



BUDGET PROPOSAL FOR PPBS

# 377 - 67

AUTHOR: G. MADER

577

DATE: February 6, 1968

TO: Public Works, Utilities, Parks & Recreation,  
Building & Safety, Police, Fire

FROM: Guy C. Larcom, Jr.

SUBJECT: Budget and Program Information Required for  
Budget Presentations (MG-44-6)

For the past few years at budget time, I have requested statistical program information which described the activities you have carried out and intend to carry out for the following year. This is particularly important to both the Council and myself in getting an indication of the level of service that will be provided.

Procedure to be followed:

This year I would like you to gather as much of the following information as you possibly can for the budget. We have personnel in my office who can help in clarifying and preparing the form for this information. (The form at the end should be the guideline).

1. A description of the programs or activities your department is responsible for carrying out. This can be in outline form and should include everything.
2. A description of how much or to what extent these activities will be accomplished.
3. Relate the departmental costs to the specific activities or programs.

The procedures I am proposing here are first steps of an essential long-range program intended to relate services received by the public to taxes paid and to provide effective operating plans which anticipate program needs before crises arrive. Furthermore, it should assist you in scheduling and managing particular activities by making more useful management information available.

I ask that you prepare as much of this material as you can, referring questions to my office. We will be having a staff meeting before budget hearings are held to review this procedure.

The following information is required in preparing your budget requests. A form has been prepared to help present the information in a uniform manner. There is a number on this form associated with each instruction. Please place this information in the appropriate location:

- 1) Describe your department's activities (programs). As a guide, a program is a major group of activities, perhaps a division in your department. For example:

Parks and Recreation:

Shade Tree Program  
Parks Maintenance Program  
Airport Program

Public Works:

Street Maintenance Program  
Snow and Ice Control Program  
Refuse Collection Program  
Sewer Maintenance Program

Police:

Traffic Control Program  
Crime Investigation Program  
Parking Enforcement Program

- 2) Break down the above programs into specific operation or outputs. For example:

Parks and Recreation:

Shade Tree Program

Operations - A. Trimming  
                  B. Removing  
                  C. Planting

Public Works:

Sewer Program

Operations - A. Cleaning  
                  B. Repairing  
                  C. Inspecting

3) Describe each of the above outputs in terms of units. These units are numerical measures of your department's activities. For example:

Parks and Recreation:

Shade Tree Program

Operations - A. Trimming  
Unit - Trees Trimmed  
B. Removing  
Unit - Trees Removed  
C. Planting  
Unit - Trees Planted

Park Maintenance Program

Operations - A. Mowing  
Unit - Grass Acres Mowed  
B. Picking up Trash  
Unit - Barrels picked up

Public Works:

Sewer Program

Operations - A. Cleaning  
Unit - Miles Cleaned  
B. Repairing  
Unit - Miles Repaired

4) Define, in a general sense, what you intend to accomplish in your department in the coming year. For example:

Parks & Recreation:

Shade Tree Program

Trees will be trimmed on a five-year cycle.

5) Translate these objectives into levels of performance for each of the operations defined in Step 2, using the appropriate units. For example:

Parks and Recreation.

Shade Tree Program

Operations - A. Trimming

Units - Trees Trimmed

Performance Level - 1,200 trees

6) Estimate, as best you can, the labor, equipment, materials, and overhead costs associated with this operation.

7) Sum these costs to find the total cost for the program.

TO: Don Borut

FROM: G. Mader

## Budget For Instituting A Program Planning And Budgeting System At Ann Arbor

July 68 to June 69.

Refine program designs, specify performance units, design, data, collection systems, educate department and division heads.

## Public Works

Student	125 man-days	\$4,500	
Engineer	40 man-days	3,200	

## All other operating departments

Engineer	60 man-days	<u>4,800</u>	\$12,500
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Initial design of program structure relating goals and objectives to functions performed by the City.

Engineer	25 man-days	\$2,000	
			<u>\$ 2,000</u>
			\$14,500

July 69 to June 70.

Specify activities of remaining departments in program budgeting form, design and implement an automated system for producing performance and program reports, train department heads to use information as performance indicators, solve behavioral problems associated with instituting PPBS.

Engineer	one full-time equivalent	\$15,000	
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CSF

July 70 to January 71.

Refine program structure, re-evaluate costs and performance units, document the system, define possible future problem areas.

Engineer                      one full-time equivalent                      \$7,500

Total Cost

CSF	\$14,500
	15,000
	<u>7,000</u>
	\$37,000

Programming and conversion  
to EDP                      10,000

Interns (one over the entire  
period)                      \_\_\_\_\_

CSF

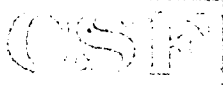
BUDGET PROPOSAL FOR PPBS (1968-69)

City of Ann Arbor

MG-AA-6

Gerald H. Mader  
Project Director  
April 22, 1968





Introduction

Last fall CSF initiated a study to investigate and develop a method to increase the effectiveness of the budgetary process at the City. At the beginning of this undertaking various decisions were made. First, we decided to concentrate on the more basic tasks associated with determining what data is relevant for budget decisions. Next, we decided to limit our efforts to two operating departments, Parks and Recreation and Public Works. Our plan was first to plunge into the Parks Department to determine what data are currently being collected and how these data are used in preparing budget requests. We would then proceed to Public Works (whose budget preparation reputation is somewhat less admirable) armed with the knowledge gained from working in the Parks Department.

Our objectives during the initial phase of this study were:

- 1) To determine what data are available for budget preparation.
- 2) To determine the relevancy of the Planning-Programming-Budgeting-System (PPBS) concept to Ann Arbor's budget problems.

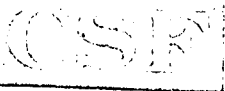
As the actual budget preparation period grew nearer we decided to re-evaluate our efforts and devise a plan that would benefit various operating departments during their budget hearings with the Administrator

and the Controller. In preparing for the February 1968 administrative budget hearing, we decided to help the operating departments provide descriptions of their activities for the coming year. These descriptions which demonstrate the relationship between the cost of activities and services provided, are the basis for justifying budget requests. Also, the individuals providing assistance to the departments will be available at the budget hearings to be called upon to support the department's budget requests.

These program descriptions contain the following information:

- a) A specification of the program
- b) The objective or purpose of the program
- c) The elemental activities or operations that comprise the program
- d) The specification of a numerical unit for such activity which measures that activity
- e) A level of service which translates the objective of the program into the previously specified numerical units
- f) An estimate of the labor, equipment, materials and overhead costs associated with each activity.

This information was collected for the major programs in these departments: Parks and Recreation, Public Works, Building and Safety, Police and Fire.



### The Importance of Program Information

The value of the information that was collected can be attested to by the experiences in this year's administrative budget hearing. For the first time a department's budget was viewed in terms of resources needed to provide services to the community. There was a "clear cut" relationship established between dollar request and the services rendered for those dollar amounts. Consequently, decisions made relative to budget "cuts" were no longer associated only with line item costs but these decisions had to be made in terms of the services provided through the expenditure of the dollars requested. Therefore, this information provides a better rationale for making resource (cost) allocation decisions.

Actually, the information which we have been collecting in terms of cost and benefits (services), related to stated objectives, and described in terms of output measures, is the basis for a PPB system.

### Our Objectives for the Coming Year

The work that must be accomplished in order to implement a viable PPB system centers around the following objectives:

1. a) Describe the activities of the following departments in terms of programs, objectives, activities, unit of measures, level of service, and all related costs:

Parks and Recreation, Public Works, Building and Safety, Police, Fire, Utilities, and Traffic and Safety.

1. b) Develop the systems needed for collecting the data relating to the above descriptions.
2. Investigate and determine the relationship between the goals of city government and the services provided by the City of Ann Arbor.

Activities

The objective relating to the description of programs has a forecasted completion date of February 1, 1969. In other words, we will have thoroughly analyzed and described the activities in the operating departments before next year's administrative budget hearings.

The following is a schedule of activities designed to accomplish objective 1-a.

1. Meet with department and division heads; explain the purpose of our work; and investigate the existing practices related to describing activities. This includes determining the existing data available for monthly reporting and budget preparation.

Parks	(completed)
Recreation	4 man-days
Public Works	30
Building and Safety	3
Police	3
Fire	3



Utilities	5 man-days
Traffic and Safety	<u>5</u>
Total	53 man-days

2. Work with departmental personnel in describing activities in the program frame work. Particular emphasis will be placed on defining meaningful output indicators. This does not include the assignment of costs.

Parks	(completed)
Recreation	3 man-days
Public Works	25
Building and Safety	5
Police	8
Fire	4
Utilities	5
Traffic and Safety	<u>5</u>
Total	55 man-days

3. Determine methods for collecting or estimating costs and output data. These data collection techniques should be implemented only if they do not significantly increase existing clerical work loads. Present monthly report information should be revised or eliminated wherever possible.

Parks	3 man-days
Recreation	3
Public Works	25
Building and Safety	4
Police	5
Fire	4
Utilities	4
Traffic and Safety	<u>4</u>
Total	52 man-days

4. Aid departmental personnel in formulating their budget requests. This should involve both an average cost and marginal cost analysis with particular suggestions for estimating the future demands on services.

Parks	5 man-days
Recreation	5
Public Works	20
Building and Safety	5
Police	10
Fire	5
Utilities	5
Traffic and Safety	<u>5</u>
Total	60 man-days

To accomplish objective 1-b these activities must be undertaken.

5. Design a system that collects the data need for PPBS in a consistent manner. This involves the design of originating or source documents that related to the existing automated accounting applications. Also, design a system of accounts for collecting cost and output data and displaying them in a consistent manner.

45 man-days

6. Prepare a cost analysis that demonstrated the implications of automating the system.

10 man-days

In reference to objective 2, the following activities should be undertaken as a part of the determination of the goals of the government of the City of Ann Arbor and their relationship to the development of a PPB system.

1. Familiarization with current operational and capital budgets for the City.

3 man-days

2. Identification of efforts to define City government objectives currently being undertaken by departments, agencies and representatives of the City. These efforts should be analyzed as to their scope, the methodologies used and the use to which the results are put. Emphasis will be placed on the decision making process within the agencies and special attention will be focused on how such efforts are translated into programs which are reflected in the current budget.

15 man-days

3. Determination of a recommended administrative-organization structure for the development and evaluation of governmental objectives within the PPB system. This would include a study of the appropriate functions and relationships between the Administrator's office, the Controller's office, the Council and department heads, including

analysis of how these persons can best focus and coordinate their attentions on the resource allocation (planning) problem through a rational and recurring procedure.

10 man-days

4. Generation of a comprehensive program, planning budget format. This document will be the result of the following steps:
  - a. Identification of fundamental governmental goals. Formal governmental policy statements as well as informal discussions with governmental and community leaders and groups will be used to arrive at these goals.
  - b. Classification of goals in accordance with a rational and meaningful classification system which is related both to the City's product (goods and services) and the consumers of that product. The classification of goals will be embodied in carefully delineated classification statements which will control the grouping of programs under various goal headings.
  - c. Grouping current governmental programs under goal headings as a demonstration of the effectiveness of the classification system, and defining these current programs in terms of objectives (level of goal attainment).



This document can be then used as a benchmark to identify program gaps and deficiencies as well as strengths, and to develop new programs where needed.

35 man-days

5. Formal explanation (perhaps a workshop) to the administration, department heads and the council of the users, objectives and limitations of PPBS, and its relationship to current budgetary procedures. This would include a discussion of the role these agencies must play to make PPB an effective system for the City.

5 man-days

This phase of our study plan does not include the systems analysis techniques (e.g., cost-benefit analysis) necessary to determine the ultimate allocation of resources among programs but does provide a means of identifying alternative possible programs to attain the City's goals.



Cost

Objective 1-a Program Description

Projected Workload	220 man-days
City Intern	80
CSF Student Engineer	90
CSF Engineer	50

Student Engineer	\$3200
Engineer	<u>4000</u>

\$ 7200

Objective 1-b Data Collection System

Engineer	55 man-days	<u>5300</u>
		\$12500

Objective 2 Determination of Goals

Engineer	68 man-days	<u>6000</u>
Total Cost		\$18500