

COUNTY OF MARQUETTE – 2018 BUDGET

WHAT IS PROGRAM BUDGETING?

The work of government can be depicted as a system of: (1) obtaining resources (or inputs), (2) putting those resources to work (or processing them) so that (3) a service (or output) is provided, and, as a consequence, (4) a desired result (or impact) is produced for the people of the jurisdiction. Schematically, the work of the government can thus be pictured as follows:

(1) input --- (2) process --- (3) output --- (4) impact

For example, in County government we (1) buy workers and equipment that are (2) deployed eight hours a day doing a certain task so that (3) a service is provided as a result of which (4) a need of the County's citizens is met.

Such a depiction of government work can help clarify the nature of program budgeting. The budgeting process can focus on one or more of these four aspects of the governmental system. The budget can provide information on inputs--that is, on what objects are to be bought--and the budgetary deliberations can focus on that information and concentrate on questions of quality and quantity of items to be bought. Indeed, line item budgeting provides such a focus on input.

The budget can also provide information on what is to be done with the items bought, and the budgetary process can focus on questions of efficiency in the process. For example, some county budgets do provide information on work units and standards of work, and justify line item requests on the basis of so much work to be processed.

The budget can also provide information on output and focus on what is produced as a result of the process of using the items to be bought. The terms "program" and "sub-program" refer to output, and program budgeting provides information on what is to be produced and raises questions on objectives and results.

Finally, the budget could focus on impacts and provide information on what difference it makes in the County that output X is produced as a result of process Y which can be performed only if items Z are bought.

Two aspects of this governmental system depiction shed light on the nature of program budgeting. One is the stage of the system on which the budget is focused. In the past, and currently in most counties, the focus has primarily been on the "input" stage. How much should be spent for what items has been the key question considered. Line item budgets provide answers to this question. Some county governments expand the focus of the budget to include the "process" stage and to address questions of workload and units of service. Some budgets expand the focus further to include the "output" stage and to address questions of objectives and results.

This kind of expanded focus constitutes program budgeting. A program budget provides information on the government system as a whole rather than merely on a single stage of the system.

The second aspect is the direction from which the system is viewed. In the past, county budgeters have generally begun on stage (1) input ("What did we spend on that item last year?") and, if they proceeded further, went to stage (2) process, and so forth. Thus, the dialogue in the budgeting process went something like this:

Agency Manager -- "I want to buy X and Y." (input)

Legislator/Citizen -- "Why?"

Agency Manager -- "Because we have A units of work to perform." (process)

Legislator/Citizen -- "Why do you perform that work?"

Agency Manager -- "So that we can meet objectives M and N." (output)

Legislator/Citizen -- "Why do you seek those objectives and what would be the consequence of modifying or deleting those objectives?"

In program budgeting, we are more apt to begin the dialogue at stage (4) impact, and proceed down the stages to arrive at line item inputs. Thus, the budgetary dialogue would proceed something like this:

Legislator/Citizen -- "This is what we want accomplished for the jurisdiction. What ways are there to accomplish this?"

Agency Manager -- "By having a program M or a program N." (output)

Legislator/Citizen -- "What is involved in each of those processes, what would have to be bought to do them, and how much would those things cost?" (input)

Clearly, such a change in focus and direction is more difficult than focusing on stage (1) primarily and proceeding from there. Determining dollar costs and adding up those figures is immensely easier than determining desired impacts and priorities and figuring out the best and least costly means of producing those impacts. This "ease" factor helps explain why the focus on stage (1) has prevailed so long. Program budgeting represents a change from this focus.

PROGRAM BUDGETING, THEN, IS A CONCEPT. IT IS NOT A MAGIC FORMULA OR RECIPE NOR IS IT AN ESOTERIC PROCEDURE. IT IS A SIMPLE, STRAIGHTFORWARD APPROACH TO PROVIDING INFORMATION LOGICALLY NEEDED TO MAKE BUDGETING DECISIONS AND TO PROVIDING THAT INFORMATION IN A LOGICAL MANNER. THE ONLY THING STRANGE ABOUT PROGRAM BUDGETING IS THAT IT IS DIFFERENT FROM LINE ITEM BUDGETING.

The program budgeting concept has some essential features based on the information needed by legislators and citizens to make reasonable spending decisions:

1. In order to be able to monitor, judge, and evaluate the effectiveness of spending requests, a legislator or citizen needs two simple pieces of information. They need to know:
 - a. What is supposed to result (objectives)?
 - b. What has resulted from past spending (results)?
2. In order to be able to monitor, judge, and evaluate the efficiency of the spending request, a legislator or citizen needs to know:
 - a. How much work and activities are needed to achieve the results (workload/units of service)?
 - b. How much that work costs.

The key to providing this information is organizing budget requests, the work of the county government, and spending accounts by desired results, services, functions or programs, rather than by departmental unit. A "program" is an operation of government that exists to do something, to provide a service, to achieve a result. Program budgeting simply identifies those works or functions or services, and provides the following information on each of them:

1. The intended result.
2. The past results.
3. The activities done to achieve the result.
4. The costs, direct and indirect, of doing those activities.

IN SUMMARY:

WHEREAS, line item budgeting directs attention to the list of materials and personnel to be financed;

AND WHEREAS, a budget structured by organizational units directs attention to the amounts of money needed to support various departments, bureaus and units;

AND WHEREAS, program budgeting looks at spending proposals in terms of the services they are intended to provide the citizens;

THEREFORE, in a program budget government operations are grouped by "programs", each defined by the basic purpose it serves. Public safety, for example, might be a basic purpose or program of a

county government. Each program is broken down into sub-programs defined by more specific purposes which, in turn, can be broken down into sub-sub-programs. The public safety program, for example, might be divided into a law enforcement sub-program and a fire sub-program. The law enforcement sub-program might be divided into sub-sub-programs such as crime investigation, street patrol, etc., each of which has performance results and costs attached.

This sub-division of purposes or programs is called a "program structure", and it is the key to program budgeting. A program structure is simply a set of categories into which the budget is divided. Instead of being categories of organizational units, however, they are categories of purposes or programs.

This kind of categorization enables a legislator or citizen to relate amounts of money budgeted to targets or expectations of the extent to which purposes are to be achieved.

What is program budgeting? It is a simple, logical way of providing the information legislators, administrators, and citizens need to do their jobs.