

## PPRS and Other Techniques for Establishing Priorities

William Carlson  
Director, Office of Planning and Evaluation  
United States Department of Agriculture

PNABJ251  
75157

I. The Need for Program Planning:

- A. All countries, whether developed or developing, experience serious constraints on meeting the economic and social aspirations of their citizens because of limited economic resources.
- B. The complexity of economic relationships, the pervasive and intricate impacts of technology, and the competing claims of diverse interest groups in a society, create conditions that require governments to engage in systematic analysis, reasoned choice, and deliberate planned action in order to define and attain politically valid objectives.

II. The Planners Dilemma:

- A. If program planning units are made an integral part of a line operation, and concentrate their efforts on helping program managers handle day-to-day problems, then planners tend to get bogged down in short-term and "crisis" problems, with no time for longer-range analysis of future problems and insufficient time for fully exploring the important future implications of current decisions.

II.

- B. But, if planners spend their time gazing into the future, isolated from the immediate events affecting today's decisions, their efforts will have little or no impact on the real world.
  
- C. Most formal planning efforts have failed to develop mechanisms for effectively linking the results of planning analysis to current decision-making (policy decisions, program design decisions, project selection decisions, budget decisions).

Consequently, many sophisticated, well-designed plans simply do not get carried out.

III. Why Don't Plans Get Carried Out?

- A. Plans may be unrealistic, technically impossible, or politically unacceptable.
  
- B. Existing bureaucratic organizations and procedures may not be suitable for plan implementation.
  
- C. Planners may not have devices for assuring that results of planning are brought to bear on policy decisions, and that

III-C.

policy decisions, in turn, are adhered to in budgeting and program implementation.

IV. PPBS is a System to Link Planning and Action:

- A. Being a "system" means that it involves a set of explicit arrangements and procedures.
- B. These procedural arrangements are designed to assure direct and effective linkage between the processes of:
  - 1. Defining goals and objectives;
  - 2. Identifying alternative means for achieving goals and objectives;
  - 3. Evaluating costs and effectiveness of the alternatives;
  - 4. Selecting the preferred alternative, or combination;
  - 5. Determining targets and resource requirements for the program life-cycle (or multi-year period);
  - 6. Deciding the annual budget;

IV-B.

7. Reporting on results;
8. Evaluating effects;
9. Reviewing plans, programs, and budgets.

C. PPBS is therefore a system for making decisions. The most important component of a decision system is the decision-maker, not the forms and procedures. Consequently, there is no standard "model" way to design a PPB system. Each set of arrangements should be adapted to the particular circumstances and should conform to the style of the chief executive it serves.

V. The PPB System in the U.S. Department of Agriculture:

- A. The USDA PPB system represents the current stage of a long evolution of planning and budgeting innovations.
- B. The program planning framework (the Program Structure):
  1. Organization or purpose? Why USDA is organized the way it is, and why this is an efficient way to do things, but not a good way to decide what to do.

V-B

2. The national missions of USDA, and how PPBS program planning packages relate to missions.
3. USDA missions and USDA organizations -- how multi-agency activities contribute to common missions.
4. The PPBS Program Structure -- an hierarchy of goals, objectives, and activities.
5. The "Crosswalk" -- how program planning decisions can be linked to budgets and agency performance.

C. The organizational arrangements for PPBS.

1. The Secretary and the Program and Budget Review Committee.
2. The Departmental analytic staff (Planning, Evaluation, and Programming Staff).
3. Agencies and agency analytic staffs.
4. Program and budget guidance and agency proposals, a participative guided system.

V

D. Systematic Program Analysis.

1. Analytic strategies -- minimum cost or maximum effectiveness? The nature and importance of outputs.
2. Program evaluation -- assessing the effectiveness and efficiency of on-going programs.
3. Program analysis -- estimating the relative costs and consequences of alternative programs in the future.
4. Information for analysis:
  - (a) What are the expected outputs of the activity (goods, services, products, processes, or significant technological developments or events)?
  - (b) What are the nature and extent of the anticipated net benefits of these outputs?

V-D-4

- (c) How are these net benefits likely to be distributed (who receives them, how much, and when)?
- (d) In what manner do these net benefits contribute to the goals and objectives of the program planning package?
- (e) What is the probability of successful attainment of the output and when is it likely to occur?
- (f) What are the expected costs, over time of the activity -- at different activity rates?
- (g) Who pays how much of the costs (Federal, State, industry, private)?
- (h) What are the relative costs and effectiveness of alternative methods of performing the activity (contract, grant, in-house, etc.)?

V

E. The Program and Financial Plan (PFP):

1. Purpose of the PFP -- to document current decisions in terms of output targets and resource commitments, and display their future implications.
2. The Program Element Data sheet.
3. Updating the PFP.

F. Program Attainment Reporting:

1. Monitoring performance.
2. Revising targets and budgets.

VI. Requirements for an Effective PPB System

- A. An energetic chief executive.
- B. A competent bureaucracy.

VI.

C.. Efficient and reliable information systems:

1. Information about the program environment.
2. Information about the condition of the delivery system.
3. Information about program outputs and their effect on the program environment.

D. A consensus on major national goals and objectives.