental funds. A description by goals included how and why supplemental funds were proposed to be used in categories, such as

1. New and innovative activities,
2. Redirection of existing resources to better use, and
3. Organization of additional resources.

Also, to help explain the use of supplemental funds by goals, charts were included which indicated the

1. expected results at the end of the first year,
2. total first year cost of the project,
3. amount of supplemental funds used in the projects,
4. proportion of supplemental funds to total project cost, and
5. total amount of supplemental funds for each project.

Project descriptions of each project and its components were also included. Each project description identified various aspects of the project, such as

1. identification by component, goal and program approach
2. program beneficiaries
3. scope and content
4. time table
5. administration and organization.

Review and Evaluation of the Model Cities Program

There have been three different national level groups to conduct a review and evaluation of the Model Cities Program. The last review and evaluation effort came after there had been a recommendation by the President that the Model Cities Program and many other grant-in-aid city programs be consolidated into a revenue sharing program. There was much political rhetoric arising from this proposal. Even those proposing the reorganization which would eliminate Model Cities Program as a separated identifiable program had praise for the administrative accomplishments of the Model Cities Program.

The Administration officials interested in reorganization did not doubt that the Model Cities Program was worthwhile. The contribution to the planning process and to the decision-

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9 In 1967, President Johnson directed the National Commission on Urban Problems to conduct a study which included a review and evaluation of the Model Cities Program. National Commission on Urban Problems, Building the American City, (New York, 1969), Part II, Chapter 7.


In March, 1971, the U. S. Senate Committee on Banking, Housing and Urban Affairs investigated certain Model Cities Program activities. U. S. Senate, Committee on Banking, Housing and Urban Affairs, Withholding of Funds for Housing and Urban Development Programs, Fiscal Year 1971, (Washington, D. C., March 3 and 4, 1971).
making ability were specific points that were praised. As a matter of fact, the publicly expressed reason for the proposed reorganization of the Federal aid programs to urban areas was what had been learned from the Model Cities Program and its contribution to city administration. Secretary Romney made the following statement about Model Cities:

Now, I think without question that the Model Cities Program has compelled cities to develop planning and decision-making capacity they didn't have before Model Cities was in existence. And, therefore, they are in a much better position as a result of what they have been going through here to make not only effective use but prompter use of available funds.10

Model Cities Program Achievements

Since its passage in late 1966, the Model Cities Program has had "only modest success, under trying circumstances," according to a fairly comprehensive article in The Wall Street Journal.11 The Program has given cities added ability in identifying problems of the poor and working toward solutions. It has developed a few performance criteria for programs and brought moderate changes in the quality of life for some of the poor. The Model Cities Program made its contribution as more of a "catalytic 'process' than a bricks-and-mortar program."12 It improved and strengthened the planning abilities of city administrations and coordinated the utilization of federal

10 Ibid., p. 183.


12 Ibid.
aid programs. HUD Secretary George Romney likes to say that even if the Model Cities Program is eliminated as a program, it will remain as a process. Other achievements include increased job opportunities, improved educational and training opportunities for minorities and disadvantaged persons, increased coordination between agencies, and more equal treatment of residents displaced by governmental action. Change is being accomplished by increased participation of Model Neighborhood residents in the democratic process of government, causing the city to recognize the rights of these people and the importance of involving them in actions.

Model Cities Program Considerations

Planning

The Model Cities Program, a program with numerous projects in operation, requires an extensive process of interpretation of information and project evaluation to have an adequate cycle of planning. Planning follows the criteria and procedure as outlined in the submission requirements of HUD. Six major tasks are undertaken to implement a planning process that would result in a plan. They are

1. To review and update problem analysis, program goals and objectives;
2. To review and update program categories, priorities, and update strategies;
3. To evaluate services;
4. To review and revise action programs;
5. To prepare and/or assist in the preparation of application for supplementary funding projects; and
6. To prepare a subsequent action year plan for submission after local review and approval.

The above major planning work tasks which generated a broad range of activities involved various groups (model neighborhood residents, community agency personnel, comprehensive demonstration agency staff, and city officials). Each group was aware that planning considerations could be initiated by other groups in the planning system, but that first consideration of planning concerns took place through the model neighborhood district boards which were the basic planning work groups for the future action years.

**Strategy**

The strategy involves determining the priorities, determining the order, and determining the actions necessary to achieve the goals of the program. The concept of strategy involves strategy among goals and strategy among the approaches within each component to achieve the desired goals. The strategy concept recognizes that various considerations and/or constraints have an effect upon the program's development. These are as follows:

1. Citizen views and attitudes,
2. Severity of problems (as compared to the rest of the
city and/or endangering lives),

3. Professional attitudes and views,

4. Cost/benefit,

5. Time, and

6. Availability (i.e. manpower, funds, professional competence, etc.)

Each of these considerations is "weighed" in the analysis process to determine strategy.

The achievement of any goal is based primarily on the motivation and capacity of a given community to provide the opportunity for its citizens to participate fully in that society. The capacity to plan through a citizen-established, objective-oriented structure is evidenced by the Model Cities planning, programming, budgeting document.

The objective of the Model City Agency is to design a pattern of participation that insures the residents in each of the neighborhood areas a voice in determining and conducting the program. The leadership of this structure consists of people elected by model neighborhood residents to represent their interests. The fulfillment of this objective embraces the desire, confidence, and self-esteem of the neighborhood residents in solving the physical and social problems of the community.

Long-range objectives and goals listed in the city's comprehensive demonstration plan are designed following consideration of neighborhood residents' desires. To achieve
these goals and objectives, discernible changes have to occur. Basic changes of conditions must take place as a result of good project performance and utilization of available resources. Also, achievement of the city's goals and objectives requires an effective strategy as well as continuous evaluation of action year's plans.

A re-evaluation of the strategy by resident and professional committees resulted in the resetting of certain priority areas. Projects have been developed that were aimed toward reduction of identified Model Neighborhood Area problems, but due to the complexity of fiscal projects, many were unable to become operational as scheduled.

The strategy for the first action year of the Model Cities Program was designed to take advantage of available resources and produce good visible results as well as increase employment. It gives priority to physically oriented activities that would have multiple effects upon the lives of model neighborhood residents.

Evaluation

All evaluation activity is conducted for one purpose, the improvement of programs. Therefore, all evaluation output, whether produced by model neighborhood area or by CDA staff, is utilized

a. To shape and modify the feasible activity in each project or groups of projects to more properly focus on the target-objective conditions;
b. To provide the basis for more concise planning of projects in subsequent years; and

c. To provide, to the CDA staff, the basis for contract compliance actions.

The techniques of the evaluation process began with a thorough detailed analysis of the following:

a. Federal and local enabling legislation for the Model Cities Program,

b. Rules, regulations, and policies for model cities administration,

c. Contract and guidelines,

d. Local guidelines and comprehensive plans, and

e. Statistical and other data on model neighborhood area residents and model neighborhood area initial conditions.

The results of the analysis provided a framework for the evaluation activity. From this analysis, existing as a base, specific year's measures were produced which establish data requirements to determine if and how the program was reaching the target population; to determine if the program was achieving its goals or objectives; to determine the degree of program effectiveness and staff efficiency; and to determine the applied techniques, methods, and procedures in each project.

The model cities concept is that of coordinating involvement of all segments of the community in the planning, programming, budgeting, implementation, and evaluation of the model cities plan. Evaluation considers the interest of all
community life. It allows each person, or group of persons, an opportunity to participate in the planning, operation, evaluation continuum of the model program. Each phase of planning and evaluation activity involves a comparison of planned performance to that of actual performance of the project on a program level. It is the primary function of evaluation to assemble and to correlate these comparisons and judgments on performance in a manner that will result in a report of recommendation for a compatible balance with all the participants of input.

Evaluation is not an isolated or separate function of the Comprehensive Demonstration Agency. It is an integral part of the whole planning, operation, evaluation continuum. Planners conceivably plan without evaluation; however, effective and efficient planning is enhanced by the evaluation function.

The Model Cities Program is in reality the application of PPBS characteristics. In the evaluation process of Model Cities, information must be gathered on what the beginning conditions are, what the city wants to achieve (its goals and objectives), how the alternative ways of achieving the objectives compare, how actual operations compare with those planned, how valid the established goals and objectives are, and how extensive the long-range plans and budgets are.

Citizen Participation

Citizen participation is required in the Model Cities Program because it is considered an important ingredient to
the success of the programs contemplated in the model neighborhood. Citizen participation in most cases has been on a project by project basis before the Model Cities Program; however, the expanded scope of the model neighborhood program forces the development of an adequate communication system between the various agencies involved in the programs in the model neighborhood and all the residents of the model neighborhood.

The goals of citizen participation in the model neighborhood program are that all the programs contemplated reflect the needs and desires of the residents of the model neighborhood. PPBS does require that the goals and objectives be established. If the citizen participation process is selected as the method of establishing the goals and objectives, it is acceptable but not required in a PPBS.

The balance of this chapter illustrates how PPBS characteristics have been applied in the Model Cities Program in Texarkana and Waco. It must be remembered that the Model Cities Program is administered by one department of each city government and involves only a portion of each city.

Selected Examples of Model Cities Program Goals, Measures, and Objectives

Selected examples of Model Cities Program goals, measures, and objectives for the employment, law enforcement, and recreation components are presented. The examples came basically from a document prepared by the Waco Model Cities Agency.
These examples are presented as illustrations and not as models or patterns to be followed by other cities. It should be noted that not all of the goals and objectives are stated in terms of output but instead are in terms of input. In many respects these statements are crude pioneer statements which bring hope for a better municipal administration future.

**Employment Component**

*Long-range goal.*--The long-range goal is designed to increase the percentage of employed persons from the model neighborhood area so that it is at least as high as the percentage of employed persons in the other areas of the city.

**Measures.**--Measures must consider the following:

1. Unemployment rate in Model Neighborhood Area as compared to that of the city.
2. Labor force participation rate.
3. Underemployment rate in Model Neighborhood Area as compared to that of the city.
4. Distribution of workers' annual earnings from employment.
5. Participation rate in apprenticeship programs.
6. Number of Model Neighborhood Area families receiving public assistance compared to the number of families receiving public assistance payments in the city.

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13 *Department of Urban Community Development, City of Waco, Second Year Action Plan, (Part I, Section III), (Waco, 1970), unnumbered pages.*
Five-Year Objectives.—Five-Year Objectives are designed:

1. To reduce the differential between the unemployment rate of males in model neighborhood areas and the unemployment rate in the rest of the city by 3 per cent.

2. To reduce the differential between the unemployment rate of females in the model neighborhood area and the unemployment rate in the rest of the city by 3.5 per cent.

3. To reduce the differential between the labor force participation rate of males in the model neighborhood area and the rest of the city by 3.3 per cent.

4. To reduce the differential between the labor force participation rate of females in the model neighborhood area and the rest of the city by 3.9 per cent.

5. To reduce the level of underemployment among the employed model neighborhood workers to the level of the underemployment rate in the rest of the city.

6. To increase the annual earning capacity of workers in the model neighborhood earning more than $3,000 from 52 per cent to 75 per cent—the percentage of the employed workers who earn more than $3,000 annually elsewhere in the city.

7. To increase the number of workers in the model neighborhood area participating in the apprenticeship programs to the proportion of workers in the rest of the city participating in apprenticeship programs.

8. To insure the development of appropriate small businesses within the model neighborhood. They would be owned and/or operated by residents of the area.
Law Enforcement Component

Long-range goals.—These goals should promote a law enforcement program that will insure residents of the model neighborhood program have protection of the law equal to that of the city as a whole.

Measures.—The success of this program may not be measurable in terms of a statistical rate, but it must be recognized that people's attitudes or belief in their system of justice will tend to affect the crime rate, their willingness to work, and their willingness to pay their obligations and to protect and care for property, be it private or public; however, a number of measures can be established:

1. Comparison rate of aggravated assaults of model neighborhood residents to that of residents of the rest of the city;
2. Comparison rate of burglaries for model neighborhood residents to that of residents of the rest of the city;
3. Comparison of number of police of the model neighborhood to that of the rest of the city;
4. Number of patrols assigned to model neighborhood;
5. Size and character of police-community relations force; and
6. Comparison rate of model neighborhood persons addicted to narcotics and dangerous drugs to residents of the rest of the city.

\[14\text{Ibid.}\]
Five-year objectives.—The objectives are proposed:

1. To reduce the inequities in bail policies for the model neighborhood and the rest of the city by 100 per cent;

2. To increase the level of understanding between the police, model neighborhood, and the rest of the community (not measurable except in attitudes);

3. To reduce the differential between the percentage rate of assaults in the model neighborhood and the rest of the city by 50 per cent;

4. To reduce the differential between the percentage rate of burglaries in the model neighborhood and the rest of the city by 50 per cent;

5. To increase the proportion of cleared crimes in the model neighborhood and the rest of the city;

6. To increase the number of juvenile facilities and probation staff available to the model neighborhood and the rest of the city by 100 per cent;

7. To increase the number of juvenile police officers available in the model neighborhood and the rest of the city by 50 per cent;

8. To increase the number of diagnostic and treatment services for children in trouble in the model neighborhood and the rest of the city by 50 per cent; and

9. To increase the number of services dealing with the growing problems of alcoholism, narcotics and dangerous drugs in the model neighborhood and the rest of the city by 50 per cent.
Recreation Component 15

Long-range goals.—These goals must function to effect an increase in the quality and quantity of recreational facilities and cultural services that will meet the needs and desires of model neighborhood residents to the quality and quantity available to residents in the city as a whole.

Measures.—The measures must consider:
1. Number of parks in model neighborhood areas as compared to the number of parks in city and accessibility to such parks;
2. Per capita expenditures for recreational facilities in model neighborhood area as compared to per capita expenditure for recreational facilities in the city;
3. Average distance of recreational facilities to each model neighborhood resident;
4. Monthly participation of city residents in recreational activities;
5. Accessibility of cultural facilities to model neighborhood residents; and
6. Types of recreational services and facilities available to the elderly and the physically handicapped in the model neighborhood area compared with the city.

Five-year objectives.—These objectives are designed:
1. To increase the number of neighborhood parks to the extent that they are accessible to all families and are within

15 Ibid.
one mile of every residence in the model neighborhood;

2. To increase the proportion of participation of model neighborhood residents in community and neighborhood recreational activities to proportion of the participation rate of the city;

3. To increase the per capita expenditure for recreational services and facilities in the model neighborhood area and the city to $6;

4. To increase the quality and quantity of cultural services and facilities available to model neighborhood residents by 50 per cent; and

5. To construct recreational facilities in the model neighborhood area that will serve at least 50 per cent of the elderly population and handicapped of the model neighborhood area.

Impact of Model Cities on the Administration of the Remainder of the City

General Administration

The model Cities Program had an impact on the general administration of the entire city. The planning process had changed because the department heads were involved in the planning and budgeting process. As a result of what had been happening, each department was looking at each priority more with an eye to what the citizens wanted done. This was inferred from statements that have been received. Department heads
were seeking and considering comment from citizens to the city's objectives and performance.

**Benefits of the PPBS in Model Cities**

The main benefit from the city government's standpoint was that the city council looked more critically at the city's expenditures. A more critical appraisal was also made of the city's programs and their priorities. The Comprehensive Demonstration Agency contracts required evaluation reports, a characteristic of PPBS. Having seen the benefits of the evaluation reports, the officials have now modified the contracts with Non-Model Cities' contractors to require evaluation reports. HUD Secretary Romney said that the Model Cities Program had benefited cities by helping them to develop "planning and decision-making capacity they didn't have before Model cities was in existence."16

**Problems of the Model Cities Program**

In the beginning of the Model Cities Program when citizens were given some voice in the city government, the traditional ways of handling the administration of the city had to be modified. In most cities, when the city budget comes up for review and vote by the city council few people appear at the public hearing on the city budget. But in one of the Model Cities, the public hearing on items affecting the Model Cities

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16 U. S. Senate, Committee on Banking, Housing and Urban Affairs, *op. cit.*, p. 183.
Neighborhood usually attracted a ten-fold increase in the number of people to the city council chamber to discuss the item. When a city adopts a citizen-participation process, the citizens become more vocal and more aware of how the departments operate; consequently, there is more departmental contact with the citizens. In the past, departments had only limited contact with citizens. They had not had contact with ordinary citizens who came down in groups and sat down to discuss their drainage problem, street problem, light problem, or housing problem. One of the main problems that cities had to be prepared for was a different kind of relationship with the citizens in the community.

A whole series of problems related to citizen-government interrelationships arose because everyone in a given department had to adjust to the fact that not always did the professional determine the priorities of what was to be done. Invariably, the priority system began to be changed by the input of citizens. This was a blow to many professionals—engineers, planners, architects—who became suddenly aware that there was a group of people who had some effect upon how the city officials were going to allocate the available resources. This was a major adjustment to people who traditionally had been relatively isolated from the general public.
CHAPTER V

ASSUMPTIONS, ADMINISTRATIVE FACTORS, NEEDED CONDITIONS, AND SUGGESTIONS FOR IMPLEMENTATION OF A PPBS

Introduction

The questionnaires of seventy-one cities were examined; a number of different city officials from each of the selected twenty-five cities were interviewed; and the literature was intensively researched to determine the assumptions, administrative factors, needed conditions, and suggestions for implementing PPBS techniques in city governments. As originally proposed, this study was an exploratory study of the PPB system and the utilization of its components in cities throughout the north-east section of Texas. This and the following chapter represent an interpretation of the lessons learned from cities' attempts (1) to implement a PPBS, (2) to reorganize the city government, and (3) to evaluate the results of operations. Chapter VI offers a proposed guideline based on the experiences of city officials and the instruction of theoreticians in public administration.

Assumptions

The implementation of a PPBS is based on several simple assumptions. One assumption is that the future will have a continuous connection with the present and the past.
This assumption implies that there will be no revolution or overthrow of the government, no civil war between races or any other group, nor a nuclear war between nations. A second assumption is that knowledge is the most important productive and satisfying possession and that it will become increasingly more desirable than tangible property. A third assumption is that the government will play an important role in determining the objectives and courses of action for the future. The government, directly and indirectly, is a major innovator, determiner of social and economic priorities, guide and guardian of social values, and entrepreneur or subsidizer and guarantor of most new large scale enterprises. The fourth assumption is that the range of public problems and programs will broaden and that the skills and information required to administer a government properly will continue to increase. The continuing development of new knowledge and techniques will complicate the administrative problem.\(^1\)

Administrative Factors

The following observations are projections and interpretations made during the conduct of the research of this study. One administrative factor was that administrators, on their own initiative or at the insistence of many constituents of

their city, were placing great emphasis on defining problems and problem-solving.

A second administrative factor was the use of analytical techniques by city administrators. The administrators generally expressed concern about not having long-term objectives, not having valid means of measuring progress toward achieving these objectives, and not having information systems yielding benefit as well as cost information on the various programs. The understanding of what constitutes a valid statement of objectives and a valid means of measuring progress toward their achievement was rather limited.

A third administrative factor was the apparent breakdown in making plans operational. Most of the officials seemed to think that planning was beneficial but that the breakdown between planning and implementation was frustrating.

The fourth administrative factor was that the political and administrative environment had become more complicated and issues were less clearly delineated. Problems were complex and behaved in a kaleidoscope fashion by changing in form and intensity continuously even while under review and analysis. Many administrators believed that by the time corrective or adjusting action was initiated the problem would be different from what it was when first considered.

A fifth administrative factor was that many professional people do not acquire a loyalty to the city and have a limited perspective. Professional study and practice encourages
specialization with increasing depth and decreasing breadth of knowledge and practice. One administrator commented that highly trained professional personnel are needed but their employment creates tremendous administrative problems. The professional employee, because of his specialized interests, tends to be more mobile in moving from one employer to another in search of challenging problems and situations. He tends to have more loyalty to his profession than to his city employer, and his perspective is limited to problems within his field. Another problem encountered with the highly trained professional employee was the intolerance of ambiguity, of politics, and of the different viewpoints of other employees.²

Necessary Conditions

Decision to Implement a PPBS

City officials are facing increasingly complex problems in the administration of the city government. The officials are interested in establishing ways to be better informed about alternatives and the consequences of each of the choices. Although many of the city officials are not convinced that a PPBS is the answer, they will admit this system shows much promise.

None of the cities in the study had made the specific decision to implement a full PPB system. In some Texas cities a spirit of inquiry has been aroused, analytical cost/benefit

²Ibid., pp. 57-58.
studies have been undertaken, and a few highly competent analytical staff members have been employed to begin the very demanding work necessitated by a PPB system. Even though no city in Texas has made the specific decision to implement a full PPB system, some cities have made the decision to implement various parts or aspects of a PPB system. It seems that the magnitude of the requirements of a full PPB system—staff ability, staff time, resources, and the realignment of influence and power—has caused city officials to exercise much caution before they proceed to implement fully a PPB system.

This study presents evidence that partial implementation of a PPB system can be successful. Furthermore, partial implementation permits the development of the needed technical staff and the acceptance of this new process.

**Backing of the Chief Executive**

The chief executive officer for the city must be convinced of the benefits of a PPBS or at least willing to let one or more of the top level administrative officers experiment with a PPBS. If the chief executive officer wishes to develop a PPBS and runs into resistance from one of the middle level managers, then a decision must be made (1) to convince the manager that he should support it, (2) to implement the system around the administrative officer, (3) to remove the administrative officer, or (4) to delay implementing the PPBS in that particular area.
The PPBS literature revealed that the cities where a PPBS had been attempted had a government headed by an elected chief executive officer. In the Texas cities included in this study, the chief executive officer had the advantage of being not an elected official but a professional career employee responsible to the legislative body of the city, either a city commission or a city council. The observations of this research study bear out the reports in the literature that the full support of the professional career administrative officers in the city government is essential for full implementation of a PPBS. The backing of the legislative body is important, but even if its members are indifferent, a PPB system may still be implemented if the chief administrators in a city government strongly support the project. If a PPBS is to become an effective administrative tool for the chief executive officer, there must be a ready and continuing comprehensive dialogue between the analytical staff of the city and the chief executive officer.

Organization

The initial organizational structure for the implementation of a PPBS seems to be related to the degree of commitment to implement the system. In no city included in the study was a clear decision made to implement a PPB system. The cities participating in the Model Cities Program had made a definite decision to do extensive planning, programming, and budgeting
for a particular segment of the city only; but there was no commitment to do this on a city-wide basis. In Waco and Texarkana a new department was established with the specific responsibility for the administration of the Model Cities Program. In most of the other cities, the city manager had given instructions to various staff members to begin implementing only specific aspects of a PPB system without identifying it as such. The general atmosphere seemed to be one of "proceed with caution." The instructions that were given emphasized either planning or budgeting. Staff members had been added in a few of the cities to perform some of the additional requirements involved in implementing some of the PPBS characteristics. For the most part, there had not been any great reorganization except for additions to the existing organization structure.

The necessity in organization for implementing a PPB system is that a single agency or individual be assigned the overall responsibility for implementation of the program. A separate agency is needed with authority to cut across departmental lines and to review the analytical work on behalf of the top decision-making officials. Without a separate agency, the thrust of the system becomes dispersed and less effective. The most effective organization for a PPBS would be one based on objectives rather than functions. For all practical purposes such an extensive reorganization may be impossible, but a PPBS can still be effective within the traditional organization.
The organizational arrangement for the implementation of the PPBS characteristics varied greatly among the cities interviewed. The organizational arrangements that were observed were:

1. To make special assignments or additional duties to existing staff members of the budget or planning office,
2. To assign personnel to a special section within either the planning or the budget office,
3. To assign a person as an administrative assistant to the city manager, and
4. To have a special organization or unit on the departmental level, as the case with the Model Cities.

The reasons given for these PPB organizational structures were:

1. The necessity of gaining coordination between programs,
2. The attempts to link program planning to budget decisions,
3. The administrator's and staff's interests in the seemingly pioneering effort,
4. The requirements and/or suggestions of federal programs,
5. The traditional staffing pattern,
6. The normal resistance to change,
7. The city commission's or council's views,
8. The size of the city.
9. The degree of commitment to a PPB system.

It is desirable for the city government to understand as thoroughly as possible the degree of its commitment in implementing selected PPB characteristics, the strengths as well as weaknesses of its staff personnel, and the resources available to support a PPB system. It must be recognized that the PPB process is a coordinating one and that the "budgetary process" has a more comprehensive function than that of "safeguarding the public purse."

Involvement of Operating Agencies

In a city government the central staff agency charged with the responsibility for implementing the PPB system cannot be expected to implement it alone. The operating agencies are the primary source of program information, and they must be called upon to implement program policies. To involve the operating agencies in implementing a PPB system, it is necessary that in the early stages of implementation these agencies be shown the expected benefit for the whole city and be included in developing the implementation procedure. If a PPBS is to perform successfully, the operating agencies will need some analytical capability of their own. Operating agency cooperation may be obtained through educational and informational programs. In a few cases it may become necessary for the chief executive officer to exercise his directive authority over the operating agencies in order to gain their cooperation.
The use of a multiple departmental representative advisory committee to advise on early implementation efforts seems to have produced good results in some cities. If the efficacy of the PPBS can be demonstrated to the operating executives, then there is a much greater probability of cooperation.

**Training a PPB System Staff**

The cities used varying approaches to provide the required training for PPB system staff. In general, the required training was obtained from consulting firms that offered PPB training, universities that offered PPB training, and internal training programs developed by cities. The literature also mentioned a PPB training course conducted by the U. S. Civil Service Commission. Both the literature and the city officials interviewed said that training designed, developed, conducted, and supervised by the cities' own staff was better adapted to their own needs. Most cities seemed particularly interested in having the consulting firm train city staff members in the skills and processes needed while performing the task for which it was hired. Orientation, briefing, and seminars for executive as well as operating employees seemed to be useful. Formal training, explanatory briefing, and informal on-the-job instruction were utilized by some of the cities.

Most of the officials interviewed liked workshops and seminars conducted on PPB. The primary benefit of these seminars
was that they fostered fruitful discussion between officials from different cities who shared similar problems.

The needed conditions in the training of PPB system personnel is that staff members or consulting firms be required to conduct the training for the city government. It is not necessary that all employees receive the same degree of training. Most of the employees at the lower level of the organizational structure will need only an explanatory briefing of the program. The department heads and some of the supervisors of sections within departments will need more intensive training in PPB procedure. The PPBS staff members will need an even greater amount of training in order to provide the needed expertise to the city manager as well as the operating agencies.

**Relationship of PPBS to Other On-Going Analytical Activities**

A PPBS requires a comprehensive and coordinated approach to decision-making. A PPBS includes undertaking certain planning and controlling activities that are a part of any integrated budgeting system. The development of the comprehensive plan, land-use plan, transportation plan, geographic and economic objectives, urban renewal program, and capital improvement program are all involved in program and policy decision-making. All of these involve systematic analyses of some type and should be focused on providing meaningful solutions to problems facing city governments. Even though
they are more limited in scope, none of them should be considered independently of a PPBS.

There should be a free flow of information between the other analytical activities and the PPBS, but the personnel should remain in separate city departments. Some of the other analytical activities are not under the direct control of the chief administrative official, but the PPBS should be responsible directly to him.

Objectives

There is no single outline for defining objectives or developing a program structure. A statement of purposes, public needs, or goals must be established, however a city in which officials are contemplating implementation of a PPB system should be alert to the tendency to continue doing things as in the past and to use this to determine the structure of the PPB system. The task of establishing evaluation criteria must be done in conjunction with the establishment of sub-objectives. Unless objectives are stated in terms which permit measurement of progress toward their achievement, operationally useful objectives are not possible. Measurable objectives can be developed only as measurements are defined and appropriate data accumulated. The development of objectives is not a one-time effort at the beginning but will continue over a period of years when statements of objectives are being refined and the output criteria are being redefined.
Formal Structure of PPB

It is helpful to think of a PPBS in terms of its formal structure and its analytical process. The PPBS literature showed that some have emphasized structure whereas others have emphasized analysis. The difference seems to be whether a government should seek to make real applications of analysis early in the implementation period or should devote its resources to the full development of a system. A formal structure is a PPBS necessity, but the heart of the PPB concept is the analysis—the relating of alternative means to achieve the established objectives. A formalized system will not automatically relate these alternatives.

Structural requirements of PPB are similar to those proposed by the State-Local Finances Project of The George Washington University. The elements that should be emphasized are "(1) establishment of procedures, (2) statements of objectives or goals, (3) program structure, (4) program output measures, and (5) multi-year program and financial plan."3

Program Structure

To develop the program structure it is necessary that categories and subcategories correspond to the major objectives and the subobjectives that have been established. It must be expected that many of the major objectives of the city will affect more than one department; consequently, the program

structure will not conform to the organizational structure of the government. The program structure can serve effectively as the framework for relating governmental activities to the objectives to be achieved and as a tool for evaluating the contribution of the activity to the objectives.

**Multi-Year Program and Financial Plan**

It is important that the multi-year program and financial plan set forth a summary of the projected program costs and indicators of output ability. The format should be consistent with the program structure. The financial plan should include both capital costs and program operating costs. The multi-year plan should serve as a basis on which new program proposals may be considered and evaluated and program changes evaluated.

**PPBS Implementation Suggestions**

**Implementation of Parts of a PPBS**

A city government should implement only those PPB characteristics for which it has an immediate need and the available required resources to implement. There may be many reasons why a city may not initially choose to implement a full PPB system. The city may not be able or willing to commit the required resources for the implementation of the system. The city government may desire to strengthen its staff through training in the various aspects of PPB procedure. After the search of the literature and the interviews with the city
officials, especially with the model cities officials, it seems that a city, almost of any size, may implement major aspects of a PPBS without attempting all of the PPBS procedures. The following aspects of a PPB system could be implemented if only in a rudimentary sense in a city of almost any size:

(a) Identification of fundamental objectives. The objectives could be identified through a laborious and demanding process whereby citizens of the city help establish the objectives. Another method would be for the departments to establish the public purposes to be accomplished by each of the programs.

(b) Identification of activities to accomplish the proposed objectives. The various departments of the cities could be requested to identify the activities to accomplish the proposed objectives. Under a full scale PPB system this would probably cause a realignment in the organizational structure of the city. If a city were implementing only parts of the system, however, the practice of identification of the required departmental activities would still prove beneficial.

(c) Identification and evaluation of the alternative means of achieving the objectives. Various city agencies could be requested to explore the possibility of more effective and/or less expensive means of achieving each objective. The benefits as well as the cost of each alternative would be evaluated.

(d) Identification of future implications of the program proposals. To avoid only short-term considerations in
determining the resource allocation decisions, estimates, and projections of long-range costs and benefits should be made.

Some cities are already attempting to implement many of these aspects of a PPB system although they have not explicitly said they would implement it. Some of the decision-makers within the government organization have felt the need for the institution of such an administrative system. They have made their analytical procedures much more rigorous because they have seen the benefits of such analysis.

**Expected Benefits from a PPBS**

The benefit of a PPB system may be to increase the service at the same level of expenditure, to provide the same services at a reduction in cost, or to increase the confidence level of a decision because of a better documentation and analysis of proposed alternatives. This greater confidence comes as a result of more information available in the documents and greater understanding of the program, which are the results of more rigorous analysis. Until the output can be measured, the city officials will have a difficult time in evaluating the effectiveness of the alternatives. Most of the administrators would like to show a benefit of the PPB system as a reduced total cost without a reduction in program output, but this seems to have failed to materialize in most cases.
Improved inter-departmental coordination of inter-related activities can result from an administrative procedure that develops a program structure that classifies programs and activities into output-oriented categories. This type of coordination can expand the scope of program alternatives to be evaluated in terms of relative benefit and cost. A multi-year program and financial plan, which needs to be developed in a PPP system, is a listing of activities grouped by objective or output-oriented categories and shows both the benefits and the operating and capital investment costs. It shows the future financial requirements of the program as well as a projection of the sources of funds. The multi-year program and financial plan can serve as a fiscal planning document.

Availability of Trained Personnel

Though most of the cities expressed their intention to continue performing the PPB characteristics currently being performed, a firm base for full implementation of PPB is not yet in existence. There is not an adequate supply of properly trained staff people. In several of the cities, officials expressed concern over the fact that if one or two key staff members were lost, their efforts to implement the PPB characteristics would be seriously set back or completely negated. A few of the city officials also expressed concern that if there were a complete turnover in elected officials, there might be a serious set-back to the implementation of the PPB characteristics. The suggestion with respect to personnel availability
is that permanent staffs be given training and experience in PPB procedures as quickly as possible even if only in simple terms.

**Learning from Federal Programs**

A suggestion for cities with one or more federally-assisted projects is to extend to other areas of their administrative process many of the planning, programming, budgeting system characteristics that are required for the project(s). This will allow a city to proceed at its own pace to implement those PPBS characteristics it desires. The planning requirements and suggestions of federal programs have been gradually changing. A few years ago the planning requirements consisted of compiling data on resources and preparing estimates of needs. The most recent programs have begun to call for the development of objectives, the preparation of alternatives, and the setting forth of the costs and benefits of the alternative means of accomplishing the program objectives. Evaluation is more frequently a program requirement now. The organizations or individuals receiving the grant are required to evaluate the output of the program in accordance with predetermined criteria. The analysis requirements of some of the newer federally funded programs have given new momentum to the systematic evaluation of programs options and alternatives. The Federal Juvenile Control Bill passed by the Ninetieth Congress required for the first time
an explicit cost effectiveness analysis of the alternative means of achieving established objectives.

The knowledge and experience gained under the present Federal program arrangement is not all positive for the implementation of a PPBS. There are factors resisting program interfacing which is needed in a PPBS, and on the other hand there are trends toward greater program coordination in the cities. When PPB was given its great boost in 1965, by President Johnson's directive, the responsibilities for the establishment of objectives and structuring the programs were given to each department. This had a divisive effect rather than an integrating effect on programs.

Because many of the public service programs had common objectives and beneficiary groups, the development of interdepartmental objectives and inter-agency cooperation in structuring programs and program analysis was encouraged. "Federal coordination of programs is highly desirable, but far more meaningful and urgent is coordination at the geographical place and by the government--state or local--that provides direct services to the individual and his family."4 It should be noted, however, that the federal insistence on coordination and comprehensiveness for programs has been softened by the large number of fragmented grants-in-aid project grants. A city may learn much through the experience, knowledge, and assistance gained through the participation in

4Ibid., p. 50
the federal programs. This knowledge and experience should be used in the general administrative process for the whole city.
CHAPTER VI

PPBS PROCEDURAL GUIDELINE

Part I: Introduction

The purpose of this chapter is to present a proposed PPBS Procedural Guideline which city officials can, with only slight modification, apply to their particular city government. Part I will introduce some practical aspects for a PPBS system and a PPBS cycle. Part II will give the detailed procedures for developing a Program Structure Outline. Part III will give the detailed procedure for developing a Program Plan Report.

The following proposed guideline is a composite of ideas gathered from many sources—including documents analyzed and city officials interviewed. Many different sources were utilized, but three written sources were particularly useful. ¹

government can be organized, analyzed, and summarized for presentation to city policy-makers to provide them with a more objective basis for making policy decisions.

Once the decision to implement parts or all of a PPBS has been made, a specific individual or agency must be designated to have prime responsibility for the coordination of all the city agencies involved in the implementation. This individual or agency in this guideline will be designated as the Office of Planning, Programming, Budgeting System serving as an assistant to the city manager.

Throughout the PPBS implementation, the Office of PPBS will conduct an extensive evaluation of PPBS and, as a result, will likely introduce changes in the system to make it more useful for decision-making purposes. The PPBS is a dynamic system. Many of these changes will originate during citywide comprehensive planning, analysis of key issues, and refinement of the PPB reporting system.

Citywide comprehensive planning.--The development of a comprehensive city plan involves continuous coordination of the activities of various public and private sectors which share responsibility for the economic, physical, and social well-being of the people and government of the city. The achievement of this mission depends on establishing and realizing explicit goals based on past trends and current and projected demographic, economic, and cultural variables of the
city. The required information can be provided only through intensive research and data gathering, including the detailed inventory and analysis of the planning programs of other local and regional planning agencies, the State and Federal governments, and private enterprise.

The comprehensive city goals will be realistic only if the public servants and citizens participate in their development. Continuous interdepartmental and intergovernmental communication is essential to the success of long-range city planning.

The operating departments of city government are in a unique position to provide information on internal city activities. The citywide comprehensive planning process should be continually updated to provide a framework for design and implementation of governmental programs. This framework will provide an essential connection between executive policies and program planning.

**Analysis of key issues**.--The Office of PPBS should spend part of its time on the study and resolution of key issues affecting the development of the city and the operation of the city government. The objective is to clarify and develop recommendations on a selected set of critical issues facing the city government. A list of possible issues for study will be presented to the city manager for examination and priority ranking. The Office of PPBS will then proceed with the analysis
of the key issues in the order of importance as designated by the city manager. The Office of PPBS will:

1. Define the problem more clearly and identify the plan of study;
2. Obtain the needed agency cooperation;
3. Have the agencies concerned prepare the pertinent portions of the analysis;
4. Prepare an analysis of the alternative courses of action available for dealing with the issue;
5. Submit the analysis to the proper decision-maker, it may be the city council or commission, the city manager, or the proper department heads;
6. Conduct policy conferences on issues as required;
7. Prepare and submit the final report, which will include a specific action recommendation and summarize the analysis;
8. Advise the departments affected to develop the appropriate programs to implement the proposed plan of action, if so directed by the city manager or the city council or commission; and
9. Include plans to implement the city manager's or city council's recommendations in the departments' budget requests.

Refinement of the PPB reporting system.--Deliberate effort should be made to make the Program Plan Reports prepared by the departments more useful for departmental and
central executive decision-making and budgeting. This Guideline seeks to request from each department a minimum number of concise reports. Each year every department would be asked to achieve the following:

1. Review existing program structure and submit a revised program structure based upon objectives after updating for current conditions;
2. Develop measures of effectiveness for its programs and program size indicators;
3. Report on existing programs, on proposed changes in scope and/or direction of the existing programs, and on proposed new programs; (To support a proposed change, an analysis of alternatives is required and the reason for selecting a specific alternative must be set forth clearly.)
4. Analyze selected key programs; (The analysis should evaluate the alternative means of achieving the objectives.)

**Planning, Programming, Budgeting Cycle**

Each department will be requested to prepare and submit the following:

1. Program Structure Outline--Due eight months before the start of the next fiscal year.
2. Program Plan Report--Due six months before the start of the next fiscal year.
3. Revisions to the Program Plan Report--Due four
months before the start of the next fiscal year.

The Program Structure Outline will present a short out-
line of each department's proposed program structure. The
purpose of this outline is to provide the city manager, city
commission or council, and other staff members an opportunity
to make suggestions to the department's program structure
before the Program Plan Report is completed and submitted.

The Office of the Planning, Programming, Budgeting System,
acting as an adviser to the city manager, will review and
evaluate the Program Structure Outline and return its comments
to the department that prepared it. Its report of comments
is due seven months before the start of the fiscal year.

The Program Plan Report, which is due in the Office of
PPBS six months before the start of the fiscal year, will be
arranged according to the program structure agreed upon by
the Office of PPBS and the department involved. The Program
Plan Report is divided into four major components:

1. Authorized Programs
2. Proposed Program Changes
3. Program Effectiveness Studies
4. Departmental Summary
   (See Part III for details)

The Office of PPBS will review and make recommendations
to the department preparing the report. The report of the
review and recommendations will be made to each department
Fig. 2-Planning-Programming-Budgeting Cycle
by the beginning of the fifth month before the start of the fiscal year.

Revisions of the Program Plan Report are to be prepared and submitted by the beginning of the fourth month before the start of the fiscal year.

Part II: Program Structure Outline

Each department is asked to develop a useful program structure. The first two or three years will be very frustrating. With experience, the task of developing a program structure will become easier. The program structure will classify all activities on a citywide and a departmental basis.

Describing a Citywide Program Structure

An ad hoc task force will develop a proposed citywide program structure in the early stages of implementation. This program structure may be modified by the city manager and/or the city council or commission. Within this structure all city activities are classified according to the established fundamental objectives of the city. All city activities, regardless of the department performing them, are grouped together into a four-level citywide program structure. The four levels are Service Area, Program Category, Program, and Program Element. Each Service Area has a number of categories which are sub-divided into Program Categories. Each Program Category will be composed of several Programs. Each Program
will consist of several Program Elements. A proposed citywide program structure is presented in Appendix D.

Departmental Program Structure

Much time and effort has been expended by cities in developing a program structure. Even though the proposed program structure in Appendix D is a modification of one actually in existence, there are still difficulties to overcome. One of the major difficulties is the lack of specific criteria for defining a program structure. The following are several criteria that should be considered in developing a program structure:

1. It must relate to the end product—the objective.
2. It must aid in decision-making.
3. It must facilitate comparison of alternative means of accomplishing a given objective.

The format for the departmental program structure will include the following levels of categorizations:

1. Service Area
2. Program Category
3. Program
4. Program Element

Service areas—The first level of classification of the program structure is called the Service Area. Each Service Area emphasizes a major citywide objective. The Service Area Objectives will be relatively few in number and general in nature.
Program category.--The second level of classification of the program structure is called the Program Category. For each specific category a measurable objective is established. This objective should relate to the proposed effectiveness measures. Examples of Program categories are "law enforcement," "traffic safety," "fire safety," and "waste collection and disposal."

Program.--The third level of classification of the program structure is called the Program. Programs are to be based on narrower sets of objectives relating to the accomplishment of the Program Category Objectives. Examples of Programs are "crime prevention," "accident prevention and investigation," "fire prevention," and "waste water collection." The important point is that this level of classification might be useful for gathering information on the costs and benefits of the alternatives.

Program elements.--The fourth level of classification of the program structure is called the Program Elements. Program Elements are further subdivisions of the Programs. They are the means of achieving the Program objectives. Program elements will relate to the program size indicators. For example:

Service Area: Community Environment
Program Category: Waste Collection and Disposal
Program: Waste Water Collection
Program Elements:

1. Sewage Collection
2. Storm Water Collection
3. Administration and Support

Detailed Procedures for Program Structure

The following pages will give the detailed procedures for developing a Program Structure Outline. This will include proposed formats for forms to be utilized and brief instructions for preparing these forms. These forms and instructions will include:

Form PPBS-l Department Program Structure Summary (Figure 3)
Form PPBS-lA Program Category (Figure 5)
Form PPBS-lB Program (Figures 6-7)

Department Program Structure Summary.—The Department Program Structure Summary is to be prepared and submitted by each department on Form PPBS-l (Figure 3). This form summarizes the program categories and programs each department is involved in, when the department completes the program structure.

Figure 4 shows an example of a completed form.
DEPARTMENT PROGRAM STRUCTURE SUMMARY

<table>
<thead>
<tr>
<th>Department</th>
<th>Date</th>
</tr>
</thead>
</table>

Part A--Program Category

Part B--Program

Form PPBS-1

Fig. 3--Form PPBS-1, Department Program Structure Summary
An example of a completed form (Figure 6) is presented below.

DEPARTMENT PROGRAM STRUCTURE SUMMARY

<table>
<thead>
<tr>
<th>Department</th>
<th>Police</th>
<th>Date</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Part A--Program Category</th>
<th>Part B--Program</th>
</tr>
</thead>
<tbody>
<tr>
<td>Law Enforcement</td>
<td>Crime Prevention</td>
</tr>
<tr>
<td></td>
<td>Crime Investigation</td>
</tr>
<tr>
<td></td>
<td>Judgement of Non-Traffic Offenses</td>
</tr>
<tr>
<td></td>
<td>Rehabilitation of Offenders</td>
</tr>
</tbody>
</table>

Fig. 4--A completed Form PPBS-1, Department Program Structure Summary for the Police Department.
Program Category.--Form PPBS-1A (Figure 5) is to be completed for each program category that a department is involved in. Two types of information are requested.

PROGRAM CATEGORY

Department ___________________________ Date ___________________________

Program Category ____________________________________________

Part A--Objectives

Part B--Define Key Words or Phrases in Objective Statement

Form PPBS-1A

Fig. 5--PPBS-1A, Program Category
Part A—Set forth the objectives of the program category on Form PPBS-1A (Figure 5). An objective is a statement of purpose, expressed in terms of the benefit to the society to be provided by the final product or service that the program provides. The objectives should concentrate upon the final product or service to be provided and not upon the means of providing it. An example of a Program Category objective is "To have safe and sanitary housing which the citizens can afford available in desirable neighborhoods." It is most important that the objective be stated in terms of program results or benefit to society.

Part B—Define the key words and phrases in the objectives statement on Form PPBS-1A (Figure 5). The key words and phrases should be clarified so that the reader and user has a more precise idea what the department means. For example, "safe and sanitary housing" and "desirable neighborhoods" would have to be defined. "Safe and sanitary housing" might be defined to be houses that meet specified standards. There are some nationally recognized standards with respect to electricity, heating, plumbing, construction, etc. that could be adopted.

Program.—A program is a further subdivision of a program category. Form PPBS-1B (Figure 6) should be completed for each program in which the department is involved. The following information should be provided for each program:
PROGRAM

Department__________________ Date________________

Program Category__________________________________________

Part A--Objectives

Part B--Program Elements

1. _______________________________________________________

2. _______________________________________________________

3. _______________________________________________________

4. _______________________________________________________

5. _______________________________________________________

Form PPBS-1B, Page 1

Fig. 6--Form PPBS-1B, Page 1, Program
Part A—Define the objectives for each program on Form PPBS-1B, Page 1 (Figure 6). Program objectives are more specific than program category objectives. Accomplishment of program objectives should make a contribution toward the achievement of the program category objectives. For example, the Community Beautification Program might have the objective "To make the city more livable by enhancing environmental aesthetics."

Part B—Identify the program elements of each program on Form PPBS-1B, Page 1 (Figure 6). The department should identify the program elements which compose the program. For example, a Program of "Community Beautification," having the objective "To make the city more livable by enhancing environmental aesthetics" might have as program elements (1) clean-up campaigns, (2) maintenance of grassy areas, and (3) administration and support. The program elements are means to achieving the ends.
PROGRAM

Department ____________________ Date ____________________
Program Category ____________________

Part A--Program Size Indicators

Part B--Program Effectiveness Measures
Part A—Identify Program Size Indicators for each program on Form PPBS-1B, Page 2 (Figure 7). Program size indicators are estimates of the quantity of goods and services to be produced by the program for its beneficiaries. For example, the Service Area of "Security of Persons and Property" may have a Program category entitled "Traffic Safety," which would have a Program entitled "Driver Education and Information" with a Program Element entitled "Driver Training." The Program Size Indicator might indicate the number of persons completing the Drivers' Training courses.

Part B—Set forth suggested Program Effectiveness Measures on Form PPBS-1B, Page 2 (Figure 7). The department should identify and suggest possible effectiveness measures of benefit to society. For example, with the above Program Element of Driver Training, a possible effectiveness measure would be the percentage of decrease in traffic accidents of those persons who have undergone driver training compared with persons who have not taken driver training courses. The program size indicator gives the magnitude or size of the program, but does not give any information on the benefit of the program to society.

Office of Planning, Programming, Budgeting Review.—The staff of the Office of Planning, Programming, Budgeting will review the Program Structure Outline to verify that

1. Each department has placed programs in the appropriate program category and has placed program elements in the appropriate program.
2. The objectives for each level of classification are stated as precisely as possible.

3. The objectives are stated in terms of "output" or benefit to the citizens of the city.

4. The program size indicators denote the quantity or volume of the goods and services provided.

5. The effectiveness measures mirror the benefit to the society.

6. The programs are properly interfaced.

A copy of this outline, with comment, will be returned to the department that prepared the Program Structure Outline at least seven months before the start of the next fiscal year. The Office of PPB may suggest areas of investigation for program alternatives. The preparing department would include the report of its investigation of Proposed Program Changes when it submitted the Program Plan Report to the Office of PPB, at least six months before the start of the next fiscal year. The rationale behind having the departments prepare an evaluation of existing programs is to insure that the city manager, through the Office of PPBS, has a clear understanding of the reason for the existence of the programs.
Part III: Program Plan Report

Introduction

The Program Plan Report is to include information on each of the following components:

1. Authorized Programs
2. Proposed Program Changes
3. Program Effectiveness Studies
4. Departmental Summary

Authorized Programs will include those established by law or contract and existing programs whose previous funding levels have been agreed upon by the executive and legislative branches.

Proposed Program Changes can be described as:

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

Detailed Procedures for the Program Plan Report

The Program Structure Outline (initially submitted eight months before the next fiscal year) provides the framework for reporting on authorized Programs. The Program Structure Outline is to be used to organize departmental activities into program categories and programs with similar or related objectives.

For the program categories of Authorized Programs, the department will prepare and submit revised Forms PPBS-1 and
PPBS-1A, which reflects its agreements with the Office of PPB during the eighth and sixth month before the start of the next fiscal year. The same previous instructions will apply to the preparation of these forms.

For both the revised and unrevised programs, a new set of forms must be prepared and submitted six months before the start of the next fiscal year. The following additional multi-year information must be provided:

1. Total expenditures for each activity
2. Program size indicator projections
3. Methods of making program size indicator projections and personnel, fiscal and capital requirements
4. Estimates of effectiveness measures
5. Projections of personnel requirements
6. Projections and narrative for capital facility requirements
7. Projected fiscal requirements.

The forms and instructions are presented in the following pages on

Form PPBS-2 Program (Figures 8-9.)
Form PPBS-3 Personnel Requirements (Figure 10)
Form PPBS-4 Capital Facility Requirements (Figure 11)
Form PPBS-5 Fiscal Requirements (Figure 12)
Form PPBS-6 Proposed Program Changes (Figures 13-16)
Form PPBS-7 Program Effectiveness Studies (Figure 17)
PROGRAM

Department________________________ Date________________________

Program Category_____________________________________________________

Program________________________________________________________________

Part A--Objectives

Part B

<table>
<thead>
<tr>
<th>Program Elements</th>
<th>Total Expenditures</th>
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<tbody>
<tr>
<td></td>
<td>Cur. Op. Yr.</td>
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Form PPBS-2, Page 1

Fig. 8--Form PPBS-2, Page 1, Program
Program, Form PPBS-2, Page 1.--Part A: Identify the revised definition of the objectives for each program on Form PPBS-2, Page 1 (Figure 8). (Instructions are the same as for PPBS-1B, Page 1.)

Part B: Identify the revised list of program elements of each program on Form PPBS-2, Page 1 (Figure 8). (Instructions are the same as for PPBS-1B, Page 1.) List the total expenditures for each activity for the current operating year and the amount projected for the next five fiscal years. On Form PPBS-2, Page 1, the total amount for the current operating year will have to be estimated also. For program element, the department should list the total estimated expenditures from all sources.

Program, Form PPBS-2, Page 2.--Part A: State the revised list of Program Size Indicators and project the size of the indicators for each program on Form PPBS-2, Page 2 (Figure 9). The list of program size indicators was initially submitted on Form PPBS-1B, Page 2, eight months before the start of the next fiscal year. The Program Plan Reports require projections for program size indicators for five years. The purpose of the inclusion of these projections is to show the future implications of past and present decisions.

Part B: Describe the methods used in preparing the five-year projections, on Form PPBS-2, Page 2(Figure 9). The
## PROGRAM

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<tr>
<th>Department</th>
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### Part A—Program Size Indicators

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### Part B—Methods used in projecting program size indicators and personnel and fiscal requirements

### Part C—Program Effectiveness Measures

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<th>Current Year</th>
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Form PPBS-2, Page 2

Fig. 9—Form PPBS-2, Page 2, Program
projection methods are to be explained on this form. All the assumptions that were made are to be explicitly enumerated.

Part C: State the revised list of Program Effectiveness Measures for each Program on PPBS-2, Page 2 (Figure 9). The list of program effectiveness measures was initially submitted on Form PPBS-1B, Page 2, eight months before the start of the next fiscal year. The program effectiveness measures should be quantified for the current year. If a department is unable to quantify the measures, then a precise narrative description should be prepared.

**Personnel Requirements.**—The personnel requirements are projected for each Program on PPBS-3 (Figure 10). The purpose of Form PPBS-3 is to compile personnel information needed to implement program plans. This information will specify annual changes in personnel, set forth manpower requirements, and identify personnel availability problems. These projections are for authorized programs only. Any personnel changes that would come as a result of change in scope or direction of a program will be included under Proposed Program changes.

Grouped by occupational class, the number of positions of each class required to conduct the authorized programs should be shown on Form PPBS-3.

**Capital Facility Requirements.**—The capital facility requirements are identified for each program on Form PPBS-4, (Figure 11) with accompanying narrative. The reason for
## PERSONNEL REQUIREMENTS

<table>
<thead>
<tr>
<th>Department</th>
<th>Date</th>
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<tbody>
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<table>
<thead>
<tr>
<th>Occupational Class</th>
<th>No. Full-Time Equivalents/Yr</th>
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*Form PPBS-3*

*Fig. 10--Form PPBS-3, Personnel Requirements*
CAPITAL FACILITY REQUIREMENTS

<table>
<thead>
<tr>
<th>Department</th>
<th>Program Category</th>
<th>Program</th>
<th>Date</th>
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</thead>
</table>

<table>
<thead>
<tr>
<th>Project Identification</th>
<th>EXPENDITURES</th>
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<td></td>
<td>Cur. Yr</td>
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</tbody>
</table>

Fig. 11--Form PPBS-4, Capital Facility Requirements
obtaining information on capital facility requirements is to provide data on the estimated five-year expenditures needed to obtain the capital facilities to accomplish the objectives of each program.

The department should prepare a Form PPBS-4 (Figure 11) for each new proposed capital facility needed. Most of the information for this form will come from Capital Improvements Plan of the city. The department should prepare accompanying descriptive narrative for each proposed capital facility.

The following information should be prepared for each group of capital facilities:

1. The relationship of capital facilities to the Program.
2. The alternative means that were considered before selecting the proposed facility.
3. The criteria used in making the selection.
4. The program elements this group of capital facilities will serve.
5. The relationship of the group to the program size indicators and to the effectiveness measures (i.e. how the capital facilities will aid in the achievement of the objectives).
6. The effect of problems such as site selection, staffing, construction, and coordination with other capital facility projects on the program size indicators and the effectiveness measures.
FISCAL REQUIREMENTS

Department_________________________ Date_________________________

Program Category________________________________________________

Program________________________________________________________

Program Element_________________________________________________

<table>
<thead>
<tr>
<th>Part A Source and Object</th>
<th>Curr Year</th>
<th>1Yr</th>
<th>2Yr</th>
<th>3Yr</th>
<th>4Yr</th>
<th>5Yr</th>
</tr>
</thead>
</table>

Form PPBS-5

Fig. 12--Form PPBS-5, Fiscal Requirements
**Fiscal Requirements.**—Part A: Project the fiscal requirements for each Program Element on Form PPBS-5 (Figure 12). The purpose of Form PPBS-5 is to accumulate data on the estimated expenditures to operate the proposed programs. Projections will be for the next five years and will be related to the accomplishment of program objectives. These projections are for authorized programs. New programs and important changes will be included with Proposed Program Changes.

Projections are to be prepared for each Program Element based on current salaries and price levels. The total annual requirements will be entered in the yearly columns. Potential problems, where they are appropriate, should be described on the back.

**Proposed Program Change.**—A Proposed Program Change (Form PPBS-6) will be completed for:

1. Important changes in scope or direction of authorized programs
2. Alternatives to authorized programs
3. New program proposals.

The purpose of Form PPBS-6 (Figures 13 and 14) is to provide key city officials with concise documentation outlining important proposed program changes. This form will be the basis for connecting the plans for these programs with the allocation of resources for all other programs. Since resources are limited, the available resources must be allocated to those city programs which most effectively achieve the city's objectives.
PROPOSED PROGRAM CHANGE

Department__________________________ Date__________________________

Program Category__________________________________________________

Program_________________________________________________________________

Program Element_____________________________________________________

Program Change_________________________________________________________________

Part A--Reasons For The Program Change

Form PPBS-6, Page 1
Form PPBS-6 must be submitted six months before the start of the next fiscal year to allow the Budget Office and the Office of PPBS time to evaluate the proposals in terms of the objectives and to relate the proposals to the over-all development of the city before receiving the formal budget request four months before the start of the next fiscal year. A Form PPBS-6 (Figures 13 and 14) should be completed for each proposed program change. Each proposed program change must be identified and classified in the appropriate level within the Program Structure according to Service Area, Program Category, Program and Program Element. Probably most changes will occur at the Program Element level.

Part A—Describe the reasons and need for the proposed change and the way the change differs from past practices on Form PPBS-6, Page 1 (Figure 13). Identify the factors that lead to the proposed change. Contrast the proposed program with the previous program to set forth clearly the differences.

Page 2, Part A—List the Program Size Indicators for each proposed change on Form PPBS-6, Page 2 (Figure 14). Program size indicators show the quantity of output produced.

Part B—Project the Program Size Indicators and the personnel and fiscal requirements, and describe the projection methods on Form PPBS-6, Page 2 (Figure 14). Projections are to be made on the assumption that the Proposed Program change will be implemented.
**PROPOSED PROGRAM CHANGE**

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<tr>
<th>Part C</th>
<th>Effectiveness Measures</th>
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Form PPBS-6, Page 2, Proposed Program Change
Part C--Identify possible Program Effectiveness Measures for each proposed program change on Form PPBS-6, Page 2 (Figure 14). Program effectiveness measures are estimates of the benefit of the program to society.

Page 3, Part A--Identify the alternative proposals that were considered which would achieve the same objective as the proposed change on Form PPBS-6, Page 3 (Figure 15). For each program change proposal, this section should have the alternative proposals which were considered before a specific proposal was selected.

Part B--Identify the criteria used in selecting a certain alternative over the other alternative proposals considered on Form PPBS-6, Page 3 (Figure 15). This item represents the justification for the selection of the specific proposal. The key or important reasons for the selection should be stated. If the program change proposal is based on a cost effectiveness analysis of the alternatives, the department should attach a copy of the analysis to the proposal.

Page 4, Part A--Identify the target group of citizens to be benefitted by the Proposed Program Change, on Form PPBS-6, Page 4, (Figure 16). Each proposed program change should identify the benefitted target group. The preparing department should try to be as specific as possible in identifying the age, income, special problems, location, etc., of the group receiving primary benefit.
PROPOSED PROGRAM CHANGE

Department __________________________ Date __________________

Program Category ____________________________________________

Program ___________________________________________________

Program Element ____________________________________________

Program Change _____________________________________________

Part A--List Alternatives

Part B--Criteria for Selecting an Alternative

Form PPBS-6, Page 3

Fig. 15--Form PPBS-6, Page 3, Proposed Program Change
PROPOSED PROGRAM CHANGE

Department__________________________ Date____________________
Program Category________________________
Program________________________
Program Element________________________
Program Change________________________

Part A--Target Group

Part B--Legislative Changes

Fig. 16--Form PPBS-6, Page 4, Proposed Program Change
Part B—Describe the new legislation needed for each Proposed Program Change, on Form PPBS-6, Page 4 (Figure 16). Briefly describe the new legislation or changes in present legislation that will be necessary to implement the proposal.

Describe and list the cost of the capital facilities needed for each Proposed Program Change on PPBS-6, (Figure 16) and accompanying narrative, and attach this list to Proposed Program Change. This information will be needed for new programs and for important changes on authorized programs. This process is necessary to obtain information about the five-year expenditures and to procure meaningful data for evaluating the proposed projects.

Project the personnel and fiscal requirements for each Proposed Program Change, on Forms PPBS-3 (Figure 10) and PPBS-5 (Figure 12). The previous preparation instructions apply, except that a PPBS-3 and PPBS-5 must be prepared for each new program element or for each program element having an important change. The net personnel and fiscal implications should be indicated for program changes. For example, if a program element is deleted, then a minus figure should be entered on the forms. If a department only makes a substitution so that there is no increase or decrease, then a zero should be entered on the forms.

Program Effectiveness Studies.—The city manager may assign priorities to certain key issues and to certain
### PROGRAM EFFECTIVENESS STUDIES

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**Part A—Purpose(s) of the study**

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**Part B—Procedures or methods to be used**

---

**Part C—Nature of expected results**

---

**Part D—Estimated Study Costs**

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Form PPBS-7

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**Fig. 17—Form PPBS-7, Program Effectiveness Studies**
Program Effectiveness Measures. These may pertain to new proposals as well as authorized proposals. The purpose of these studies is to provide a continuous review and evaluation of programs in terms which utilize the most effective means of achieving the objectives. The Program Effectiveness Studies (Figure 17) are designed to help departmental executives and city policy-makers decide which programs or combination or programs will achieve the optimum level of objectives.

**Departmental Summary**

The Departmental Summary is a brief, to-the-point presentation by the departmental chief executive of the major problems of his department. This summary would include:

1. Priority ranking of proposed program changes,
2. Priority ranking of proposed capital facility changes,
3. Description of problems affecting the department's ability to accomplish its objectives,
4. Priority ranking of Program Effectiveness Studies.

**Office of Planning, Programming, Budgeting System Review**

The Office of PPBS should review the Program Plan Report to insure that for authorized programs:

1. Each department has classified each program in the appropriate program category and has placed each program element in the appropriate program;
2. The objectives for each level of classification are stated as precisely as possible;
3. The objectives are stated in terms of output;
4. The program size indicators show the goods and services provided;
5. The effectiveness measures show the benefit to society;
6. The capital facility requirements are adequately described and justified;
7. The fiscal and personnel projections are reasonable;
8. The distinction between "authorized programs" and "program changes" is correct.

The Office of PPBS will review Program Change Proposals to insure that:

1. The proposal is properly classified within the program structure;
2. The proposals are really "program changes";
3. The objectives are stated as precisely as possible;
4. The objectives are stated in terms of output;
5. The program size indicators show the goods and services provided;
6. The effectiveness measures show the benefit to society;
7. The capital facility requirements are adequately described and justified;
8. All relevant alternatives were considered;
9. The criteria for selecting the proposed alternative seem correct;
10. The beneficiary target groups are stated as precisely as possible;
11. The fiscal and personnel projections are reasonable.

For Program Effectiveness Studies:
1. The purpose is stated clearly;
2. The results of evaluating objectives or measuring the effectiveness of programs seem to be significant;
3. The cost projections seem reasonable.

Summary

This proposed PPBS Procedural Guideline is general in nature, but it can be adapted by most cities with only slight modifications. Figure 2 summarizes the proposed Planning, Programming, Budgeting Cycle. The proposed forms as well as brief instructions for the reports are included. The proposed Citywide Program Structure is presented in Appendix D. The first reports, prepared by the departments and due eight months before the start of the fiscal year, set forth the program structure, the program categories, and the programs. The reports are received by the Office of PPBS, which reviews and returns the reports along with comments and changes to the department which prepared them. By six months before the start of the fiscal year, reports on authorized programs, proposed program changes, program effectiveness studies, and the summary of operations will be submitted by departments. All reports and revisions are due four months before the start of the fiscal year. For the first few years, this time
schedule will be very difficult to comply with, but in the following years this difficulty should be overcome.
CHAPTER VII

SUMMARY AND RECOMMENDATIONS

Summary

Introduction

The general purpose of this study was to conduct an exploratory analysis and appraisal of the planning, programming, budgeting system (PPBS); a more intensive study was made of selected cities in the northeastern section of Texas. The specific purposes were:

1. To analyze in detail the PPBS concept in order to learn its true nature, its historical development, its methods and procedures, its advantages, and its disadvantages;

2. To determine whether long-range planning for the accomplishment of the objectives was being conducted;

3. To determine to what extent objectives were formally established;

4. To determine whether the costs and benefits of alternative programs of accomplishing objectives were documented in the resource allocation process;

5. To determine to what extent these cities' existing budgeting practices and procedures differ from those described in current literature for a PPBS.
The study methodology included the following procedures:
1. A search of the literature,
2. A survey by mail questionnaire,
3. Interviews of governmental officials and advisers,
4. The compilation and analysis of information gathered from the questionnaires and interviews,
5. The preparation of a guideline, and
6. The preparation of a brief summary of the findings.

**Planning, Programming, Budgeting System Concept**

The analysis of the PPBS literature revealed that "planning, programming, and budgeting constitute the process by which objectives and resources, and the interrelations among them, are taken into account to achieve a coherent and comprehensive program of action for the government as a whole."¹

There is an important part of PPBS in every budgetary process. The PPBS concept is composed of goals, objectives, programs, program alternatives, output, progress measurement, input, alternative ways to do a given job, and systems analysis. The cost-benefit analysis process, which is the systematic comparison of the costs and the benefits of the alternative programs for achieving specific objectives, is an important part of a PPBS. The history of the budgetary process has passed through three stages of emphasis: control, management,

and planning. The history of PPBS, as a clearly distinguishable concept, dates back to 1954. The principal advantage of a PPBS is making program-policy decisions result in specific budget and specific multi-year plans after a comparison of the objectives, the alternative means of achieving the objectives, and the available resources. The disadvantages of a PPBS are its conceptual, operating, and institutional problems and its requirements for personnel with analytical skills.

Planning, Programming, Budgeting Practices in Cities

The information on planning, programming, budgeting characteristics implemented by cities was compiled during the personal interviews and through the returned mail questionnaires. The characteristics were identified in Chapter I, discussed in Chapter II; and information on their implementation was presented in Chapter III. It was difficult to compile information on the implemented PPBS characteristics because of the diversity of interpretations by the city administrators.

Twenty of the twenty-five cities reported that they formally have identified and set forth their objectives. Most of the cities were involved in many specialized projects or programs where the objectives had to be set forth for the particular project or program. The cities did not differentiate between goals and objectives. Besides the explicit
statement of objectives, there were five different types of documents that were referred to as containing objectives: (1) city charters, (2) annual budgets, (3) master or comprehensive plans, (4) applications for workable programs, and (5) capital improvement plans. There were five cities that had a separate document setting forth the cities' goals.

Having the objectives explicitly stated is very important for a PPBS. Most of the other PPBS characteristics are based on the existence of objectives. If there are no specific objectives to be achieved, the activities are conducted without unified direction. The application for workable program certification could not be considered a satisfactory statement of the objectives for the whole city, because only a part of the geographical area and a limited number of the social, economic, and physical factors were included. The master, or comprehensive, plans and the capital improvement plans were plans to be executed for achieving goals and objectives, but they were not statements of goals and objectives. The annual budget was a statement of inputs but not a statement of objectives or outputs. Contrary to the requirements for a PPBS, the cities did not have an explicit statement of objectives for the whole city. Certain cities, especially the cities in the Model Cities Program and two of the other cities, had partial statements of objectives, but these statements were not as complete as are typical PPBS statements.
Fourteen of the twenty-five cities reported that their objectives were expressed in measurable, quantitative terms. These objectives would be expressed in statements such as four dollars per capita spent on parks and recreation, forty-five uniformed policemen on the force, 5,000 feet of six-inch water mains installed, etc. These are really quantitative measures of inputs, not of outputs (objectives or services). Contrary to the characteristics of a PPBS, the cities in general did not have the objectives expressed in measurable terms. The departments within the cities participating in the Model Cities Program had a portion of their objectives expressed in measurable terms.

Twenty-one of the twenty-five cities reported that they reviewed and evaluated the city's objectives periodically. But the city officials were, for the most part, reviewing and evaluating inputs rather than outputs. The cities involved in workable programs and the Model Cities Program are required by law to review and evaluate objectives periodically. These programs include only a portion of each of the cities involved. Two cities reviewed and evaluated objectives in a manner characteristic of a PPBS.

Many cities set forth the activities needed to achieve each objective as stated by that city. The cities in the Model Cities Program have made good progress in setting forth the activities needed to achieve each objective. Many of the other cities have done extensive work, especially engineering
studies, to identify the needed manpower, machines, supplies, etc., for particular projects. Many cities are already performing this PPBS characteristic in their administrative process. Although the objective is usually stated as the installation of a bridge, street, pipeline, etc., the activities are identified. Since most cities have not set forth objectives in a PPBS manner, the cities have not set forth activities for those objectives. The cities that have set forth the objectives in a PPBS manner have made great progress in setting forth the activities required for each objective, but inter-relationships have not been made explicit.

Consideration was given to all monetary costs in decisions about municipal programs according to the reports of twenty-one of the twenty-five cities. This process, which is characteristic of a PPBS, is being increasingly implemented by cities. If projects or programs are fully funded by a city, frequently all costs, operating as well as capital, are considered in the decision. It is not uncommon, however, to see consideration given only to the immediate cost rather than the long-term cost; but it is occurring less frequently. If projects are funded partly with city funds and partly with funds from outside sources, then generally the cities consider only their own funds in the decision. The cities in the Model Cities Program were required to consider all monetary costs in decisions on the Model Cities Projects.
In a PPBS, the monetary costs and benefits of alternative courses of action are documented. The monetary costs and benefits of alternative courses of action were not documented by cities included in this study. A few of the cities, in isolated decisions, attempted to document the benefits of certain courses of action. The city administrators were usually unable to measure the monetary benefit of alternative courses of action. In some cases the costs of the alternative courses of action could be set forth. This PPBS characteristic, for the most part, is not being implemented. There has been good progress in setting forth the monetary costs but not the benefits. Having the costs set forth was considered an improvement by most administrators.

In a PPBS, planning and budgeting are long-range in nature. Long-range planning and budgeting had been performed by all cities in this study to a certain extent. Most cities had a comprehensive plan that covered twenty years or more and a capital improvements plan that extended into the future for five or more years. Generally, these documents were more concerned with planning than budgeting. Most cities did not try to project revenues into the future more than one year. Cities involved in workable programs and the Model Cities Program were required, according to the law and regulations, to plan and budget for at least five years into the future. Most cities had implemented to a limited extent this PPBS characteristic.
There are more differences than similarities between existing budget practices and procedures in cities and those described for a PPBS. Most of the current city budgets cover one future year, whereas a PPBS would cover a multi-year period. Most existing city budgets are organized, compiled, and presented by function or department, whereas a budget (usually called a financial plan) in a PPBS would be organized, compiled, and presented by objectives. In existing budget practices and procedures the focal point is input (dollars), and in a PPBS the focal point is the output (objectives or services provided). In a PPBS, all monetary costs of the accepted alternative are documented, but the benefits are not documented. In the existing budget procedure, planning does not necessarily affect the budget (example—the comprehensive planning for many cities), but in a PPBS planning results in specific budget requirements. As may be seen, existing budget practices and procedures are very different from those in a PPBS.

An information system may be developed to meet the needs for a planning, programming, budgeting system. As it is used in this study, the term "information system" refers to the administrative process or procedure used to accumulate the data needed (1) to advise decision-makers on the alternatives that are available and (2) to provide evidence to show compliance with legal and contractual requirements. The informational system for a PPBS must be oriented toward outputs or
objectives, whereas the traditional system is oriented toward inputs. The information system for a PPBS must provide data for planning and budgeting in support of future-oriented decision-making. The key word is "data." The PPBS information system must be capable of processing a voluminous amount of data. This is not to say that a computerized information system is absolutely necessary to a PPBS. Many cities in this study had computerized information systems, but none had an information system that was output-oriented. Many of the cities had very sophisticated information systems. The cities' concepts of objectives were more related to inputs than outputs; consequently, their information systems were oriented toward inputs. The two cities in the Model Cities Program were beginning to implement an output-oriented information system. The Model Cities Program had retained a consulting firm to develop such an information system. Since the two cities had just begun to implement the system, there was no experience yet regarding its adequacy. It was concluded during the research that no city had an objective-oriented information system but that an information system adequate for a PPBS could be developed.

Model Cities Program

The review of the Model Cities Program included a brief general study and an analysis of selected aspects of the program in two cities—Texarkana and Waco. The Model Cities
The Model Cities Program, authorized by Title I of the Demonstration Cities and Metropolitan Development Act of 1966, was to demonstrate how the living environment and the general welfare of the residents of slum and blighted urban areas can be substantially improved in cities of all sizes and in all parts of the nation. The Model Cities Program documentation has three major parts: Part I, the Problem Analysis, Goals and Program Approaches and Strategy Statement; Part II, Five-Year Forecast; and Part III, One-Year Action Program.

There have been three national-level groups to review and evaluate the Model Cities Program--the National Commission on Urban Problems (1968), a Presidential Task Force (1969), and a U. S. Senate Committee (1971). The Model Cities Program has been credited with improving and strengthening the decision-making ability of cities, developing some performance criteria for programs, increasing job opportunities for minorities and disadvantaged persons, improving educational and training opportunities, increasing co-ordination between governmental agencies, and facilitating more equal treatment of residents by governmental action.
For the Comprehensive Demonstration Agency (the Model Cities department of a city), many of the characteristics of a PPBS have been implemented or attempted. Documentation reflected that:

1. Objectives for the Comprehensive Demonstration Agency had been explicitly stated;

2. Some of the objectives were stated so that progress toward their achievement could be measured;

3. Objectives were reviewed and evaluated annually;

4. Most activities related to each objective were explicitly identified;

5. Most monetary costs (regardless of source) were considered in decisions about Model Cities Programs (some of the administrative costs were not allocated or apportioned among the service functions);

6. Monetary costs of alternative courses of action were explicitly set forth and where possible a quantitative indicator of the benefits was set forth (the specialized indicators of benefits were both qualitative and quantitative);

7. The planning and budgeting covered a five-year period.

The Model Cities Program has been involved in political controversy on both the national and local level. It has had racial and financial problems. It has introduced many city officials to a new decision process. The Model Cities Program forced city administrators to be more explicit and required evaluation to be an integral part of the program.
The Model Cities Program permitted a more effective utilization of the resources available to it, and the citizens in the Model Neighborhood areas came to have more confidence in their city government. However, some city officials disapproved, and they resisted many efforts of the Model Cities Program. This feeling seemed to arise from the fear of re-ordering the existing "power structure" of the city and from the usual resistance to change. Although there was not unanimous agreement among city officials or citizens, the advantages of an administrative system such as the Model Cities Program required seemed to outweigh the problems it caused.

Assumptions, Administrative Factors, Needed Conditions, and Suggestions for Implementation of a PPBS

The implementation of a PPBS is based on the following assumptions:

1. That the future will have a continuous connection with the present and the past;

2. That knowledge is the most important, productive, and satisfying possession;

3. That the government will play an important role in determining the objectives and courses of action for the future;

4. That the range of public problems and programs will broaden and that the skills and information required to properly administer a government will continue to increase.
Some important administrative factors in the implementation of a PPBS were,

1. Greater emphasis on defining problems and problem solving,
2. More reliance on analytical techniques,
3. The failure to make plans operational,
4. The political and administrative environment becoming more complicated with issues being less clear cut, and
5. The greater number of professional people employed by governments.

In preparing the program schedule and the financial plan (a budget for a Model Cities Program), the factors considered were: (A) planning, (B) strategy, (C) evaluation, (D) citizen participation, and (E) the interrelationship with the City Comprehensive Plan. The planning process included: (1) reviewing and updating problem analysis, program goals and objectives, (2) reviewing and updating program categories, priorities, and strategies, (3) evaluation services, (4) reviewing and revising programs, (5) preparing application for supplementary funding projects, and (6) preparing the program and financial plan. The development of the Model Cities Strategy was based on consideration of (1) citizen views and attitudes, (2) severity of problems, (3) professional attitudes and views, (4) cost/benefit, (5) time, and (6) availability (i.e. manpower, funds, professional competence, etc.). All evaluation was conducted for one purpose, the improvement
of programs. Evaluation was not an isolated or separate function, but it was an integral part of the whole planning, operation, evaluation continuum. The goals sought with respect to citizen participation were that all programs contemplated be a reflection of the needs and desires of the residents of the model neighborhood. Consistency with the comprehensive plan for the entire urban area was actively sought.

Selected examples of Model Cities Program goals, measures, and objectives for the employment, law enforcement, and recreation components were presented as illustrations.

**PPBS Procedural Guideline**

A PPBS Procedural Guideline was presented to aid interested city administrators in the implementation of a PPBS. It was intended that the Guideline be useful with minimum adaptation efforts. The PPBS Procedural Guideline was divided into three parts: Part I: Introduction, Part II: Program Structure Outline, and Part III: Program Plan Report.

In the Introduction to the PPBS Procedural Guideline the Office of Planning, Programming, Budgeting was established to administer the implementation of the PPBS. Many changes, which are likely to occur when a PPBS is begun, will come from citywide comprehensive planning, analysis of key issues, and refinement of the PPB reporting system. The PPB cycle called for the submission by each department of (1) a Program Structure Outline, eight months before the start of the next
fiscal year, (2) a Program Plan Report, six months before the start of the next fiscal year, and (3) Revisions to the Program Plan Report, four months before the start of the next fiscal year.

The Program Structure Outline is a classification of all city activities according to the established objectives of the city. An illustrative citywide program structure was presented. The Program Structure had four levels of subcategorizations in the following order: (1) Service Area, (2) Program Category, (3) Program, and (4) Program Element. There were three different forms and sets of instructions prepared to facilitate the preparation of the Program Structure.

The Program Plan Report includes financial plan and program schedule information on (1) authorized programs, (2) proposed program changes, (3) program effectiveness studies, and (4) departmental summarization. Six sets of illustrative forms and instructions were prepared to facilitate the preparation of the Program Plan Report.

Recommendations

Recommendations on PPBS Implementation

It is recommended that:

1. A city attempt to implement a PPBS only partially in the beginning. As the parts attempted start to function, then implementation efforts may be expanded to other areas.

2. A special office be established to coordinate and
supervise the PPBS implementation efforts. It is recommended that this office be responsible directly to the chief administrative officer of the city.

3. If there are some top-level decision-makers (city manager or the city council) who desire to implement a PPBS or selected parts of one, a specific decision be made as to the extent of implementation. If there are no top-level decision-makers who desire to implement a PPBS or parts of one, then it is recommended that a PPBS not be implemented.

4. Objectives be formally established and set forth for all cities.

5. Where possible, the objectives be stated in quantitative terms. If the objectives cannot be stated in quantitative terms, then objectives stated in qualitative terms should be accepted as second best.

6. An ad hoc interdepartmental task force develop a citywide program structure in the early stages of implementation.

7. Cities conduct more cost-benefit studies. This will help the staff to gain experience in conducting this type of study and developing this type of information. It will also allow decision-makers to have experience in using this type of information so that they can see the problems as well as the advantages.

8. Cities have an adequate number of staff members with skills in developing and using quantitative decision information.
The larger cities may hire specialized personnel. The smaller cities may send personnel to short-term courses or workshops where the rudimentary aspects may be learned, and then, through self-study and in-house training sessions, personnel develop a proficiency in the quantitative and analytical skills.

**Recommendations for Further Research and Experimentation**

It is recommended that:

1. Coordinated research be conducted in an effort to achieve better statements of objectives for cities. Probably this research and study will have to be conducted by interdisciplinary teams, with each team concentrating on a very narrow segment of the scope of municipal administration. The cost of this type of research is so great that no one city can attempt it on its own resources. This research would probably have to be funded by an association, a state government, or the federal government.

2. Standard measures of output of city services be developed. This is a much more difficult assignment than it may appear to be. It will take intensive study and research to formulate these needed measures.

3. City governments experiment with the implementation of selected PPBS characteristics. This experimentation would give the cities valuable experience and knowledge in PPBS implementation.
APPENDIX A

The following Table and map present all 120 cities included in the mail questionnaire survey in the northeastern section of Texas. This information is supplementary to Chapter I.
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<td>209</td>
<td>Benbrook</td>
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<tr>
<td>210</td>
<td>Bonham</td>
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<tr>
<td>211</td>
<td>Bowie</td>
<td>4,566</td>
</tr>
<tr>
<td>212</td>
<td>Brady</td>
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<tr>
<td>213</td>
<td>Breckenridge</td>
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<tr>
<td>214</td>
<td>Bridgeport</td>
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<td>215</td>
<td>Brownwood</td>
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<td>Burk Burnett</td>
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<tr>
<td>217</td>
<td>Carrollton</td>
<td>4,242</td>
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<tr>
<td>218</td>
<td>Carthage</td>
<td>5,262</td>
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<td>Center</td>
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<tr>
<td>220</td>
<td>Cisco</td>
<td>4,499</td>
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<td>221</td>
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<td>228</td>
<td>Copperas Cove</td>
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<td>Corsicana</td>
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<td>230</td>
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<td>Denison</td>
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<td>234</td>
<td>Denton</td>
<td>26,844</td>
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<td>Name of City</td>
<td>1960 Population</td>
</tr>
<tr>
<td>------------</td>
<td>-------------------------</td>
<td>-----------------</td>
</tr>
<tr>
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<td>Duncanville</td>
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<td>Eastland</td>
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</tr>
<tr>
<td>237</td>
<td>Electra</td>
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<td>238</td>
<td>Ennis</td>
<td>9,347</td>
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<td>Farmers Branch</td>
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<td>240</td>
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<td>Fort Worth</td>
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<td>242</td>
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<td>Graham</td>
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</tr>
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<td>252</td>
<td>Hamilton</td>
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<td>253</td>
<td>Hamlin</td>
<td>3,791</td>
</tr>
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<td>254</td>
<td>Haskell</td>
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<tr>
<td>255</td>
<td>Henderson</td>
<td>9,666</td>
</tr>
<tr>
<td>256</td>
<td>Henrietta</td>
<td>3,062</td>
</tr>
<tr>
<td>257</td>
<td>Highland Park</td>
<td>10,411</td>
</tr>
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<td>258</td>
<td>Hillsboro</td>
<td>7,402</td>
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<td>259</td>
<td>Hurst</td>
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<td>260</td>
<td>Iowa Park</td>
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<td>261</td>
<td>Irving</td>
<td>45,985</td>
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<td>Jacksboro</td>
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<td>Lake Worth Village</td>
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<td>Lampasas</td>
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<td>Lewisville</td>
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<td>Longview</td>
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<td>273</td>
<td>McGregor</td>
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</tr>
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<td>City Number</td>
<td>Name of City</td>
<td>1960 Population</td>
</tr>
<tr>
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<td>-------------------------------</td>
<td>-----------------</td>
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<td>274</td>
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<td>278</td>
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<td>279</td>
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<td>280</td>
<td>Mineral Wells</td>
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<td>281</td>
<td>Mount Pleasant</td>
<td>8,027</td>
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<tr>
<td>282</td>
<td>Nacogdoches</td>
<td>12,674</td>
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<td>283</td>
<td>New Boston</td>
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</tr>
<tr>
<td>284</td>
<td>Nocona</td>
<td>3,127</td>
</tr>
<tr>
<td>285</td>
<td>North Richland Hills</td>
<td>8,062</td>
</tr>
<tr>
<td>286</td>
<td>Olney</td>
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</tr>
<tr>
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<td>Palestine</td>
<td>13,974</td>
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<tr>
<td>288</td>
<td>Paris</td>
<td>20,977</td>
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<td>289</td>
<td>Pittsburg</td>
<td>3,796</td>
</tr>
<tr>
<td>290</td>
<td>Plano</td>
<td>3,695</td>
</tr>
<tr>
<td>291</td>
<td>Quanah</td>
<td>4,564</td>
</tr>
<tr>
<td>292</td>
<td>Ranger</td>
<td>3,313</td>
</tr>
<tr>
<td>293</td>
<td>Richardson</td>
<td>16,810</td>
</tr>
<tr>
<td>294</td>
<td>Richland Hills</td>
<td>7,804</td>
</tr>
<tr>
<td>295</td>
<td>River Oaks</td>
<td>8,444</td>
</tr>
<tr>
<td>296</td>
<td>Rusk</td>
<td>4,900</td>
</tr>
<tr>
<td>297</td>
<td>San Angelo</td>
<td>58,815</td>
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<tr>
<td>298</td>
<td>San Augustine</td>
<td>2,584</td>
</tr>
<tr>
<td>299</td>
<td>San Saba</td>
<td>2,728</td>
</tr>
<tr>
<td>300</td>
<td>Sansom Park Village</td>
<td>4,175</td>
</tr>
<tr>
<td>301</td>
<td>Seagoville</td>
<td>3,745</td>
</tr>
<tr>
<td>302</td>
<td>Sherman</td>
<td>24,988</td>
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<td>Stamford</td>
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<td>304</td>
<td>Stephenville</td>
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<td>Sulphur Springs</td>
<td>9,160</td>
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<td>306</td>
<td>Teague</td>
<td>2,728</td>
</tr>
<tr>
<td>307</td>
<td>Terrell</td>
<td>13,803</td>
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<td>308</td>
<td>Texarkana</td>
<td>30,218</td>
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<td>309</td>
<td>Tyler</td>
<td>51,230</td>
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<td>310</td>
<td>University Park</td>
<td>23,202</td>
</tr>
<tr>
<td>311</td>
<td>Vernon</td>
<td>12,141</td>
</tr>
</tbody>
</table>
### TABLE XXV--Continued

<table>
<thead>
<tr>
<th>City Number</th>
<th>Name of City</th>
<th>1960 Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>312</td>
<td>Waco</td>
<td>97,808</td>
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<tr>
<td>313</td>
<td>Waxahachie</td>
<td>12,749</td>
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<tr>
<td>314</td>
<td>Weatherford</td>
<td>9,759</td>
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<td>315</td>
<td>Westworth</td>
<td>3,321</td>
</tr>
<tr>
<td>316</td>
<td>White Settlement</td>
<td>11,513</td>
</tr>
<tr>
<td>317</td>
<td>Wichita Falls</td>
<td>101,724</td>
</tr>
<tr>
<td>318</td>
<td>Winnsboro</td>
<td>2,675</td>
</tr>
<tr>
<td>319</td>
<td>Winters</td>
<td>3,266</td>
</tr>
</tbody>
</table>

Total Cities in the Mail Questionnaire Survey = 120

Cities in these counties were included in the study.

Fig. 18--Texas map highlighting the northeastern section which was included in the study.
APPENDIX B

Appendix B contains supplementary information compiled from all seventy-one returned mail questionnaires. This is not a total compilation of the data but a selection of some of the more pertinent information. These tables and discussions include information on seventy-one (59 per cent) of the 120 cities included in this study. The tables and discussions in Appendix B for the seventy-one cities correspond to those in the main body of Chapter III on the twenty-five cities.
Cities Having a PPBS

Only fifteen (21 per cent) of all seventy-one cities returning the mail questionnaire claim to have a PPBS, while fifty-six (79 per cent) as shown in Table XXVI do not have one. Eight (29 per cent) of the twenty-eight larger cities and seven (16 per cent) of the smaller cities claim to have a PPBS. Twenty (71 per cent) of the twenty-eight larger cities and thirty-six (84 per cent) of the forty-three smaller cities do not have a PPBS.

TABLE XXVI

DO YOU CURRENTLY HAVE A PLANNING, PROGRAMMING, BUDGETING SYSTEM (PPBS) IN YOUR CITY?*

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Population 10,000 and Over</th>
<th>Population Under 10,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>15</td>
<td>8</td>
<td>7</td>
</tr>
<tr>
<td>No</td>
<td>56</td>
<td>20</td>
<td>36</td>
</tr>
<tr>
<td>Total</td>
<td>71</td>
<td>28</td>
<td>43</td>
</tr>
</tbody>
</table>

*Source: All returned mail questionnaires.

Cities Having Set Forth Fundamental Objectives

The fundamental objectives have been formally identified and set forth in forty (56 per cent) of the seventy-one cities returning the mail questionnaires as shown in Table XXVII. Nineteen (69 per cent) of the twenty-eight larger cities and twenty-one (49 per cent) of the forty-three smaller cities
have formally identified and set forth their fundamental objectives. Seven (25 per cent) of the twenty-eight larger cities and twenty-two (51 per cent) of the forty-three smaller cities have not formally identified and set forth their fundamental objectives. Two (6 per cent) of the larger cities have partially identified and set forth their fundamental objectives.

**TABLE XXVII**

<table>
<thead>
<tr>
<th></th>
<th>Population 10,000 and Under 10,000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td>71</td>
</tr>
<tr>
<td><strong>Yes</strong></td>
<td>40</td>
</tr>
<tr>
<td></td>
<td>19</td>
</tr>
<tr>
<td></td>
<td>21</td>
</tr>
<tr>
<td><strong>No</strong></td>
<td>29</td>
</tr>
<tr>
<td></td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>22</td>
</tr>
<tr>
<td><strong>Partially</strong></td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>.</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>71</td>
</tr>
<tr>
<td></td>
<td>28</td>
</tr>
<tr>
<td></td>
<td>43</td>
</tr>
</tbody>
</table>

*Source: All returned completed mail questionnaires.*

**Cities Reviewing Objectives Periodically**

City policies provide that the objectives be reviewed and re-evaluated at least every five years in thirty-eight (54 per cent) of the seventy-one cities returning the mail questionnaires, while thirty-three (46 per cent) cities do not have such a policy as shown in Table XXVIII. Twenty (71 per cent) of the twenty-eight larger cities and eighteen (42 per cent) of
the forty-three smaller cities have provided for a periodic review and re-evaluation of the objectives. Eight (29 per cent) of the twenty-eight larger cities and twenty-five (58 per cent) of the forty-three smaller cities have not provided for a periodic review and re-evaluation of the objectives.

TABLE XXVIII

DO CITY POLICIES PROVIDE THAT THE OBJECTIVES SHALL BE REVIEWED AND RE-EVALUATED PERIODICALLY OR AT LEAST WITHIN EVERY FIVE YEARS?*

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Population under 10,000</th>
<th>Population 10,000 and Over</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>38</td>
<td>18</td>
<td>20</td>
</tr>
<tr>
<td>No</td>
<td>33</td>
<td>25</td>
<td>8</td>
</tr>
<tr>
<td>Total</td>
<td>71</td>
<td>43</td>
<td>28</td>
</tr>
</tbody>
</table>

*Source: All returned completed mail questionnaires.

Evaluation of Accomplishment of Objectives

A plan which evaluates the extent to which goals and objectives have been accomplished is in operation in twenty-three (32 per cent) of the seventy-one cities returning the mail questionnaires, while forty-eight (68 per cent) do not have such a plan in operation as shown in Table XXIX. Ten (36 per cent) of the twenty-eight larger cities and thirteen (30 per cent) of the forty-three smaller cities have in operation a plan which evaluates the extent to which goals and
objectives have been accomplished. Eighteen (64 per cent) of the twenty-eight larger cities and thirty (70 per cent) of the forty-three smaller cities do not have in operation a plan which evaluates the extent to which goals and objectives have been accomplished.

**TABLE XXIX**

**DO YOU HAVE A PLAN IN OPERATION WHICH EVALUATES THE EXTENT TO WHICH GOALS AND OBJECTIVES HAVE BEEN ACCOMPLISHED?**

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Population 10,000 and Over</th>
<th>Population Under 10,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>23</td>
<td>10</td>
<td>13</td>
</tr>
<tr>
<td>No</td>
<td>48</td>
<td>18</td>
<td>30</td>
</tr>
<tr>
<td>Total</td>
<td>71</td>
<td>28</td>
<td>43</td>
</tr>
</tbody>
</table>

*Source: All returned completed mail questionnaires.*

**Establishment of All Activities for Each Objective**

All activities that are related to the achievement of each objective have been explicitly identified and set forth in eighteen (25 per cent) of the seventy-one cities returning the mail questionnaire, while fifty-three (75 per cent) cities have not done so as shown in Table XXX. Nine (32 per cent) of the twenty-eight larger cities and nine (21 per cent) of the forty-three smaller cities have explicitly identified and set forth all activities that are related to the achievement of each objective. Nineteen (68 per cent) of the twenty-eight
larger cities and thirty-four (79 per cent) of the forty-three smaller cities have not explicitly identified and set forth all activities that are related to the achievement of each objective.

**TABLE XXX**

<table>
<thead>
<tr>
<th>Are all activities that are related to the achievement of each objective explicitly identified and set forth?*</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Yes</strong></td>
</tr>
<tr>
<td>Yes</td>
</tr>
<tr>
<td>No</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

*Source: All returned completed mail questionnaires.

**Cities Having Prepared Own Budget Manual**

A budget manual containing forms and instructions has been prepared by twenty-four (34 per cent) of the seventy-one cities returning the mail questionnaire, and forty-seven (66 per cent) cities have not prepared such a manual as shown in Table XXXI. Thirteen (46 per cent) of the twenty-eight larger cities and eleven (26 per cent) of the forty-three smaller cities have prepared a budget manual. Fifteen (54 per cent) of the larger cities and thirty-two (74 per cent) of the smaller cities have not prepared a budget manual.
TABLE XXXI

HAS YOUR CITY PREPARED ITS OWN BUDGET MANUAL CONTAINING FORMS AND INSTRUCTIONS FOR THE PREPARATION OF THE BUDGET?

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Population 10,000 and Over</th>
<th>Population Under 10,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>24</td>
<td>13</td>
<td>11</td>
</tr>
<tr>
<td>No</td>
<td>47</td>
<td>15</td>
<td>32</td>
</tr>
<tr>
<td>Total</td>
<td>71</td>
<td>28</td>
<td>43</td>
</tr>
</tbody>
</table>

*Source: All returned completed mail questionnaires.

Cities Having Personnel With Formal PPBS Training

There were forty-nine (69 per cent) of the seventy-one cities that indicated that no one within the city government had had any formal training in planning, programming, budgeting system procedure as shown in Table XXXII. There were thirty-three (77 per cent) of the forty-three smaller cities with no one having had formal PPBS training. Of the ten (23 per cent) smaller cities reporting to have someone with formal PPBS training, six (14 per cent) of the cities reported that the city manager had such training. Sixteen (57 per cent) of the twenty-eight larger cities returning the mail questionnaire reported that no one had any formal PPBS training. It is interesting to note that nine of the twelve larger cities reporting to have someone with formal PPBS training had two or more persons with such training. This would appear to indicate that those city
officials which had had exposure to the formal training thought it to be sufficiently important to have others on the city staff to have similar training.

TABLE XXXII

CITIES THAT HAVE PEOPLE WHO HAVE HAD FORMAL TRAINING IN PLANNING, PROGRAMMING, BUDGETING SYSTEM PROCEDURE*

<table>
<thead>
<tr>
<th>Have Had PPBS Training</th>
<th>Total</th>
<th>Population 10,000 and Over</th>
<th>Population Under 10,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>No One Indicated</td>
<td>49</td>
<td>16</td>
<td>33</td>
</tr>
<tr>
<td>City Manager</td>
<td>8</td>
<td>2</td>
<td>6</td>
</tr>
<tr>
<td>Two or More of the People Listed**</td>
<td>10</td>
<td>9</td>
<td>1</td>
</tr>
<tr>
<td>Other People</td>
<td>4</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Total</td>
<td>71</td>
<td>28</td>
<td>43</td>
</tr>
</tbody>
</table>

*Source: All returned completed mail questionnaires.

**City manager, mayor, budget director, finance director, treasurer, city clerk, planning director.

Cities Having Personnel With PPBS Experience

Forty (56 per cent) of the seventy-one reporting cities have no one who has had experience in planning, programming, budgeting system procedure. As shown in Table XXXIII, twenty-eight (65 per cent) of the forty-three smaller cities and twelve (43 per cent) of the twenty-eight larger cities have no one with experience in PPBS procedure. It is interesting to note that twelve (43 per cent) of the larger cities had
TABLE XXXIII

TITLE OF THOSE WHO HAVE HAD EXPERIENCE IN PLANNING, PROGRAMMING, BUDGETING SYSTEM PROCEDURE*

<table>
<thead>
<tr>
<th>Have Had PPBS Experience</th>
<th>Total</th>
<th>Population 10,000 and Over</th>
<th>Population Under 10,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>No One Indicated</td>
<td>40</td>
<td>12</td>
<td>28</td>
</tr>
<tr>
<td>City Manager</td>
<td>8</td>
<td>2</td>
<td>6</td>
</tr>
<tr>
<td>Finance Director</td>
<td>1</td>
<td>1</td>
<td>..</td>
</tr>
<tr>
<td>Planning Director</td>
<td>1</td>
<td>1</td>
<td>..</td>
</tr>
<tr>
<td>Two or More of the People Listed**</td>
<td>15</td>
<td>12</td>
<td>3</td>
</tr>
<tr>
<td>Other People</td>
<td>6</td>
<td>..</td>
<td>6</td>
</tr>
<tr>
<td>**Total</td>
<td>71</td>
<td>28</td>
<td>43</td>
</tr>
</tbody>
</table>

*Source: All returned completed mail questionnaires.

**City manager, mayor, budget director, treasurer, city clerk, planning director.

no one with PPBS experience, while there were sixteen (57 per cent) cities who had no one with formal PPBS training. There were twenty-eight (65 per cent) of the smaller cities with no one who had experience in PPBS system procedure, while there were thirty-three (77 per cent) who had no one with formal PPBS training. There were two of the larger cities and six of the smaller cities where the city manager had experience in PPBS, and there were two of the larger and six of the smaller cities where the city manager had formal PPBS training. On
the basis of the returned mail questionnaires, there are more
cities with people who have had experience in PPBS than there
were cities with people who have had formal PPBS training.

Past PPBS Workshop or Seminar Attendance

A workshop or seminar on programmed budgeting or planning,
programming, budgeting system has been attended by staff mem-
ers from twenty-eight (39 per cent) of the seventy-one cities
reporting as shown in Table XXXIV. Forty-three (61 per cent)
of the cities had no staff member to attend a PPBS workshop or
seminar in the last twelve months. Thirty-two (74 per cent) of
the forty-three smaller cities had no one to attend a PPBS
workshop or seminar, while eleven (39 per cent) of twenty-eight
of the larger cities had had no one to attend a PPBS workshop
or seminar in the last twelve months.

TABLE XXXIV

HAS ANY OF YOUR CITY'S ADMINISTRATIVE STAFF ATTENDED A
WORKSHOP OR SEMINAR ON PPBS IN THE LAST TWELVE MONTHS?*

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Population 10,000 and Over</th>
<th>Population Under 10,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>28</td>
<td>17</td>
<td>11</td>
</tr>
<tr>
<td>No</td>
<td>43</td>
<td>11</td>
<td>32</td>
</tr>
<tr>
<td>Total</td>
<td>71</td>
<td>28</td>
<td>43</td>
</tr>
</tbody>
</table>

*Source: All returned completed mail questionnaires.
Would Attend a PPBS Workshop

Fifty-three (75 per cent) of the seventy-one cities reported that they would send some of their administrative personnel to attend a workshop designed to aid in the understanding, development, and implementation of a planning, programming, budgeting system as shown in Table XXXV. Of the twenty-eight larger cities twenty-five (90 per cent) reported that some of their administrative personnel would attend a PPBS workshop. Twenty-eight (65 per cent) of the forty-three smaller cities indicated that they would send some of their administrative personnel to attend a PPBS workshop.

TABLE XXXV

WOULD YOUR CITY SEND SOME OF ITS ADMINISTRATIVE PERSONNEL TO ATTEND A WORKSHOP DESIGNED TO AID IN THE IMPLEMENTATION OF A PPBS?*

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Population 10,000 and Over</th>
<th>Population Under 10,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>53</td>
<td>25</td>
<td>28</td>
</tr>
<tr>
<td>No</td>
<td>18</td>
<td>3</td>
<td>15</td>
</tr>
<tr>
<td>Total</td>
<td>71</td>
<td>28</td>
<td>43</td>
</tr>
</tbody>
</table>

*Source: All returned completed mail questionnaires.
APPENDIX C

The Chapter IV supplementary historical and demographic data included in this appendix is intended to describe partially the environment in which the Model Cities Program was attempted and is being operated. The following observations and comments about Texarkana and Waco, the two cities participating in the Model Cities Program that were also included in this study, are based on documents analyzed and on extensive interviews with various officials in the Comprehensive Demonstration Agencies.

History

Texarkana

Texarkana was named because of its location on the state line between Texas and Arkansas. The crossroad position of Texarkana is the key to its history and development. It was a crossroad of Indian Trails as well as railroads. In the late 1940’s Texarkana was one of the major railroad centers of the Southwest; it was the junction of four rail systems with eight outlets. The city was important as a commercial and industrial center, too. The industries depended on the three most abundant natural resources—timber, agricultural lands, and diversified mineral deposits.¹

¹Walter P. Webb, editor, The Handbook of Texas, II (Austin, 1952), 730.
Basically, Texarkana is one city, but because it does straddle the state lines of Texas and Arkansas, it does have some unique public administration problems. There are two sets of councilmen, two city administrations, two state governments, two county governments, and several school districts. There is a co-operative arrangement for the joint operation of the fire department, sewage system, environmental sanitation, and food and dairy inspections. The Federal Building is also unique because it is also situated in two states.

Waco

Waco derives its name from the Huaco Indians who lived in the region for generations and maintained their principle village on the banks of the big river which the Spaniards picturesquely named "Los Blacos de Dios"—translated "the Arms of God"—now known as the Brazos River. The first attempt to settle Waco was in 1837 when the Texas Rangers were sent to establish a fort at the village of the Huacos to keep watch on them and their neighboring Tehucana Indians. The first lots were surveyed and sold to establish a permanent village, Waco, in 1849. In 1850, Waco became the county seat of McLennan County and was incorporated as a city by an act of the Texas Legislature.  

2Department of Urban Community Development, City of Waco, "An Application for a Grant to Plan a Comprehensive City Demonstration Program," (Waco, March 28, 1967), p. 3.
Waco's early economic growth was dominated by agriculture. The surrounding area was characterized by good soil and growing conditions conducive to agricultural production. The only mineral resources were gravel, limestone, and clay suitable for brick. The climate is moderate and is an asset to outdoor activities, construction, military training programs, and pleasant living. Waco is exceptionally well served by highways, including the new interstate system. Other transportation facilities, such as the municipal airport, are generally considered adequate.

Waco has been declining as a major retail center, and wholesale trade has not developed in Waco to a very great extent. Waco's location is favorable to manufacturers of products for regional distribution, including the highly urbanized sections of Texas, portions of Oklahoma, Arkansas, and Louisiana.

**Selected Demographic Data**

Since the Model Cities Program concentrates its efforts on the poverty-stricken portion of each city, some pertinent economic statistics have been included. The 1960 statistics have been included because they are the latest census statistics available, and these were the ones used by the cities in their applications for the Model Cities Program. Selected statistics on population, years of school completed, family income, value or rent of occupied housing units, year moved

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3 Ibid.
into housing unit, occupancy characteristics of housing units, and structural characteristics of housing units have been included.

**TABLE XXXVI**

SELECTED POPULATION CHARACTERISTICS: 1960
TEXARKANA AND WACO

<table>
<thead>
<tr>
<th>Subject</th>
<th>Texarkana*</th>
<th>Waco*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>Percent</td>
</tr>
<tr>
<td>White</td>
<td>22,500</td>
<td>74.4</td>
</tr>
<tr>
<td>Negro</td>
<td>7,708</td>
<td>25.5</td>
</tr>
<tr>
<td>Other Races</td>
<td>10</td>
<td>.1</td>
</tr>
<tr>
<td><strong>Total Population</strong></td>
<td>30,218</td>
<td>100.0</td>
</tr>
</tbody>
</table>


**Population.**--It can be observed in Table XXXVI that in Texarkana in 1960 25.5 percent of the population was Negro and in Waco 18.4 percent was Negro. In Texarkana 74.4 percent of the population was white; 81.5 percent was white in Waco. Texarkana had a total 1960 population of 30,218 and Waco had 97,808.

**Years of School Completed.**--No school years had been completed by 1.8 percent of the Texarkana population and by
### TABLE XXXVII

**YEARS OF SCHOOL COMPLETED: 1960**

**TEXARKANA AND WACO**

<table>
<thead>
<tr>
<th>Subject</th>
<th>Texarkana*</th>
<th>Waco*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>Percent</td>
</tr>
<tr>
<td>--------------------------------</td>
<td>------------</td>
<td>--------</td>
</tr>
<tr>
<td>Persons 25 Years Old or Older</td>
<td>17,723</td>
<td>100.0</td>
</tr>
<tr>
<td>No School Years Completed</td>
<td>320</td>
<td>1.8</td>
</tr>
<tr>
<td>Elementary: 1 to 4 Years</td>
<td>1,552</td>
<td>8.7</td>
</tr>
<tr>
<td>5 to 7 Years</td>
<td>2,859</td>
<td>16.1</td>
</tr>
<tr>
<td>8 Years</td>
<td>2,275</td>
<td>12.8</td>
</tr>
<tr>
<td>High School:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 to 3 Years</td>
<td>3,813</td>
<td>21.5</td>
</tr>
<tr>
<td>4 Years</td>
<td>3,826</td>
<td>21.6</td>
</tr>
<tr>
<td>College: 1 to 3 Years</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4 Years or More</td>
<td>1,862</td>
<td>10.5</td>
</tr>
<tr>
<td>Median School Years Completed</td>
<td>1,216</td>
<td>7.0</td>
</tr>
</tbody>
</table>

*Sources: U. S. Bureau of Census of Population and Housing 1960, Census Tracts, Final Report PHC (1)--157, p. 13 (Texarkana), 165, p. 13 (Waco).*

2.7 percent of the Waco population in 1960, as may be seen in Table XXXVII. Only eight school years or less had been completed by 39.4 percent of the Texarkana population, and 38.4 percent of the Waco population had the same educational achievement. Four years of high school or more had been completed by 39.1 percent of the Texarkana population and 41.4 percent of the Waco population. Ten percent of the Waco population
had completed four years or more of college and 7 percent of the Texarkana population had done so. The median school years completed was 10.5 years in Texarkana and 10.7 years in Waco.

**Family Income.**—As may be seen in Table XXXVIII, 46.1 percent of the Texarkana families had a family income of less than $4,000, and 39.6 percent of the Waco families had similar incomes. A family income of $10,000 or more was earned by 8.1 percent of the Texarkana families and 11.1 percent of the Waco families. The median family income in Texarkana was $4,353 and $4,859 in Waco.

**Value or rent of occupied housing units.**—Table XXXIX shows that 61.8 percent of the housing units in Texarkana are owner occupied, and 60.5 percent in Waco are owner occupied. Housing units owned and valued at $10,000 or less are occupied by 41.0 percent of the Texarkana population and 37.6 percent of the Waco population. Housing units owned and valued at $5,000 or less are occupied by 16.6 of the Texarkana population and 11.1 percent of the Waco population. In Texarkana, 3.8 percent of the housing units are owner occupied and valued at $20,000 or more, and in Waco 4.4 percent of the housing units are owner occupied and valued at $20,000 or more. The median dollar value of the owner occupied housing unit is $7,800 in Texarkana and $8,600 in Waco. A greater percentage of housing units are owner occupied in Texarkana, but the value of the owner occupied unit is greater in Waco.
TABLE XXXVIII

FAMILY INCOME: 1959
TEXARKANA AND WACO

<table>
<thead>
<tr>
<th>Subject</th>
<th>Texarkana*</th>
<th>Waco*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>Percent</td>
</tr>
<tr>
<td>All Families</td>
<td>8,209</td>
<td>100.0</td>
</tr>
<tr>
<td>Under $1,000</td>
<td>779</td>
<td>9.5</td>
</tr>
<tr>
<td>$1,000 to $1,999</td>
<td>1,014</td>
<td>12.3</td>
</tr>
<tr>
<td>$2,000 to $2,999</td>
<td>925</td>
<td>11.3</td>
</tr>
<tr>
<td>$3,000 to $3,999</td>
<td>1,064</td>
<td>13.0</td>
</tr>
<tr>
<td>$4,000 to $4,999</td>
<td>913</td>
<td>11.1</td>
</tr>
<tr>
<td>$5,000 to $5,999</td>
<td>972</td>
<td>11.8</td>
</tr>
<tr>
<td>$6,000 to $6,999</td>
<td>714</td>
<td>8.7</td>
</tr>
<tr>
<td>$7,000 to $7,999</td>
<td>507</td>
<td>6.2</td>
</tr>
<tr>
<td>$8,000 to $8,999</td>
<td>325</td>
<td>3.9</td>
</tr>
<tr>
<td>$9,000 to $9,999</td>
<td>343</td>
<td>4.1</td>
</tr>
<tr>
<td>$10,000 to $14,999</td>
<td>469</td>
<td>5.7</td>
</tr>
<tr>
<td>$15,000 to $24,999</td>
<td>137</td>
<td>1.7</td>
</tr>
<tr>
<td>$25,000 and Over</td>
<td>47</td>
<td>0.7</td>
</tr>
</tbody>
</table>

Median Income:

Families

$4,353 $4,859

As shown in Table XXXIX, 38.2 percent of the housing units are occupied by renters in Texarkana and 39.5 percent in Waco. Less than sixty dollars per month cash rent is paid on 28.5 percent of the renter-occupied housing units in Texarkana and on 24.7 percent in Waco. In Texarkana, 1.0 percent of the housing units are occupied by renters paying $100 or more cash rent per month, and in Waco 2.5 percent of the housing units are occupied by renters paying $100 or more cash rent per month. Less than twenty dollars per month cash rent is paid by renters of 4.2 percent of the housing units in Texarkana and 3.0 percent of the housing units in Waco. The median monthly rent in Texarkana is forty-two dollars and fifty-three dollars in Waco.

**Occupancy characteristics of housing units.**—Some occupancy characteristics pertaining to tenure, color, and vacancy status of housing units are shown in Table XI. In Texarkana 56.3 percent of all housing units were owner-occupied, 33.2 percent were renter-occupied, and 10.5 percent were vacant. In Waco 56.2 percent of all housing units were owner-occupied, 34.5 percent were renter-occupied, and 9.3 percent were vacant. In Texarkana the white population exceeds the nonwhite population nearly 3 to 1 (Table XXXVI), but the number of white owner-occupied housing units exceeds the number of nonwhite owner-occupied housing units 4.3 to 1. In Waco the white population exceeds the nonwhite population nearly 4.2 to 1.
## TABLE XXXIX
VALUE OR RENT OF OCCUPIED HOUSING UNITS: 1960
TEXARKANA AND WACO

<table>
<thead>
<tr>
<th>Subject</th>
<th>Texarkana*</th>
<th>Waco*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>Percent</td>
</tr>
<tr>
<td>Value</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Owner-Occupied</td>
<td>5,997</td>
<td>61.8</td>
</tr>
<tr>
<td>Less than $5,000</td>
<td>1,608</td>
<td>16.6</td>
</tr>
<tr>
<td>$5,000 to $9,900</td>
<td>2,368</td>
<td>24.4</td>
</tr>
<tr>
<td>$10,000 to $14,900</td>
<td>1,194</td>
<td>12.3</td>
</tr>
<tr>
<td>$15,000 to $19,900</td>
<td>460</td>
<td>4.7</td>
</tr>
<tr>
<td>$20,000 to $24,900</td>
<td>194</td>
<td>2.0</td>
</tr>
<tr>
<td>$25,000 or more</td>
<td>173</td>
<td>1.8</td>
</tr>
<tr>
<td>Median Dollars</td>
<td>7,800</td>
<td></td>
</tr>
<tr>
<td>Gross Rent</td>
<td>3,704</td>
<td>38.2</td>
</tr>
<tr>
<td>Less than $20</td>
<td>171</td>
<td>1.7</td>
</tr>
<tr>
<td>$20 to $39</td>
<td>1,468</td>
<td>15.0</td>
</tr>
<tr>
<td>$40 to $59</td>
<td>996</td>
<td>10.3</td>
</tr>
<tr>
<td>$60 to $79</td>
<td>606</td>
<td>6.2</td>
</tr>
<tr>
<td>$80 to $99</td>
<td>149</td>
<td>1.5</td>
</tr>
<tr>
<td>$100 to $149</td>
<td>60</td>
<td>.9</td>
</tr>
<tr>
<td>$150 or more</td>
<td>8</td>
<td>.1</td>
</tr>
<tr>
<td>No cash rent</td>
<td>246</td>
<td>2.5</td>
</tr>
<tr>
<td>Median Dollars</td>
<td>42</td>
<td></td>
</tr>
</tbody>
</table>


(Table XXXVI), but the number of white owner-occupied housing units exceeds the number of nonwhite owner-occupied housing units 6.4 to 1.
### TABLE XL

**OCCUPANCY CHARACTERISTICS OF HOUSING UNITS: 1960**  
**TEXARKANA AND WACO**

<table>
<thead>
<tr>
<th>Subject</th>
<th>Texarkana</th>
<th>Waco</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>Percent</td>
</tr>
<tr>
<td>All Housing Units</td>
<td>11,141</td>
<td>100.0</td>
</tr>
<tr>
<td><strong>Tenure, Color, and Vacation Status</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Owner-Occupied</td>
<td></td>
<td></td>
</tr>
<tr>
<td>White</td>
<td>6,276</td>
<td>56.3</td>
</tr>
<tr>
<td>Non-white</td>
<td>1,180</td>
<td>10.6</td>
</tr>
<tr>
<td>Renter-Occupied</td>
<td></td>
<td></td>
</tr>
<tr>
<td>White</td>
<td>3,704</td>
<td>33.2</td>
</tr>
<tr>
<td>Non-white</td>
<td>1,190</td>
<td>10.6</td>
</tr>
<tr>
<td>Available Vacant</td>
<td></td>
<td></td>
</tr>
<tr>
<td>For Sale Only</td>
<td>648</td>
<td>5.8</td>
</tr>
<tr>
<td>For Rent</td>
<td>538</td>
<td>4.8</td>
</tr>
<tr>
<td>Other Vacant</td>
<td>513</td>
<td>4.7</td>
</tr>
</tbody>
</table>

*Source: U. S. Bureau of Census, U. S. Census of Population and Housing 1960, Census Tracts, Final Report PHC (l)---157, p. 21 (Texarkana); 165, p. 42 (Waco).*
Structural characteristics of housing units.--Selected structural characteristics of housing units are presented in Tables XLI and XLII. As shown in Table XLI, in Texarkana 20.8 percent of the housing units were built between 1950 and March, 1960, and 31.4 percent of the Waco housing units were built in the same period. Both Waco and Texarkana had 48.4 percent of their housing units built before 1940. The most common types of heating equipment were warm air furnaces, built-in room units, and other means without flue for both Texarkana and Waco. It is interesting to note that there was no heating equipment in 1 percent of the Texarkana housing units and .7 percent of the Waco housing units.

Table XLII shows the condition and plumbing of the housing units. In Texarkana 69.5 percent of the housing units were sound, 18.0 percent were deteriorating, and 12.5 percent were dilapidated. In Waco 76.1 percent of the housing units were sound, 15.3 percent were deteriorating, and 8.6 percent were dilapidated. Housing units having all the plumbing facilities comprised 76.2 percent of all the housing units in Texarkana and 84.7 percent of all the housing units in Waco. Housing units that were dilapidated, lacking hot water, and other plumbing facilities comprised 23.9 percent of the housing units in Texarkana and 15.3 percent of the housing units in Waco.
### TABLE XLI

**STRUCTURAL CHARACTERISTICS OF HOUSING UNITS: 1960**

**TEXARKANA AND WACO**

<table>
<thead>
<tr>
<th>Subject</th>
<th>Texarkana</th>
<th></th>
<th>Waco</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>Percent</td>
<td>Number</td>
<td>Percent</td>
</tr>
<tr>
<td><strong>Year Structure Built</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1950 to March 1960</td>
<td>2,321</td>
<td>20.8</td>
<td>10,428</td>
<td>31.4</td>
</tr>
<tr>
<td>1940 to 1949</td>
<td>3,438</td>
<td>30.8</td>
<td>6,721</td>
<td>20.2</td>
</tr>
<tr>
<td>1939 or Earlier</td>
<td>5,382</td>
<td>48.4</td>
<td>16,074</td>
<td>48.4</td>
</tr>
<tr>
<td><strong>Heating Equipment</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Steam or Hot Water</td>
<td>41</td>
<td>.4</td>
<td>325</td>
<td>1.0</td>
</tr>
<tr>
<td>Warm Air Furnace</td>
<td>843</td>
<td>7.6</td>
<td>4,101</td>
<td>12.3</td>
</tr>
<tr>
<td>Built-In Room Units</td>
<td>1,963</td>
<td>17.6</td>
<td>7,266</td>
<td>21.9</td>
</tr>
<tr>
<td>Other Means With Flue</td>
<td>700</td>
<td>6.3</td>
<td>981</td>
<td>2.9</td>
</tr>
<tr>
<td>Other Means Without Flue</td>
<td>7,477</td>
<td>67.1</td>
<td>20,340</td>
<td>61.2</td>
</tr>
<tr>
<td>None</td>
<td>117</td>
<td>1.0</td>
<td>210</td>
<td>.7</td>
</tr>
</tbody>
</table>

TABLE XLII

CONDITION AND PLUMBING OF HOUSING UNITS: 1960
TEXARKANA AND WACO

<table>
<thead>
<tr>
<th>Subject</th>
<th>Texarkana</th>
<th></th>
<th>Waco</th>
<th></th>
</tr>
</thead>
<tbody>
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APPENDIX D

Proposed Citywide Program Structure

I. Security of persons and Property

A. Law enforcement

1. Crime prevention
   a. Patrol
   b. Intelligence
   c. Crime analysis
   d. Counseling
   e. Street lighting
   f. Administration and support

2. Crime investigation
   a. Misdemeanors
   b. Felonies
   c. Administration and support

3. Judgement of non-traffic offenses
   a. Criminal court
   b. Prosecution
   c. Temporary detention
   d. Administration and support

4. Rehabilitation of offenders

B. Traffic safety

1. Accident prevention and investigation
   a. Enforcement of traffic regulations
   b. Elimination of hazardous road conditions
   c. Intersection modification
   d. Bridge maintenance
   e. Street lighting
   f. Sidewalks and crosswalks
   g. Accidents investigation
   h. Administration and support

2. Judgement of traffic offenses
   a. Traffic court
   b. Prosecution
   c. Administration and support

3. Driver education and information
   a. Driver training
   b. Driver public information

C. Fire safety

1. Fire prevention
   a. Fire safety education
   b. Building inspection
   c. Fire investigation
   d. Administration and support

2. Fire control
   a. Alarm and communication systems
   b. Fire hydrants
c. Fire fighting
d. Administration and support

D. Prevention and control of hazards

1. Prevention and control of disorders and disasters
   a. Civil defense
   b. Flood control and prevention
   c. Community relations
   d. Conflict management

2. Prevention and control of construction hazards
   a. Inspection
   b. Construction plan review
   c. Administration and support

E. Emergency personal assistance

1. Ambulance service
2. Police aid

F. Unassigned

1. Training
2. Police communication and information
3. Administration and support

II. Community environment

A. Housing

1. Housing availability
   a. Housing supply
   b. Equal opportunity
   c. Family relocation

2. Housing inspection
a. General inspection
b. Special project areas
c. Administration and support

3. Housing rehabilitation
   a. Special project areas
   b. General rehabilitation
   c. Administration and support

B. Development
   1. Neighborhood redevelopment program
      a. Each project listed separately
      b. Administration and support
   2. Downtown redevelopment
      a. Each project listed separately
      b. Administration and support
   3. Model Cities housing and physical development
   4. Commercial relocation
   5. Economic development
      a. Economic planning
      b. Exhibition center

C. Water
   1. Water supply
   2. Water treatment
      a. Water treatment
      b. Lime reclaiming
   3. Water distribution
      a. Distribution, construction and maintenance
b. Meters

4. Water revenue collection

D. Waste collection and disposal

1. Waste water collection
   a. Sewage collection
   b. Storm water collection
   c. Administration and support

2. Waste water pollution control
   a. Sewage pumping
   b. Sewage treatment and disposal
   c. Storm water pollution control

3. Refuse collection
   a. Central business district
   b. City-wide
   c. Administration and support

4. Refuse disposal
   a. Incinerator disposal
   b. Sanitary landfill disposal

5. Sewer revenue collection

E. Urban conservation

1. Land use regulation
   a. Inspection
   b. Plan review
   c. Administration and support

2. Nuisance abatement
   a. Noise abatement
b. Abandoned vehicles
c. Vacant structures
d. Administration and support

3. Street cleaning
   a. Central business district
   b. City-wide
   c. Special projects
   d. Administration and support

4. Community beautification
   a. Clean-up campaigns
   b. Maintenance of grassy areas
   c. Administration and support

5. Tree services

6. Unassigned--Administration and support

III. Human resources
   A. Leisure time
   1. Athletics
      a. Swimming pools
      b. Golf
      c. Sports and games
      d. Administration and support
   2. Cultural, educational, social
      a. Performing arts
      b. Special centers
      c. Administration and support
   3. Hobbies, arts, and crafts
4. Recreation centers

5. Parks and playgrounds
   a. Parks development and maintenance
   b. Playgrounds
   c. Water sports
   d. Administration and support

B. Personal well-being

1. Community health
   a. Environmental health
   b. Physical health
   c. Mental health
   d. Alcoholism and drug abuse
   e. Administration and support

2. Community employment opportunities
   a. Neighborhood youth corps
   b. Youth opportunity
   c. Urban corps
   d. Equal opportunity

3. Economic satisfaction
   a. Consumer protection
   b. Small claims

C. Community involvement

1. Neighborhood advisory service

2. Neighborhood grants
   a. Special projects--identify each
   b. Administration and support
D. Unassigned--administration and support

IV. Transportation

A. Land transportation

1. Freeways
   a. Interstate
   b. Administration and support

2. Streets and alleys
   a. Arterial streets
   b. Local streets
   c. Alleys and service drives
   d. Administration and support

3. Parking
   a. Meters
   b. Enforcement of parking regulations
   c. Curb parking analysis

4. Traffic movement
   a. Uniformed traffic control
   b. Signals and signs
   c. Administration and support

B. Air transportation

1. Commercial aviation
   a. Main terminal
   b. Cargo terminals
   c. Landing area facilities
   d. Security
   e. Airport access
f. Administration and support

2. General aviation
   a. Hangar facilities
   b. Landing area facilities
   c. Satellite airports
   d. Security
   e. Airport access
   f. Administration and support

C. Unassigned--Administration and support

V. General government
   A. Public representation
      1. City commission
      2. Clerk of commission
      3. Elections
   B. Internal management
      1. Executive management
      2. Operating department management
   C. Staff services
      1. Financial services
         a. Treasurer
         b. Accounting
         c. Tax
         d. Purchasing
         e. Administration and support
      2. Legal services
         a. Civil actions
b. Administration and support

3. Personnel services
   a. Employment
   b. Education and training
   c. Labor relations
   d. Employee services
   e. Administration and support

4. Management services
   a. Program planning and analysis
   b. Budget management
   c. Data processing
   d. Information systems
   e. Administration and support

5. Information services--to the public

6. Planning services

D. Unassigned--administration and support
   1. Property management
   2. Central communications
   3. Interest
   4. Non-departmental
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