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DEVELOPMENT OF AN INSTITUTIONAL AND STATE  
PLANNING PROGRAMMING BUDGETING MODEL  
FOR MICHIGAN HIGHER EDUCATION

by

Loyal Archie Vannette

A Dissertation  
Submitted to the  
Faculty of The Graduate College  
in partial fulfillment  
of the  
Degree of Doctor of Education

Western Michigan University  
Kalamazoo, Michigan  
December 1976

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Loyal Archie Vannette

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## CHAPTER I

### INTRODUCTION TO PLANNING PROGRAMMING BUDGETING SYSTEMS

It also can be safely said that few educational systems have an explicit operating set of objectives which are stated and known by the decision makers in the organization. (Andrew & Moir, 1970, p. 9)

Educational institutions, like nearly all institutions, feel the pressures of decisions coupled with financial constraints. With the economic picture of the 70's, unlike previous periods of prosperity, educational institutions must more fully justify operational activity. Numerous reassessments must be made within the institution to see that the public is served.

Methods of making decisions are an interesting exercise in leadership; to be successful, modern administrators must call on up-to-date information to reach decisions. These are likely to be vital and have a lasting effect, however the information systems used to obtain data are not always compatible with reality.

Nevertheless, decisions must be forthcoming; they must be accurate; and they must promote the necessary growth, change, and vitality needed for institutional survival. Criticism has been leveled against many institutions making financial decisions as described by Rathbun and Stein (1969):

It is hardly an exaggeration to describe the typical college or university budgeting process in the following sentence: It asks each responsible officer what he needs, cuts that request by whatever amount is needed to keep the institution from going broke and ships the budget to the printer.

Decisions in some institutions appear to have little rationale.

Such a situation was cited by Green and Willets (1955) when they noted "the tendency is strong in most universities to expand in more directions that available finances make wise. The resulting poverty is shared by all." In efforts to economize, Hartley (1969) notes that "the design of conventional school budgets is such that local officials may be inclined to emphasize savings at the expense of accomplishing" (p. 65).

Several budgetary methods have been used in attempts to improve financial decision making. Among these methods, Roe (1961) classified budgets as:

1. Mechanical or functional budget
2. Yearly or continuous budget
3. Administrator-dominated or participatory budget
4. Centralized or decentralized budget

Each of these budgetary methods represents certain characteristics that in turn reflect the program attitude of the institution. Thus, the mechanical budget becomes a bookkeeping task to satisfy statutory provisions, with little thought toward the programs using

financial resources. Functional budgets, while not without fault, represent an attempt to financially tie together public opinion, institutional representation and program objectives. The yearly budget is a companion to the mechanical budget. Greater concern is placed on being able to cover expenses than on the programs for which expenses are used. In contrast, the continuous budget indicates a review of system needs and makes the public aware of resources required to meet these objectives. The characteristics of the administrator-dominated and centralized budget imply many of the same points as the mechanical and yearly budget process. These budgets are relatively closed, batched processes whereby any specificity to output is effectively masked. The participatory and decentralized budgeting processes have greater revelation not only to the components within the institution or system but also as to how the financial resources are used and allocated with these components.

Noah (1970) cites two deficiencies in conventional budgeting. First, "expenditure forecasts are grouped usually according to type of input to be bought, rather than according to program to be supported." Thus, little analysis can be made of programs. Second, ". . . school budgets as sources of information on which to base decisions are silent about the relationship (if any) which exists between changing expenditure and changing output." (p. 202).

Programs escape examination as to the merit of the activity, leaving subjective judgment as the major force in maintaining these programs within the institutions.

Sturtz (1968) notes that

Too often in the conventional budgeting, we perpetuate an activity or enterprise by adding the necessary annual sustaining increment without pausing to ascertain whether what we are doing is required, or if our way of operating is the best way.

Haggart (1969) bluntly states:

This is the most important single fact about typical budget projections; the academic status quo is projected for five or ten years with no major changes in the composition of the university system in terms of Schools, Colleges, Departments, or even courses offered.

Any permanent procedures for financial decision making within educational institutions are not likely to develop until a system is devised whereby the entire process of the institution can be opened to complete examination. It is not enough to change accounting manuals, or simply to update forms for reporting. A basic philosophical as well as practical application must be made in order to reasonably insure that the needs of the public are being recognized as well as met. Today there appears to be little room for the situation described by Heim (1972): "it is a fact of administrative life, particularly in less-well-planned institutions, that we deal with the problems that happen to be current--whatever comes to a boil on the stove."

A solution to these concerns has been advanced. Considerable consideration is being given the Planning Programming Budgeting System (PPBS) approach to decision making. While this model has been in operation elsewhere, the education community has only recently begun to explore its possibilities for management purposes. The PPBS attempts to organize financial planning in a systematic manner, free from human bias, with total institutional input for analyzing the situational aspects of institutional operations. The basic format of this approach requires an analysis of institutional operations in definitive form. Such a program was described by Parden (1970) as "80% classical management: long range planning, developing an organization, programs to accomplish goals, control and evaluation." By using the various components in a PPBS process, individuals within an institution should be able to see with greater clarity if the commitment of resources is productively meeting the needs of the institution and its clientele.

### Objectives of the Study

This study was concerned with the development and implementation of two program budget models. Specifically it addresses itself to a developmental comparison of the four key areas of PPBS along with an analysis of these areas in the two models. While

developing this information, several other considerations will also be taken into account:

1. Identification of historical antecedents in developing the PPBS approach.
2. Enumeration of specific goals and objectives for each model.
3. Identification of changes in "key areas" for each model and the direction of such change.
4. Enumeration of interrelationships and interface constraints, boundaries of influence, authority and power as associated with model development.

Three characteristics, difficulty in initiating a new system, the political process necessary to agree on the system to be used, and the additional resources needed to implement a developing system, are all basic to an effective understanding of agencies as they approach the PPBS concept. These characteristics become readily apparent as this paper follows with the development of both models.

#### Program Budgeting: The Federal Experience

An examination of the historical background of budgeting reveals that dissatisfaction with the traditional budgetary methods has existed for decades, and conceptual efforts at program budgeting were begun nearly one hundred years ago. The move toward a new method of financial decision making became apparent after

traditional budgeting methods proved unsatisfactory. Such financial practices as line, incremental formula, and fiduciary budgets all provided the decision maker with a limited perspective of the total operation.

Several specific difficulties were noted in the traditional budget. While both the public and private sectors were increasing their comprehensive services, the executive began to deal with projected realities that required immediate decisions. The consequences of such decisions became more far reaching and required an appropriate allocation of resources not revealed through traditional budgeting methods. Such methods were not adaptable to either the evaluation of the product or a multi-year time span needed to assess the project impact.

Along with these technical difficulties came the political expansion of services. This brought about a greater exchange of public money and the seeds of corrupt governmental organizations. The pressure of private enterprise having to deal with governmental agencies for the favors of expanding or continuing governmental services became a thorn in the side of many businesses. With such expansion, economy and efficiency in government were urged because the pressure of taxes on local businesses were becoming onerous.

Warner (1970) states that "budget systems were developed

first in municipal governments, then in Federal government and finally in governments of the states." The fact that municipalities were first to develop a budget system came from the economic conditions they were experiencing. As an economic unit, expanded activities met with an immediate need for financial resources. What was needed was an internal reform that would fiscally respond to public need in an expeditious and economical manner.

Early events began in 1889 when the National Municipal League became concerned with the programming techniques of local finance. This was followed in 1907 by the New York Bureau of Municipal Research. This organization extended the idea of performance budgeting. From 1913 to 1915 they began an "experiment with costs on the basis of work classifications for three public works functions in the City of New York" (Warner, 1970, p. 11).

The adoption of any budget reform is not without difficulties. Regardless of the governmental or institutional level, various considerations are present prior to the adoption of the PPBS approach.

The first consideration is a condition of crisis. This generally followed a period of indifference to the utilization of financial resources. Burkhead (1956) described the federal condition when he cited Bryce (1891) who observed:

Under the system of congressional finance here



described, America wastes millions annually. But her wealth is so great, her revenue so elastic, that she is not sensible of the loss. She has the glorious privilege of youth, the privilege of committing errors without suffering from their consequences. (p. 11)

Burkhead (1956) captions this era as "the period of extreme laxity in federal finance."

The Federal Government failed to do a great deal about inefficiency during this thirty-year period. It continued to spend at will for desired projects with money being no object. The "coercive deficiencies" were described in Burkhead in the following manner:

The departments governed their expenditures by the amounts of the estimates rather than by the amounts of the grants. If in any case less were granted than was estimated, the departments or bureau affected, instead of revising it plans for the coming year to bring them within the financial limits of the reduced appropriation, continued them without change in perfect confidence that Congress would appropriate supplementary sums when they were requested rather than stop the service. (p. 12)

The same combination of circumstances leading to municipal reform also became the basis for federal budgetary reform. The federal budget began to experience a roller-coaster effect with surpluses and deficits occurring in a rather unpredictable manner.

The United States Senate began investigations into the efficiency of federal government operations on March 22, 1909.

President Taft requested an appropriation of \$100,000 for this

study. Congress granted approval and also created the Commission on Economy and Efficiency. In 1912 this Commission issued its report "The Need for a National Budget" and concluded:

In order that he (the administrator) may think intelligently about the subject of his responsibility he must have before him regularly, statements which will reflect results in terms of quality and quantity of results by units of cost and units of efficiency.

These budget-reform measures languished when Congress chose to await the outcome of the national elections to see who controlled the White House. President Wilson had little additional success in budget reform, and the General Accounting Office came during the Harding Administration.

It was during this period that another characteristic difficulty of budget reform emerged, that of writing dual budgets. Movement toward a PPBS concept appeared remote and the Depression halted its implementation in the two federal agencies in which it was being attempted. World War II spurred a return to the PPBS concept through the War Production Board. Once again a crisis, i.e., war, forced the Federal Government into adopting a system for allocation of critical physical resources.

A gradual movement toward a total PPBS approach began following World War II. However, it took 16 years before implementation whereby "an executive budget based on the functions and activities of government" (Keller, p. 2) was operational.

Outside the framework of government, the Research and Development Corporation (RAND) expanded the concept of "weapons systems analysis." In addition to considering variables of speed, numbers, payload, etc., social political, and economic factors were also introduced. By 1949 the first of these studies was completed for the United States Air Force.

By the end of President Truman's administration, the budget and services of government were expanding to meet numerous demands and concerns. Domestic return to peacetime demands, coupled by financial expenses incurred through the Marshall Plan and the Truman Doctrine, along with the hostilities in Korea, caused introspection as to our preparedness to meet and handle all situations. President Truman observed in 1952 that "the financial program of the government could not be planned in terms of a single year" (Keller, p. 3). But the long-range planning concept so new to this system waited ten years before this idea was implemented into practice.

RAND constantly reviewed their methodology and demands for information. When inadequacies were discovered, steps were taken to correct them. By December, 1953, the publication Efficiency and Economy in Government Thru New Budgeting and Accounting Procedures was released. The publication proposed a program budget for the Air Force with applications that could be

utilized in the entire military establishment. Novick (1966) informs us that "the Air Force accepted this document with something less than complete enthusiasm, and as a consequence the idea was kicked around for many years" (p. 7).

In 1955, the Second Hoover Commission issued its report specifically recommending "program budgeting" as the method to be adopted for financial planning. In citing this recommendation, Novick (1966) states:

That the executive budget continue to be based upon functions, activities, and projects adequately supported by information on program costs and accomplishments, and by a review of performance by organizational units where these do not coincide with performance budget classifications.

That the agencies take further steps to synchronize their organization structures, budget classifications, and accounting systems.

That executive agency budgets be formulated and administered on a cost basis. (pp. 313-314)

By 1960 the Kennedy Administration was preparing to move into Washington. Secretary of Defense Robert McNamara was a leading advocate of systems analysis, cost/benefit relations, and other components of program budgeting. The incoming Kennedy Administration received two documents: The Economics of Defense in the Nuclear Age, and New Tools for Planners and Programmers. The general agreement was "that this might be one way of facilitating the treatment, analysis, and study of one large segment of

the United States budget, namely, the military components" (Novick, 1966, p. 7).

At this time, various agencies within the Federal system began to convert to long-range fiscal planning. The Department of Interior began Mission 66. The Bureau of the Budget released a ten-year projection of all federal expenditures. In 1961 the Federal Aviation Agency placed "all its programs on a five-year planning basis" (Keller, p. 4).

In viewing the change in the Defense Department, Smithies (1971) stated:

In 1961, a major change was made by adding a programming system to the existing budget system. Since then decisions have been made on the basis of five-year programs relating to the defense program as a whole, regardless of Service distinctions. (p. 222)

Action on improved budgeting continued with congressional deliberations of these concepts. In 1963 the Subcommittee on Economic Statistics released a report entitled "The Federal Budget as an Economic Document." Specific fiscal management improvements included components of program budgeting as essentials in sound fiscal programming.

Long-range planning was being promoted by the Bureau of the Budget. Furthermore, "the congressional voice calling for more factual bases for budgetary decision making also has been growing louder" (Novick, 1966, p. 315). This was evident in 1963 when

the Joint Economic Committee concluded:

The Federal budget should be presented on a program basis. The Program classification should be based upon an overall index system, such that appropriations requests can still be made on an agency basis by the functions performed. (Novick, 1966, p. 315)

Congressional support of changing fiscal reporting appeared steady.

In the Senate, Senate Bill 2 was introduced in January, 1965, authored principally by Senator John McClellan but co-authored by a large number of Senators "to amend the Legislative Reorganization Act of 1946 to provide for more effective evaluation of the fiscal requirements of the executive agencies of the Government of the United States." (Novick, 1966, p. 316)

In August, 1965, President Lyndon B. Johnson issued Memorandum 66-3 directing all federal executive agencies to convert to the program budget approach. Although many factors worked against a change to program budgeting, the objective was finally reached whereby governmental expenditures were programmatically based over a long time period and on a cost/benefit basis.

#### Review of Selected Literature

Historical references previously cited set the background for the various investigations into PPBS. Historical precedent has shown that a PPBS approach is not easy to begin. Selling such an idea is a challenge. Implementing PPBS through the political

process makes for interesting research. Finally, any hopes for an instant system to assist in the decision-making process must, from past experience, be ruled out.

Despite numerous publications and scholarly studies completed on this project area, few articles ever view the totality of implementing such a system. Studies that have attempted to work specifically with certain budgeting aspects and/or departments have noted an incompleteness about their tasks. Shagory (1971) discussed the Florida PPBS and the proposed PPBS model. He concluded that further research was needed, particularly on program evaluation. Lindsey (1971) attempted application of PPBS concepts in a small school district and found this to have limited application to education. While he concluded that a "number of problem areas remained unresolved; none of the problem areas identified, however, are of the type that would defy, indefinitely, a reasonable solution." Haggart (1969) indicates: "the point is that solutions to the problem are well within the state of the art" (p. 8).

The conversion of a function-object school budget to a program budget model was cited by Morack (1970) as in operation in the State of Pennsylvania. He notes that "the system identifies the programs of the school district, the resources devoted to the programs and reduces them to manageable units which are ready to

be evaluated." Favorable support for PPBS is cited by Gramberg (1971) for Industrial Education; O'Gorman (1971) teacher education; Snyder (1971) Administration of Collegiate Education; and Maney (1972) with Pre-Engineering and Business Instruction.

While these studies indicate a favorable attitude and the possibility that PPBS can function within the area considered, others were countered with studies that were not supportive. De Genaro (1971) in analyzing the academic library suggested that "give the present state-of-the-art, the design of a PPB system for an academic library faces insurmountable problems in identifying the library's objectives and in defining the measuring library benefits." A Wayne State University study by Raider (1973) indicated "consistency with four of eight criteria for planning; but was judged inconsistent with all of the selected criteria for budgeting and decision making within the context of Wayne State University."

Other studies in higher education and their relationships with PPBS have brought about different conclusions. In a study on the community college level, Hiscox (1973) concluded: "a performance-based system provides the optimum approach to program and financial management in a publicly-funded Community College." He also went on to note that ". . . this model, with minor modifications, can be adapted to a publicly funded community college operating independently of other educational institutions."



Several studies have dealt with the individual and interpersonal relationships involved with establishing a PPBS model. An examination made of a New York State Employment Service by Rockford (1973) identified a negative effect of PPBS on decision making where "decisions remain ad hoc, political or as a result of crisis or felt need." Weaver (1976) perceived a weakness in PPBS in that "the PPBS mechanism is unable to deal with the limited ability of state governments to achieve stated objectives." Edwards (1972) examining PPBS in city governments found "that a PPBS does contribute to the administration of a city by providing for the comparison of the long-run cost and benefit of each alternative means of achieving objectives."

The utilization of PPBS within the high-education community was examined by three authors. Arnold (1971) studying two-year colleges in Texas concluded: "The systems approach as developed in this study emphasizes the necessity of spending time and effort in planning before initiating or converting to the program budget format." Arnold (1973) noted:

As implementation and operational planning proceeds there should be reasonable consensus about the process and perceptual harmony in relation to the use, the power, and the limitations of these new methodologies.

His study also noted that

The most telling findings were an expression among all groups that financial resources are not now

available to commit to the system and that there is a paucity of technically-trained personnel to implement a statewide or institution wide PPBS.

In a case study at a university setting, Andres (1973) indicated that "PPBS has a definite role to plan in improving the management of high education." However, he believed that "the emphasis on the development of PPBS should be shifted from economic or system analysis to the definition of programs or missions and the organizational change required to make programs happen." Haggart (1969) recommended that "all levels of the institution should participate in the development of the program-budgeting system." These studies, both in and out of higher education, reveal that a number of factors must be recognized as essential prior to any change such as PPBS. Each situation presented uniquely demonstrates the complex requirements of the PPBS model. Furthermore, each points out areas where future models should exercise caution while developing or implementing a PPBS project.

The political arena also produces a mixture of results. Fisher (1972) related the "political decision making" to various levels of environment in a community college. He also noted that ". . . there is little evidence of the educational plan reflected in the budget documents." In spite of this he stated:

A program budgeting system makes it possible to focus decision making process on the allocation of resources to out-put-oriented programs rather than

on objects and services to be purchased in a traditional budget.

From a number of years in governmental research, Sturtz (1968) concluded that "PPBS is a multi-purpose system which can effectively strengthen managerial accountability to the chief executive officer." Heim (1972) noted however that

Politically these systems cannot be used effectively if only a Dean or Provost tries to institute the rigors of PPB. The faculty will buy neither the approach nor its results. If nothing else, they will subtly undermine it.

If there is to be any institutional application, Heim (1972) stated that

If Management and planning systems are to make a major impact in improving institutional decisions, the president must be an ardent follower of the approach and must secure its application throughout the institution.

Thus, within the context of the individual's study, experience of commitment, the concept of PPBS stands or falls. It seems readily apparent that this multi-faceted approach to decision making necessitates a multi-faceted examination of factors before examining the merits of the system. Controversy still swirls around many such systems. Some of this is because the proposing agency remained ignorant of the total implications of the system. Still others resisted because they or their activities remained unidentified. But those who hold the purse strings for higher education have been and will continue to make these institutions submit

information upon which future financial allocations will be based. The choice appears to be whether programs will determine expenditures or expenditures will determine programs. Either way the outcome remains critical for everyone involved.

### Organization of the Study

In this chapter the historical rationale for developing and implementing a PPBS program was discussed. In addition, selected literature pertaining to the objectives of the study was reviewed in terms of the applicability.

Chapter II deals with the case-study approach used in writing this paper along with applicable rationale for such an approach.

In order to provide a perspective on PPBS, Chapter III deals with the historical development and interface constraints for both the state and the institutional models. This will assist in completing the study's objectives and adding credence to the previous research through the noting of turning points in the project development.

Chapter IV examines the structure of what are considered key items to the development and understanding of the PPBS concept. These items will be reviewed both developmentally and analytically as the two models were implemented. Both are from a documentary basis and will view the projects, both state and

institution, from their inception to the present time.

Chapter V will provide a summary along with conclusions and recommendations from the examination of both models. This study was an attempt to examine PPBS on a multi-faceted basis and thereby to share with others contemplating such an undertaking, to help them become thoroughly familiar with the implications of such a project.

## CHAPTER II

### THE CASE STUDY

#### Design of the Study

The case-study method utilized in this research was approached in several different ways. First, the location and acquisition of primary-source materials were not only within the state government and university, but also within agencies and associations having direct relationships with these institutions. These outside agencies have political implications and as such have direct involvement in the PPBS model development. The documents available for continued research in the state PPBS project are found in Appendix A.

Second, interviews were held with participants in both the state and college programs. Persons interviewed on the state level included: The State Section Chief for Higher Education, the Assistant Section Chief, the Agency Director and his Assistant for an association representing higher education institutions, the Director and an Assistant of the Senate Fiscal Agency, and a Legislative Assistant for the Chairman of the Senate Appropriations Committee. Insights and assistance were obtained from several

administrative personnel and secretaries within the Executive Department. At the university level interviews were held with the Vice President for Academic Affairs, the Dean of the College initiating the PPBS concept, the Program Management System Project Director, the Director of Institutional Research, and the Administrative Assistant to the Vice President for Finance.

### The Case Study as a Methodology

The development of the program-budget format was undertaken in the case-study method because of the nature of this project. While such studies are frequently used by social scientists to capture the experiences or relationships of individuals or groups, this approach was used in an attempt to gain a perspective of the events as they occurred throughout a several-year time span.

Case studies have numerous advantages as a research tool. In viewing materials with a historical narrative Kerlinger (1964) states, ". . . it is necessary to know and understand educational accomplishments and developments of the past in order to gain a perspective of present and possibly future directions." Such would be the nature of this research. The case-study method provided greater opportunity to investigate primary materials that accumulated and to interface these materials to show what occurred.

The case-study approach presents disadvantages as well as

advantages as a research tool. Disadvantages can include a subjectivity on the part of the researcher that places a bias in the final result thus distorting and minimizing the effectiveness of the research effort. Another caution from this approach is that limited evidence can lead to generalizations that are inappropriate from the evidence presented.

Because the PPBS concept developed in a political environment, the case study provides the needed opportunity to interview participants in such a process. Through these interviews, an examination was made of the dynamics of the political process as it relates to the model. Of necessity, contacts had to be made with participants in this area, thus making interviews frequently more informative than the document transmittals. These interviews brought clarity and conciseness into the dynamics of these models as they developed. The diversity of the PPBS model also necessitated the personal contact approach to data gathering. For this research the advantages so greatly outweighed the disadvantages that the case study became the most appropriate research method.

### The Research Setting

Chapter III covers both an executive branch of a state government and a university undergraduate college within the same state. All personnel and references to the level of project



development will be termed either the state or the college. Personnel will be recognized according to their place of employment or by the title of the position they held.

Both the state and university will be used because of the possibilities of tracing PPBS model development against the numerous variables working on such a model. These variables will be explored not only in terms of the historical facts as presented, but also the personal feelings of the participants. Both models were examined against initial objectives to note any alternation of project direction.

### CHAPTER III

#### DEVELOPMENT OF MODELS FOR STATE AND HIGHER EDUCATION

##### The State Experience

The development of a Planning Programming Budgeting System within the state occurred over a period of several years. Throughout this time period, several characteristics became apparent, each having a direct effect on the model. These characteristics dealt largely with interpersonal relationships and included boundaries of influence as well as authority and power of those associated with the PPBS concept. These constraints included the time parameter designed into the project, and the communications necessary to see this project develop.

The basic premise on which PPBS was conceived for the state was specifically outlined in the State of the State message of 1970 where the Governor stated: "One of my first objectives as Governor was to improve our ability to analyze procedures and systems for effective and efficient state government" (Goodman, 1971).

With this basic premise, the Governor proceeded to implement the concept by establishing the Management Sciences Group

within the Executive Office. The Group's purpose was:

. . . to advise him in improving overall administration through the application of modern management practices, the planning and development of responsive management and management information systems, and the efficient use of automatic data processing resources. (Goodman, 1971)

Initial activities to implement these ideas began in 1970, and by December 4, 1970, the Governor reviewed the stated specific objectives of the PPBS approach and "emphasized his complete support of the project and urged that every effort be taken to achieve this essential management improvement as quickly as possible" (Goodman, 1971).

In January, 1971, the Director of the Institute of Public Administration, The Pennsylvania State University, wrote the State Director of the Management Sciences Group presenting an overall goal. This was stated as:

The tasks are based upon the assumption that by 1 January 1973 the planning program and budget decision processes of the state . . . will have been redesigned in such a way that the governor will be able to submit to the legislature a budget based upon program structure which reflects the goals and target impacts of all State programs and which reports the outputs and costs associated with those outputs programmed to produce desired impacts and the accomplishment of desired goals. (Mowitz, 1971)

The following month the initiation of a management information system began with an initial five-month appropriation of \$125,000 and a total FY 1970-71 cost of \$200,000 to continue the

management studies. For these studies the Management Sciences

Group Director concluded:

From this plan, concepts have emerged which make it possible and practical for the State . . . to effect an important and useful change in its management and executive decision-making processes. The installation of the executive management system referred to above will vastly improve the manner of conducting state government business. For the first time, it will be possible to know for all activities what effect state expenditures are having upon the people, the economy and the environment in Michigan. Moreover, a comprehensive and continuing file of information as to everything the State does will be institutionalized throughout the government. The executive management process which will evolve from the master plan concept will provide an efficient and effective vehicle for translating policy into budget decisions and a means of relating science and technology to state programs through analysis and research. (Goodman, undated)

The Program Budget Project Management Office was activated on February 1, 1971, with the stated objective:

. . . the development of a system which will focus decisions upon the goals, objectives and achievements of state programs in terms of their costs and impacts upon the major problems of state government. (Milliken, 1971)

These ideas and promises of better decision making were the foundation of the PPBS project on the state level. The discussion of all components developed in this chapter and the structure of the PPBS model in Chapter IV will provide an idea of how quickly and effectively the ideas and promises were implemented. However, in April, 1974, the Program Planning Guide (PPG) contained a useful

analysis and prognosis for the PPBS project. In the Foreword written by the Governor he reviewed his decision for the PPBS model in this manner:

I am convinced that my commitment to this new decision process was the only responsible alternative to a continuing escalation of public dissatisfaction with unresponsiveness in state government. Progress is being made. These Guidelines relate to executive branch performance in the context of the program budget decision process. They also identify actions that must be taken to realize the objective of more effective and efficient government. (Milliken, 1974)

The full results had not then been achieved; however, the project continued. Now examination of this development should indicate the various constraints that affected this project and that are likely to continue having an important influence on future development.

On November 30, 1970, the Director of the Budget Division wrote the State Budget Director expressing his outlook on the proposal and the direction of PPBS development. He concluded with these three important views:

1. The purpose basically is to superimpose the Pennsylvania experience of PRC on to the . . . setting as the necessary step of implementing the management information system.
2. To scrap the efforts or significantly alter the direction that we have been pursuing for several years would seem to be wasteful of the effort and disruptive to the entire establishment. Our proposal, however, would require much less consultant advice and would build more strongly on the base of the existing system.

3. Aside from certain impatience on the part of the TRIM Committee I am unaware of any criticism from the Governor or other top Executive Office staff of the progress of development of PPB in . . . . Earlier proposals were made for consultant assistance. They were rejected and a decision was made to go with an inhouse, gradual implementation. This approach has been consistently followed since 1963, adding elements of the system with full knowledge and support of both Governor . . . and Governor . . . . (Beers, 1970)

An overall perspective on PPBS development was released in an "Implementation Timetable for Higher Education." This was to cover a period from February 1, 1971, to January 1, 1973. Specific milestones along the way are listed as follows:

February 17, 1971	Program structure instructions released.
May 5, 1971	First drafts of departmental (institution program structures) (IPP not DPP) submitted to Executive Program Budget Evaluation System Project Office.
June 30, 1971	Final drafts of departmental program structures (DPP) submitted.
July 1, 1971	Department Program Plan (DPP) instructions released.
October 1, 1971	First drafts of Department Program Plans submitted to the PPBS Project Office.
January 1, 1972	Final draft of DPP's submitted. A summary program budget submitted with traditional document to the Legislature.
March 1, 1972	DPP information incorporated into the Michigan Program.

	The Governor's Program Policy Guidelines and Program Revision Request instructions sent to departments.
July 1, 1972	Program Revision Requests (PRR) submitted to the Governor's Office. The budget instructions for fiscal year 1973-74 are released.
September 1, 1972	Program Revision Requests (PRR) hearings completed and Program Revision Actions (PRA) sent to departments.
October 1, 1972	DPP's update according to PRA's and DPP's submitted to the Governor's Office.
November 1, 1972	Final hearings on budget requests completed.
January 1, 1973	New . . . program budget submitted to the Legislature.

This was the overall timetable strategy prepared three months prior to the release of PPBS information to the higher education community.

When the higher education institutions became aware of these instructions and the timetable, they saw the challenge of preparing meaningful information to insure adequate fiscal appropriation. Institutions knew that such a budget cycle required instructions and appropriate forms by the preceding June for data submitted by September. Thus, any instructions and/or revisions occurring during or following this period would only seriously delay

information needed for state planning. Furthermore, should this information be used as a final determinant of fiscal appropriation, the data submitted had to possess a high degree of accuracy as well as validity.

Between the announcement date on February 1, 1971, and the first target date of April 5, 1971, several changes were announced. The Program Category and Program Subcategory were eliminated as part of institutional submittal. Ten days later the instructions stated that "data concerning numerical values, monetary allocations, or all other measures of specific quantifiable nature are not to be included in the institutional submittal of the first draft program structure" (Instructions, 1971).

With these changes and the closeness of the target date, the project appeared to be experiencing early difficulty. Without an early resolution to these difficulties of change and alternation, problems would only be compounded with the time frame established and the effectiveness of PPBS approach placed in jeopardy.

By the end of April, 1971, the Project Coordinator assessed the situation of PPBS for Higher Education. He stated:

In a few words, we must turn our attention from the most immediate event date in the Project timetable and look beyond to the implications of making PBES work in education. I submit that the events as they are outlined on that timetable have little if any relevance to what those implications are. We must formulate a strategy, a comprehensive plan of action which will



allow us to proceed confidently on a path which terminates at our desired destination. As a consequence of doing so, we must, I believe, impose a schedule hold on the timetable as it applies to education, until we settle the what, when and how of our course of action. On May 5, information is due from the institutions. That I as Project Coordinator for education have no clear idea of what meaningful use it will be put to is perfectly symptomatic of the condition we are working under and it must, if we are to succeed, be effectively dispelled. (Coleman, 1971)

Response from the higher education community reinforced the opinion of the Project Coordinator. In May, several letters arrived that reflected concerns of state higher education institutions. One such letter, written by the Vice President, State Relations and Planning, the University of Michigan concluded:

Our experience to date in developing PBES suggests you may be moving too quickly to apply program budgeting concepts to an organizational system in higher education which cannot be totally described in terms of end-objectives or measured in terms of outputs and impacts at a reasonable cost. (Fauri, 1971)

During the summer of 1971, the Project Office continued to receive letters from higher education. The Project Office also continued to prepare papers, drafts, and memorandums for the on-going PPBS process. On August 16, higher education institutions received a release of the "Draft of Program Structure for Intellectual Development" along with an invitation for their reaction. Prior to the September 10 deadline for this response, 14 letters arrived analyzing this draft. Regarding the timetable, the President of

Michigan State University concluded:

I would be very surprised if some of the pragmatic operational problems which you will encounter during this next step do not force at least a partial revision of the program structure which presumably will be finalized on September 10. (Wharton, 1971)

The Executive Director, MCSCP, noted that the timetable and the comprehensive structure of PPBS prevented any rigid implementation schedule. This letter was followed by one from the President of the University of Michigan. He urged caution while developing and implementing the PPBS model. He said:

We would suggest that your proposal to "finalize the program structure draft" may be premature because we would expect some desirable evolution should come with attention to the "problem of making the structure relate operationally to the budget and program evaluation process". (Fleming, 1971)

Time is an important factor when information is needed from institutions to test and develop the PPBS structure. A keynote for the stability of future operations was made by the Vice President for Finance at Western Michigan University. He wrote to the Project Director saying:

We do hope, however, that the Bureau can continue to use the same process for several years so we do not have to continually change our operations to respond to various requests for information in different ways. (Wetnight, 1971)

By the end of 1971, Michigan State University personnel reinforced that statement by noting:

Could they (the state) agree to fixing the form of aggregation, whether it be HEGIS or something else, for a period of not less than 3 to 5 years. A frequently repeated complaint is that the state never does the same forms or aggregations two years in a row and this makes doing any changes costly. (Freeman, 1971)

At the end of the first year of operation, the element of time and earlier timetable projections became a topic in the Instructions for Implementation of PBES for Higher Education. Here it was stated:

A recognition of the differences in the relationship between the state and institutions of higher education plus the operational problems faced by the colleges and universities in adapting to the new system led to an expanded timeframe for the implementation of the full PBE System in higher education. Full system implementation in higher education is targeted for the fiscal year 1974-75 executive budget cycle with a skeletal system in place for the fiscal year 1973-74 budget cycle. (Introduction, 1972)

While recognition existed that a substantial alteration of the higher education timetable was necessary, the pressure to hold to a schedule was present in a meeting on February 28, 1972. A summary of this meeting by the Executive Director, MCSCP, concluded:

We reported that all institutions are making every effort to meet the May 1 deadline, but that the BPB should not expect more than half to have complete reports ready by that date. Sturtz was especially concerned, as the timetable is tight and any substantial delay will jam up the 73-74 budget process. (Miller, 1972)

In order that the executive budget could reach the Legislature by January 15, 1973, a timetable of events was presented. The

timetable presented was done to show when during the year events were to be completed. In relation to education, the significance of this calendar will readily become apparent. This timetable included:

August 15, 1972	Submission of the Appropriation to Program Crosswalk and Program Element Appropriations Summary (Forms BPB A-1 and A-2) to the Budget and Program Analysis Division, Bureau of Programs and Budget.
September 1, 1972	Submission of Program Revision Requests to the Budget and Program Analysis Division (BPB).
September 8, 1972	Submission of Base Program Requests for Operations, Capital Investment and Debt Retirement Forms BPB B-1, B-1a, B-1b, B-1c, B-2, and B-3) to (BPAD); (BPB).
October 15, 1972	Completion of formal hearings with State Budget Director on Base Program Requests and Program Revision Requests.
November 15, 1972	Completing of formal hearings with Governor on Base Program Requests and Program Revision Requests.
December 1, 1972	Issuance of all Base Program Actions and Program Revision Actions to be completed.
December 15, 1972	Submission of Program Action Detail and Program Appropriation Crosswalk Information (Forms BPB B-4 and A-3) to the (BPAD):

BPB).

January 15, 1973

Executive Program Budget conveyed to the Legislature.  
(Dempsey, 1972)

The emphasis of this timetable was emphatic. The Budget

Director stated:

Within ten days of the receipt of this budget letter, each department director must submit a memorandum to me indicating those events and deadlines, as specified in the established timetable, which he will not be able to meet. I would like to explicitly indicate that to insure an effective evaluation of each request the established deadlines have to be met. (Dempsey, 1972)

While another timetable, with several PPBS structural projects, was presented in May, by mid-November the state made an initial contact on some key areas of the PPBS project. At this point the state was in need of developing impact indicators and need/demand estimators. The time frame was:

As for the time frame within which we are working, we hope to have all decisions on impact indicators and need/demand estimators made and instructions prepared and sent out by the end of February, 1973. This should give enough lead time to prepare for collection of data for the 1974-75 budget. (Goedert, 1972)

Other timetables and structural projects were developed, but the PPBS project would not be able to meet these deadlines. This fact was reflected in a letter from the Governor to the presidents of higher education institutions on April 6, 1973. While reviewing the "time and effort" made in the past, the Governor noted that

there was a need to "intensify our efforts in the application of the concepts which comprise the PBE System" (Milliken, 1973).

Thus throughout the PPBS project, a very critical element was time. This involved the structure of PPBS itself, all governmental agencies, all institutions of higher education, as well as consultative personnel. Without agreement of all these aspects, the time factor alone caused delay in PPBS implementation. Thus, the decision-making capabilities hoped for by the state would be held in abeyance until all human and project components were satisfied.

Communication regarding the PPBS project began immediately upon announcement of the project. Several memorandums were sent to officials in higher education describing the project. One such communication came from the Director of Programs and Budget on March 8, 1971, where the sample structure of PPBS was sent to all higher education presidents. Meetings were scheduled to examine this proposal. The first such meeting, held eight days later, was described as a "disaster" by personnel from the education community. They perceived an arrogance on the part of the Bureau of the Budget (B.O.B.) officials and were not going to have this project rammed down their throats. Now would begin a contest of wills, not in terms of the concept, but in terms of the input into the development of PPBS for state higher education. At this

time, the higher education community had a decidedly unfavorable reaction to the PPBS proposal.

Project personnel were asked, "What was the initial response of the institutions to the PBES model?" Responses included statements like: "Did not know what it meant." "Many adverse vitriolic reactions." "Keeping powder dry--a wait-and-see attitude." Project officials heard from administrators in higher education very shortly and with little doubt as to their message.

The higher education community decided that all participants in the PPBS project should maintain communication and share information. This would assist in developing a single acceptable structure as well as keeping all institutions united on the same course with regard to the PPBS concept. With mounting problems and concerns, the MCSCP met and suggested that they meet with the Governor, "to explain to him the nature of these problems and to obtain from him a clearer view of his commitment to program budgeting" (Miller, 1971). This meeting was never held. On the same day the Project Coordinator responded to the Project Director regarding the establishment of a steering committee of higher education and department personnel. An earlier state memorandum of February 24, 1971, discussed this deal and the current thinking was conveyed to the Project Director stating:

The idea presupposes an institutional willingness

to delegate authority to such a steering group. There appears to be no supporting evidence of this, and certainly no precedent to suggest that it's feasible.

Lacking real authority to act on behalf of the institutions, such a group would tend to be simply obstructive either blocking or destroying the two-way flow of communications between the institutions and the Project Office.

Certainly inter-institutional collaboration is desired and in fact probably inevitable as a consequence of the system thrust and resultant collaboration should at some point induce an abandonment of Balkanization and the advent of an effective representative vehicle. But clearly, to entertain the idea that we can have one now seems rather premature. (Coleman, 1971)

The Project Director provided assurances that development of this program structure would contain dialogue with the higher education community before the adoption of a final structure.

In addition to the concerns presented by the higher education community, internal concerns were continuing to surface. They became the subject of a memo by the Deputy Director when he wrote to the Bureau Staff in these words:

We are aware that staff personnel are experiencing difficulty with the DPP instructions and/or PBES process. Rather than to conduct another general orientation, we are asking all personnel to thoroughly review the DPP instructions and to segregate the specific areas of concern. The specifics should be forwarded to my office by Friday, August 27, 1971. These areas will then be addressed at the meeting to be held during the week of the 29th. (Pastore, 1971)

The President of the University of Michigan responded to this entire area of communication by stating:



Although we all recognize the need for early improvement in the State decision system, as envisioned by the PBES, we would caution that hasty implementation of an unrefined procedure or inadequate program structure would not improve matters. With no intent of being negative or obstructionist, we would encourage thorough consultation between institutional representatives and the Bureau of Programs and Budget staff before further steps are taken in implementing the PBES. (Fleming, 1971)

By September 13, assurances were made by the state that reversed the heretofore held opinion that a one-way communication was the only feasible alternative. In a letter from the Assistant to the President, Michigan State University, the comment was made:

We are reassured by . . . September 13, promise to respond in writing to all questions and comments submitted by the institutions. We feel that this long-sought willingness to begin two-way communication offers the only potential for creating a viable PBES system. (Ballard, 1971)

From this point on, communication began to flow more easily between the state and higher education institutions. Areas of agreement were still some length apart, but the institutions were able to voice input into the PPBS project. One example of this was seen when the Director, Office of Institutional Research, Western Michigan University, received two letters from state project personnel requesting continued input and dialogue on the key areas of the project. An invitation was given for attendance at a January 30, 1973, meeting where institutions could respond with concerns

in order that PPBS could more fully be implemented in higher education.

With the 1975-76 Program Revision Request Instructions, the necessity of communicating an understanding of the task involved was simply stated:

Because we anticipated that there will be a need to provide some additional explanation and guidance with respect to these changes, Bureau staff will conduct a series of briefing sessions with you to serve that purpose. (Sturtz, 1974)

Along with communication, another essential element of PPBS success was cooperation. This involved three separate groups: the State Legislature, the higher education community, and the State bureaucracy within the Executive Branch.

The State Legislature approved nearly \$1,000,000 for a preliminary study into the PPBS approach to decision making. From then on, they expected to be informed as to the progress and what was involved in terms of information needed to make fiscal decisions. The realities of implementing these projects underwent the closest of examination by the Legislature. Any information needed by the Legislature, and not supplied by the PPBS format, was obtained by the Legislature. This resulted in fiscal allocations made where the legislative information format would unquestionably prevail.

Several questions were posed to the Director of the Senate

Fiscal Agency regarding the input, development attitude, and prognosis of PPBS in the eyes of the Legislature and its agencies:

Q. When did the Legislative Fiscal Agencies first receive information of the PBES Project?

A. They were aware by December, 1971, when I came into State Government. The B.O.B. kept us informed of the progress. We had no meaningful input. The information bank that is used must be meaningful and relevant to the concerns of those involved.

Q. Were the Legislative Fiscal Agencies involved in the active development of the PBES?

A. Of the 140 revisions we suggested, maybe from 1 to 3 were given serious consideration. The B.O.B. would reply, "You don't need that information." We would say, "Don't tell me what I need." The B.O.B. would reply, "Why should we do that work for them." There was animosity between agencies. They (B.O.B.) would eliminate the Legislative *modus operandi*.

Q. Was--and when did PBES first have an explanation before the Legislature?

A. The 1972-73 budget year. No one could figure out what they (B.O.B.) were talking about. They (Legislature) would have to adopt without question a new system but throw out theirs. The Governor was supportive of PBES.

Q. Did the Legislature have initial concerns on the PBES Project?

A. Yes, they did not understand it. Their reaction to the terminology was "What the H\_\_\_ are you talking about?" It was structured to accrue power to the Executive Office and reduce Legislative power. The Executive Office would control the data bank which was structured without Legislative input. Thus, the separation of powers would be reduced.

Q. What has been the Legislative attitude or reaction throughout the PBES Project development?

A. They never accepted the PBES structure. There are only 12 areas in PBES education. There is a great deal of difference between the Legislative and the Executive budgets. The B.O.B. did not come over to crosswalk the program.

Q. How would you describe the Legislative attitude toward PBES?

A. Very negative generally speaking. They were to accept the new format that does not present the full realities. In 1973 they chose not to accept the PBES structure. We were going to establish our own data bank and the B.O.B. commented "You won't be around very long."

Q. What would be the circumstances when the Legislature will be utilizing the PBES format?

A. They will never use the PBES format. If used it will be different than the 12 areas, and structural framework. Not NCHEMS. If they (B.O.B.) make the move to work out differences to change. In the Spring they cooperate but by October they have a change in policy. (Murphy, 1974)

A movement toward Executive/Legislative cooperation was indicated in mid-1973 with a report issued by the Director of the Budget Division. He indicated at this time:

We have discussed these reporting processes with the appropriate staff of the House and Senate Fiscal Agencies and they are desirous of relating some of their reporting requirements to our organizational element linkages within the structure so as to minimize duplicate reporting. To the maximum extent possible, we will integrate these data into the budget reporting system. (Sturtz, 1973)

The cooperation necessary for the implementation of these plans was not there, making success elusive for the PPBS project.

A key partner in the development of PPBS for higher education was the higher education community itself. Reference has been made to the stormy meeting held in March, 1971, where the PPBS concept and the state approach came under attack.

In spite of communications and meetings, the academic community remained unconvinced that this project, as currently conceived, could be of value to any participant. These views were expressed by the Vice President for Academic Affairs, Western Michigan University, following a May 5 meeting of Academic Officers in Ann Arbor. He concluded:

It was evident, however, from the earlier conversations that the Governor has already moved to establish an entire staff for the implementation of P.B.E.S. and it's going to be rammed down our throats even though a number of us could see no way it could ever provide the B.O.B. with information that would be useful in making budgetary determinations. (Seibert, 1971)

A few days earlier, the Project Coordinator for Education issued a lengthy memorandum on the topic of "Making PBES Work in Education." The urgency in noting his concerns was expressed in that:

PBES is now under attack by higher education people as it will no doubt in time be under attack by lower education people. What is more, PBES is distressingly subject to attack; so much so that mortal wounds may well result unless the Project hastens to

protect it by building the necessary strategic fortifications relative to making it work which can only issue from dealing forthrightly with which has been raised here. By doing so, PBES, as indeed the Project purpose, will have become credible in the encounter with education. That is not to say resistance will end, but in meeting it we will have exchanged dangerous weakness for the pivotal quality of commanding strength. (Coleman, 1971)

"When the Project Coordinator was questioned regarding this situation, he replied that he was alarmed about the vital issues that effected the prospects for success. However, the Project Office did not recognize this." (Coleman, 1974)

The higher education community was grouping for a consensus. A move in this direction came with a meeting of Vice Presidents for Academic Affairs and the Executive Director, Michigan Council of State College Presidents (MCSCP). At that time, the Executive Director said, "Generally, the array of problems described by the Vice Presidents for the PBES Project Director conveyed a negative judgment of the value of PBES, as it is currently conceived by the project staff" (Miller, 1971). As a summary he presented the following six concerns:

1. The impacts of higher education are not always quantifiable.
2. PBES will require the assignment of costs to outputs and impacts.
3. The timetable established for completion of the PBES project is unrealistic.

4. The HEGIS taxonomy employed in the PBES project is not appropriate.

5. Viewing the higher education system as a conduit through which students pass and from which students emerge at formal exit points is a faculty analogy.

6. It is not appropriate to arbitrarily limit higher education's activity to only one of the eight Major State Programs of the PBES. (Miller, 1971)

At this early stage of project development, the resistance in the higher education community was apparent. The necessary cooperation was in question. Such a feeling was stated by a Western Michigan University Budget Officer when he said:

In general, however, all of the institutions were critical of the development of the program structure to date and it was felt generally that institutional participation had been kept to a minimum and therefore, the development of the system had been more autocratic than democratic which could result in the entire program budgeting structure collapsing from the institutions inability to develop the necessary budgeting and evaluation procedures as called for in the draft structure. (Beam, 1971)

The reactions of the institutions of higher education had an impact. This impact was shown by a change in project direction when the Bureau Director communicated to higher education officials the first stage in implementation of PPBS for higher education. He indicated that at this time the phased plan for system implementation was advanced ostensibly because of reactions by the higher education community to PPBS implementation problems.

However, irregardless of the change in structural format, higher education still had to obtain fiscal appropriations in a difficult way. In November, 1972, the President of Michigan State University wrote to the State Budget Director regarding this concern. He pointed out:

We are greatly concerned by what we perceive as duplicate budget systems developing within the Executive and Legislative branches of government. Perpetuation of this will prove costly and, we think, counterproductive for the state. There is no question but that it is costly and unproductive for the institutions.  
(Wharton, 1972)

While a dual-track budget system was not required by the Budget Office, they would not speak for the Legislature who required specific points of information not found in the PPBS. Therefore, institutions were forced to write dual budget requests.

Again the cooperation was evolutionary and the PPBS would only hold together by the strength of the data submitted. If the B.O.B. remained unresponsive to these expressed concerns, a weak PPBS model would result. This would be coupled with further project delays until all parties to this project were certain that information submitted reflected the true conditions of the higher education community.

The third element in the development of the PPBS project was the executive agencies themselves. Here were the individuals responsible for the actual implementation of PPBS within the state



government. They had to deal with all the components of the project, not only in the human way previously discussed, but in a structural way to attempt to make the project successful.

What appears to be a dual position regarding this element appeared in April, 1971. At that time the PPBS Project Director spoke with the Executive Director, MCSCP, regarding the Governor's attitude toward PPBS. It was stated,

On the broad matter of converting to a new program and budget decision system there is no flexibility. The Governor has made the commitment to this change and any assessment which says "it can't be done" is dismissed with "it will be done." (Miller, 1971)

However, at this critical period in the PPBS development, another project official replied that the Governor was "woefully inadequate throughout. He was verbal, rhetorical; but the project needed action. There was no follow-up with department heads and the Legislature. The project was treated like business as usual" (A Project Official, 1974).

This project official also noted that those involved with the PPBS approach were committed to a changing system. They were hired not only for their intelligence but also for this commitment. When the initial crisis arrived, anyone who questioned an alternative policy was suspect that his commitment was not as high as it should be. Although such was not the case, this suspicion prevailed.

The PPBS project was not expected to occupy a full-time position for those state officials on the third layer of the project structure. However, the condition of the PPBS project sagged by midsummer, 1971. The Department Program Plan (DPP) had to be planned. On August 10, 1971, the Deputy Director, Bureau of Programs and Budget, announced "Coordinators, or their backup, will, not later than the close of business, Wednesday, August 11, contact the PBES Departmental Coordinator of the supported department" (Pastore, 1971). The purpose was to:

Assure the PBES Departmental Coordinator of the intent of the Bureau to provide him full, positive support.

Inform him that the memoranda concerning the DPP Task has been issued in sufficient quantities to provide each element representative an individual copy.

To alert him to referenced memorandum which recommends to his department head his involvement in the designation of program subcategory coordinators and to advise him that you will discuss the role and selection of program subcategory coordinators with him at his convenience.

Arrange a meeting with him to discuss coordination of the Bureau support, schedules, dates for departmental training sessions, etc. (Pastore, 1971)

This memo further states, "Bureau support coordinators, or their representatives, can expect to attend weekly, on-call, status meetings with the PBES Project Staff" (Pastore, 1971).

A reorganization of PPBS within the Bureau of Programs and

Budget occurred up until May, 1972. The idea was that the movement of personnel "will enable the Division to evaluate on a more systematic basis the effectiveness and impact achieved from the expenditure of public resources" (Dempsey, 1972). He also stated that "the PBES approach to program and budget requires a more flexible use of staff than has historically been our practice" (Dempsey, 1972).

Internal management became a concern during the month of May. A letter to coordinators from the Budget Director enumerated the responsibilities of their role. The letter stated:

In order to fulfill his coordinating responsibility, the designated department head may employ whatever coordinating techniques he desires in order to complete the task of preparing a PRR. He has total discretion as to the number of meetings he feels he must call with other departments represented by elements in the affected subcategory. He may utilize subcategory coordinators appointed for other purposes earlier in the PBES development efforts to perform the actual coordinating work. Or he is free to choose other means to discharge his coordinating responsibility. Whatever the method of coordination, all that ultimately counts is that it be effective in completing the PRR by August 1, 1972. (Dempsey, 1972)

By the time the 1975-76 PPG Manual release was made, this area of cooperation within the Executive Department had a noticeable concern. The Budget Director followed this release with a memorandum stating:

1. Compliance with Department of Management and Budget program guidelines and revision request

documentation instructions indicated below is required.

2. Compliance with budget request documentation submittal deadlines is required.

3. Active involvement of yourselves and your program managers is required to provide close supervision and review in the development of all budget request documentation. (Dempsey, 1974)

The manual also concluded that:

There is little evidence that agency management is committed to demonstrating program effectiveness and efficiency in support of requests for additional resource support. (PPG Manual, 1974)

Here appear to be the elements, other than structural, that had an influence on PPBS development. These are selected as being representative of the outcome of the PPBS project to date. They point out the numerous interface constraints, boundaries of influence, personal relationships along with authority and power of agencies in the development of PPBS. Those who undertake such a project must be aware of the multi-faceted nature of PPBS. These various constraints, along with structural precision, hold a vital key to success.

The state continues with the PPBS approach, but on a greatly modified basis. Timetables, interpersonal relationships, and structural deficiencies have all weighed heavily on expected project completion. Adjustments must be made with requested state reports to allow sufficient time for institutions to prepare the

necessary, but accurate, data. Interpersonal relationships will have to be reconstructed. All parties presently familiar with the current operation have shown they can withstand, and effectively thwart, an executive order. Thus, project officials will have to bring along all involved personnel. This will present a considerable challenge. Finally, structural concepts, definitions, and formulas will have to undergo a thorough re-evaluation prior to implementation.

All of the above areas will require a great deal of time and cooperation. The state has observed what occurs when a hasty proposal is prescribed. Valuable resources are unwisely expended. With a continued scarcity of all resources, gradual successful development is the only alternative to abandonment.

### The Institutional Experience

The university began to develop a planning programming budgeting system in two distinct ways: first, by the process mandated by the state; second, through an internal management model developed within one of the colleges.

Impetus for this Program Management System (PMS) came from two sources. The Dean of the college recognized the implications of the state efforts and sought a system that would provide greater insight to explain the mission of the college as well as keep

ahead of the state. Closely associated with this proposal was a professor of political science. The professor developed the initial overview and presented, in a functional manner, the PMS concept to the Dean.

Several factors entered into the decision to explore this management model. Consideration was given to the fact of declining enrollments experienced throughout the university at that time. This factor would have a direct bearing upon this, the largest college within the university with an annual budget of approximately \$10,000,000. These actual enrollment declines, along with projected enrollment decreases, saw a struggle for survival begin as operating revenue began to be reduced. Another factor came within the college departments themselves regarding the best way to obtain their goals. This was cogently stated in an overview of the college:

It is particularly unfortunate in the case of some . . . departments whose self-images, nourished year after year by rapidly expanding enrollments in strictly departmental courses and programs, are getting in the way of seriously asking the kinds of questions which will enable them to respond to the changed situation with something more than a status quo defensive strategy. (Overview, p. 4)

The combined assessment of declining enrollments, reduced financial appropriations, philosophical position within the university, and the state's PPBS model brought about this conclusion:

What emerges financially from this analysis of the ambiguous declining enrollment situation (plus a careful study of the Governor's Program Planning Guidelines in which program changes are placed squarely in a context of trade-offs made internally without benefit of new money) is the recognition that the College must have enough budgetary flexibility so that:

1. Growing programs under severe student enrollment pressure can be expanded insofar as this is judged to be wise.
2. New programs which will serve additional students can be planned and implemented.
3. Shrinking programs can be assessed realistically (which may include the judgment that they are indispensable to a liberal . . . education and must be assured adequate support to maintain their quality). (Overview, pp. 4-5)

The Dean also recognized that the state was mandating a PPBS approach and he wanted to develop a model that was viable to that created by the state. The state, he felt, was developing a "locked in" model without sufficient flexibility for operational purposes. The Dean believed "if the College, with all departments, could learn how PBES could relate constructively to the educational setting; then the college model, PMS, could serve as a basis for arguing against state decisions" (Dean Lowe, 1974).

With these factors in mind, initial discussions began concerning the PMS. In the latter months of 1971, the political science professor, hereafter termed Project Director, developed a memo to the Dean regarding the development and rationale of a

Planning Programming Budgeting System. The comment was made to the Dean that "except during times of fiscal distress, . . . like other universities, has seldom undertaken to evaluate on-going programs" (PMS Director, 1971). However, with PPBS and the PMS model developed for the college, such a concept would be at the forefront of academic leadership as critical management decisions were faced and decided upon.

The foundational activities presented to the departments within the college were threefold in nature. All departments had to state goals and objectives. Each was required to describe program structure along with alternatives. Finally, they were to develop the evaluative criteria for program effectiveness. The challenge of each operating procedure in this concept was never minimized. Each procedure would possess a critical nature that would require an expenditure of resources to effectively promote the PMS concept.

On January 27, 1972, the PMS Director wrote a letter to the Dean regarding PMS implementation for academic programs. At this time, the PMS Director indicated his choice of a "broader role in which the departments are given substantial latitude to design departmental programs" (PMS Director, 1972). There were several reasons given for this direction. He stated:

I would prefer the second option primarily



because it would give the departments the opportunity to exercise professional judgments reasonably independent of system constraints. Moreover, the overall cooperation by departments might be enhanced by their having a sense of participation in the results. There is no need to get into the same type of bind that the state is in with higher education currently. And lastly, the central administration could secure substantial benefits by remaining open to the ideas presented by the departments. While departmental freedom will have to be restricted at some point, that point should be late in the process. Options would be kept open as long as possible. (PMS Director, 1972)

Herein lies the fundamental philosophical difference between the PMS approach and that of the state PPBS project. While the college program would let departments substantially determine their function, the state believed that they could accurately define, for all institutions and programs, the lowest functioning element of each unit.

The Dean indicated in a letter to all of the faculty that the movement of PMS was in the process toward meeting an initial deadline of March 15 when the "first phase which involves a description of your current instructional programs in a standardized format" should be completed. The Dean explained the procedures and suggested an approach to completing this task. It would be the expectation that "a year from now, if you have done the 'first edition' this year, your department will be able to give us a re-worked, re-edited, effective document." The sense of urgency for completion of this phase came about "because after April 17

it will be September before you will be coming back together"  
(Dean Lowe, 1972).

Throughout the spring and summer of 1972, the PMS Director continued to contact departments within the college to answer questions and listen to input from faculty participants. This model, like any new project, was not without questions, concerns, and problems. The delivery of developed materials to the various departments was made, and continued movement toward fulfillment of necessary data was in process. It must be noted that no timetable could be set with any certainty because during the spring and summer terms, faculty were unavailable where their input was needed.

In order to gain lead time on the upcoming data, the PMS Director began to pursue the feasibility of obtaining computer capabilities for handling the incoming departmental data. This phase marked another turning point in the development of the PMS on an institutional level. In the spring, 1972, the PMS Director submitted a memo to the university Director of Management Services reviewing a conversation concerning the utilization of the computer for this project. This memo noted the overall operational needs and the structure preferred for the PMS. But two points are particularly noteworthy because of the critical point in obtaining this service. These points are:

1. You will assign a member of your staff to work with me in the development of the data processing side of PMS.

2. Your staff will construct a data processing system which will provide the necessary output for PMS purposes. (PMS Director, 1972)

The discussion on obtaining computer assistance was continued in December, 1972, with the University President. The Dean felt that the administration was going to have to provide this service. Although a perceived commitment was thought to have been obtained, at that time the college had not made a breakthrough on this issue.

About this time, the newly appointed Vice President for Academic Affairs assumed his duties and found there were "no data the way it should be available." The status of academic/fiscal management information at that time was "virtually nil with no academic budget. Rudimentary information existed on a full-time equivalent (FTE) student enrollment along with other measurement indices. Cost information existed from a state-wide President's cost study several years ago."

At that time the Dean, the PMS Director, met with the Vice President for Academic Affairs to inform him of what the college was doing with the PMS concept. While the Vice President had no involvement or interaction on the model, nothing was done to discourage the pilot study on this management approach. At that time

the understanding was that the college, along with one other department outside the college, would undertake to implement the PMS model. The idea being that if PMS worked throughout the college, and could be validated outside in another department as well, perhaps that would serve as a basis for a university-wide system. In an interview with the Vice President for Academic Affairs, he indicated that no commitment was made to implement or adopt the PMS as a university-wide model. He felt it was the Dean's aim "to provide tools for reallocation decisions. For in the process of evaluating the conditions existing in the college, any management decision using across the board cuts was not the way to go."

At this point several conditions existed at the institutional level: first, a rather open-ended approach to PMS development by departments; second, computer capability had neither been secured through administration commitment or negotiation; and third, the newly appointed Vice President for Academic Affairs made no commitment for this proposal.

When 1973 began, another significant turning point developed. Two communications regarding concerns about PMS were received by the PMS Director. The English Department Chairman noted:

I see an immense amount of paperwork looming before us in the direction given department on P. 44: This form (12) will have to be completed on each

faculty member and student assistant each academic term. I think the Dean's office must be prepared to furnish secretarial assistance on a larger scale than theretofore if this is to be done. (I also regard this as a quite unreasonable i. e. irrational direction. How much Big Brotherism will there be?)

On January 11, 1973, the Chairman, Mathematics Department, estimated his needs for the PMS forms to be "890 forms with another 100 to 200 of several specific forms along with 35 handbooks." The Chairman stated that he was

Also deeply disturbed that no attempt was made to consult with department heads on questions of format and feasibility during the preparation of the program, and by the lack of any attempt to answer the questions and reservations that I have subsequently raised. In particular, I feel that the time schedule proposed is unrealistic and physically impossible of attainment, particularly since all work on this project will have to be done on an overtime, overload basis by individuals currently working full-time or more on regular departmental duties.

Nevertheless, compliance to the request would be attempted.

At this point the PMS Director issued a memorandum regarding "Getting the Program Management System Underway." Two specific department decisions had to be forthcoming at this time:

1. Make a conscious and published decision to enter into the PMS format. Wherever the decision has to be cleared in your college, clear it. Don't leave anybody in doubt that the decision has been made.
2. Set a time frame. Make a decision as to the point in time when you want your movement to the PMS completed. Unfortunately, if you don't set a time frame, not much is going to happen. There are too many demands on the time of the faculty, department chairmen and

others in the University community to expect that much time and energy will be devoted to something that will have to be done some day, but we don't know just when. If you fail to set a time frame--six weeks, six months, or six years later you will not have made any great movement toward the adoption of the format. The time frame that you set should be governed by your sense of urgency. (PMS Director, undated)

In this memo two major reasons for moving to the PMS format were:

(1) To assist the academic departments in taking a critical look at their activities and operations; and  
(2) to clearly identify resource utilization for the purpose of insuring that substantive and allocative decisions are based on the best and most complete information available. A third reason for moving to PMS is that we think that a University budget presented with a program format would enhance our chances for equity in the state appropriation process. (PMS Director, undated)

At this point all resources, financial and physical, were having a critical effect on the PMS. The possibility of obtaining computer capability to handle incoming data had not occurred. Without this, the manpower requirements to generate data for decision making would be both out of reach financially and out of touch with college operations in reality. This need can be seen with 19 departments undergoing the PMS program, five of which would be up for curriculum review. With the early contacts made by the spring of 1972, nothing substantive had occurred to break the deadlock over computer usage. Several factors presented themselves to thwart the efforts of the PMS groups. First, the

physical logistics of developing a format, transferring the data, and safeguarding the confidentiality of information would prove to be factors limiting the development of PMS under existing computer facilities. Second, a perceived rivalry existed between the various Vice Presidents which resulted in a priority in favor of the business and finance operation of the university. Much of the material needed to make decisions in the largest college on campus was located within the resources of the finance office. But to be able to tap this information in a meaningful way was not possible at this point in PMS development. Although a year had gone by when computer time was requested, this log jam had not been broken either through cooperative effort, additional capability, or administrative decision to put PMS on a high priority listing for available computer space. Therefore, without this vital resource, the project began to slow down, finally coming to a stop as far as the college was concerned.

A review of department programs by the Curriculum Committee was done and reported in the minutes of that Committee on November 7, 1973. A memo would subsequently be issued on January 16, 1974, summarizing that meeting. Apprehension existed concerning the review process, and the necessity of refining that process was apparent. Like any new project, certain elements would have to be retooled for greater adequacy.

In retrospect, the Academic Vice President and the Dean have reviewed this project. This retrospect included development, useful applications, and the future of PMS. The Dean stated that a review was held to determine "if the process was worth the effort." The results: "Physics NO! But departments like Sociology and Communication Arts said YES! the process was worth the effort."

At the point of development reached by PMS for decision making, the Academic Vice President felt the process was very useful. His reasoning was that departments were

. . . forced to think about program elements. It would be a representation of what departments thought they were doing. It would show course structure and manpower utilization. The PMS would reveal curriculum proliferation, elective hours not going anywhere.

A spin-off from the PMS and its effective utilization came in the English Department. Both the Dean and the Academic Vice President would comment on this. The Dean stated:

They (English Department) responded to PMS in a way that was responsive to student need. They examined both courses and faculty staffing, and made changes. These changes were shown to . . . in a way that indicated a more positive approach to management and assisted in selling a different program on that basis.

The Academic Vice President indicated that the English Department "was willing to change on some things they found." Through the PMS approach it was found that "students were not signing up for what the English Department thought they were."



With the changes in program format and content, the Academic Vice President was "gratified to see a change that makes better use of resources."

One other department, Political Science, was somewhat uptight about PMS. "They were afraid that the PMS would have 'boxing in concepts' that once the system was adopted insufficient latitude would be provided for change." A six-months extension was granted by the Dean, and this department began to examine itself and also the new Public Administration program in light of decisions on the way that department would have to go. In the Dean's opinion: "It was believed that the PMS model provided the analytical capabilities so that assistance was given to develop and implement this program."

The future of the PMS approach and model at this university is at present tenuous. The Dean concisely described the present state of the PMS program as "quiescent." He believes that such a decision-making system is "inevitable" and that "the Deans and the Academic Vice President will move to the PDP-10; for management decisions we must have access to the computer." This was recognized in an Overview that provided an analysis of the condition of the college. The Overview stated:

Both the enrollment and the budget factors in the present situation point towards the necessity of a fuller and more systematic review of the programs of the

College. During the 1972-73 year the College invested much time, effort, and money in developing a management system based on a program format (PMS). All but three departments completed an initial inventory of their academic programs and participated in building a data base for PMS reports. During 1973-74 the College will cooperate with various offices of the University in the computerization of the data bases necessary for full implementation of the PMS, including analysis of the cost factors generated by programs.

However, the Academic Vice President would qualify the Dean's "inevitability" particularly with the PMS. For the "use of a particular model: PMS, NCHEMS, WICHE, or the State PPBS approach; no one wants to feel they are a victim of a formula." "Very definite political considerations must be made when reducing programs or faculty. There tends to be a defensiveness against any formula--people will nitpick this formula rather than reallocate resources."

So the quest of obtaining accurate, timely, and useful information continues. Both the Vice President and the Dean indicate as much as a three to six weeks reporting delay on what is happening within a department or college. By that time the situation has changed, so complete accuracy is far from present in reports. Such reporting has ramifications not only within the institution itself but also the reporting done by the university to other agencies. Thus, the reports in no way can accurately reflect what has or is occurring within the institution. With this kind of information and

reporting system, any decisions affecting the institution, and ultimately the clientele, decision making is at less than an optimum level.

Presently the college and the university are more closely associated with the state PPBS model. The Dean would still like to run the previously obtained data and retoll this project for all departments within the college. It is evident that both technical and political questions remained to be resolved prior to any further implementation of a PMS, or any model derived from that source. With the scarcity of resources the likelihood of an institutional model being developed appeared to remain quiescent.

## CHAPTER IV

### FINAL STRUCTURE OF THE MODELS

By 1974, the PPBS models for both the state and institution reached the apex of initial development. Conclusions regarding a classification system for program structure were reached. The Western Interstate Commission for Higher Education (WICHE) Program Classification System (PCS) was extensively utilized by state institutions of higher education; and therefore should be used, in broad aggregates, as a basis for this structure. The thrust of quick, easy solutions was gone; and now the state model, if pursued, settled into a long-term evolutionary development. The institutional model, although alive in the minds of those actively involved, had met its demise due to lack of resource support.

#### The State Model

For the state PPB system to operate, a certain logic containing directional definitions was considered and developed. Four components: objectives, impact indicators, output measures, and need/demand estimators, were developed as the genesis of this system. These terms, as developed, not only explain the state PPBS model but the success it achieved.

## Objectives

The state started to develop a definition derived directly from the Commonwealth of Pennsylvania's PPBS model. Here the objectives were defined as: ". . . a desired quantifiable achievement within a time frame, which will contribute toward attaining the goals of the State."

Within two months dissatisfaction by Michigan higher education institutions and within the B.O.B. was apparent. This continued until a personnel change in May, 1971, when, following a meeting, the Executive Director, MCSCP, wrote:

It is clear that . . . is not satisfied with the development of PBES for higher education to date. He expressed dissatisfaction with the current description of goals and objectives, the level of analysis contemplated for the system (much too detailed and too bulky to manage), the intrusion into internal management responsibilities and the utility of the system for state planning and policy development decisions.

The immediate task is to come to agreement on the general goals and objectives of Michigan in higher education. (Miller, 1971)

A committee from higher education institutions considering PPBS development specifically recommended:

The responsibility for the development of institutional goals and objectives must reside in the institutions. It is also assumed, however, that this can take place within some general framework that is conducive to understanding and analysis. (Ingall, 1971)

While the state made minor changes in the definition of the

objectives, the overall direction of the state PPBS model was to develop all facets of this system so as to obtain the desired quantifiable measures for decision making.

During this period the state determined that if the objectives were to have any meaning they would have to be closely associated with another vital component, that of impact indicators. Thus, impact indicators began to become strategically vital as part of the state PPBS program logic.

### Impact Indicators

The initial concept of impact indicators was expressed by the PPBS Project Director on February 16, 1971, in an instructional transmittal. He perceived impact indicators in the PPBS as:

The new system is designed to facilitate rational decision-making by structuring the decision process in such a way that the focus is upon the outputs and impacts of organized effort. By focusing upon outputs and impacts, it is then possible to consider the relative effectiveness of means chosen to achieve the impacts and, through research and analysis, it is possible to explore alternative means for achieving the desired quantity and quality of impact. To arrive at a desired impact, however, it is necessary to have goals and objectives which identify the kinds of impacts desired and the preferred quantity and quality. (Farrell)

Empirical evidence expressed in numeric terms formed the substance of developing impact indicators to evaluate program effectiveness. Higher education was expected to use the existing

state of the art for reviewing behavioral and environmental characteristics. Impact indicators from the Pennsylvania Department of Corrections served as an illustrative model.

The institutions appeared to adopt a wait-and-see attitude toward this development. In meetings of academic officers, reports indicated only a limited effort toward a May 5 reporting deadline with few institutions involving their departments. At this point the state remained determined to create a format for fiscal accountability. The Vice President for Academic Affairs at Western Michigan University wrote:

It was evident, however, from the earlier conversations that the Governor has already moved to establish an entire staff for the implementation of P.B.E.S. and it's going to be rammed down our throats even though a number of us could see no way it could ever provide the B.O.B. with information that would be useful in making budgetary determinations. (Seibert, 1971)

By June 2, 1971, with a June 21 deadline for program structure review, the state PPBS Project Director wrote to departments that "refinement of impact indicators will be a continuing effort on the part of departments and the Project Office" (Farrell).

This uncertain condition continued into the fall when a communication to the Executive Director, MCSCP, from the Director, B.O.B. stated:

We wish to stress that the objective, impact indicators and output measures designated in the structure are subject to revision and refinement wherever a

persuasive case can be made for doing so. (Dempsey, 1971, p. 2)

Officials in higher education institutions were to comment on the conspicuous absence of impact indicators in various elements of higher education activity. With information not forthcoming, the PPBS project continued to lag. Without data, the B.O.B. was powerless to operate the PPBS as a basis for decision making. The institutions made their budgetary requests to the State Legislature and by-passed the executive budget process for gaining funding for another fiscal year.

The focal point of higher education institutional planning became the Michigan Council of State College Presidents. From this cooperative planning, a statement was issued on October 8, 1971.

It read:

That we engage in an intensive study of a small number (3 or 4) of areas in each institution in order to develop a set of "institutionally" defined objectives, program elements, output measures, and impact indicators.

To accomplish this task, higher education proposed a pilot study for a working calendar year while continuing the present budget process.

One response from the institutions conveyed the concern of many. The Director of Institutional Research, Western Michigan University, emphasized "we hope to retain the concepts of PBES



and to make sure it fits the characteristics of the institutions for whom it is developed" (Asher, 1971).

Impact indicators remained tentative. While institutions were encouraged to develop impact measurements, the state continued to cling to the economic basis of impact measurements.

Further interaction between the state and higher education occurred, however immediate resolution of this key area remains elusive.

By May, 1973, instructions from the state Budget Office stated:

Original instructions (in February 1972) indicated that institutions would be required to generate impact data for the 1974-75 budget request. The proposed structural revision eliminates this requirement. Instead the Bureau of Management and Budget will attempt, as part of its internal processes, to analyze manpower information for the state as a whole and relate the system-wide output of the elements to state manpower needs where possible. (Sturtz)

Currently impact indicators have not been finalized or implemented. With this one key area undecided, understanding of the PPB system, and what will be required, remains a matter of speculation for state higher education.

#### Output Measures Need/Demand Estimators

Both output measures and need/demand estimators met with the same degree of success as impact indicators. In a sense, their

development logically followed the success of the objectives and impact indicators.

Expressions of measurement for these areas were quantitative and socio-economic. This would be exemplified in the logic for need/demand estimators written by the state. They stated:

The need/demand estimator as they relate to higher education instruction have both an institutional and a system dimension. At the system level, need/demand relates to variables such as the total number of individuals seeking higher education admission, the types of programs they demand, and the need for skills and knowledge to maintain a viable socio-economic system. At the institutional level, need/demand estimators are used to determine program projections and the extent to which current enrollments meet the needs and demands. (Instructions, 1972, p. 13)

Lack of consensus on measurements, by all parties in this project, rendered all data valueless as a yardstick against future operations. By the 1974-75 Guidelines, the significance in the development of these two areas was apparent. The Guidelines plainly stated:

Many parts of the Michigan Program Plan lack adequately defined measures of the effects of programs on individuals and the environment (impacts), the goods and services generated by program activities (outputs), and levels of program need (need/demand estimators). Many other areas lack quantitative values of essential program measures. As a consequence, it is essential that the quantitative measures of program output and effectiveness required to complete the Michigan Program Plan be defined and quantified. (Program Policy Guidelines, 1974-75, p. 6)

A general overview of PPBS structural programs specifically

pointed out the following developmental factors:

The program structure, as initially designed, did not adequately recognize operations program management concerns. Although the structure underwent major revision in response to this problem, it still fails in many cases to capture the linkages between policy objectives, program-means, and management's execution of a program.

Due to the inability to measure current program performance, the response to longer term planning considerations has been very limited. (PPB Manual, 1974, pp. 2-3)

In addition, the demand level of achievement was not identified and noncompliance with data submission deadlines compromised the review and recommendation process. Furthermore, agency management attitude was not committed to PPBS. Thus, PPBS program evaluations lacked specific measurable objectives.

At this time the PPBS project possessed both structural and attitudinal problems. These produced data of dubious value for decision making. Decision making based on such data transmissions could only compound the efforts at an effective solution. At this point, developing any baseline data for fiscal comparison or planning for the higher education community appears remote at best.

#### The Institutional Model

The college model was the second representative of PPBS

development. In this case a practical application of the PPBS was examined in an on-going, functioning academic environment. This model dealt with the decision making as it related to the mission of the college as indicated by departments.

The college project director noted that other agencies, such as WICHE, were developing the accounting structure and crossover or crosswalk to existing accounting procedures. However, he noted:

Extending WICHE criteria to decisions of choice of value may distort the decision process and the decisions rendered. Recognizing that academic decisions are frequently if not most of the time matters of value, we feel that some attempt should be made to get out ahead of the State so that future decisions will not rest entirely on the results of an analysis of collegiate programs under accounting criteria. (McAnaw, 1972)

Unquestionably, decisions based on "informed judgment" were necessary. Because the programs and functions within departments have increased in complexity, a broadly-viewed approach to the PMS development was envisioned. Thus, "the PMS format was designed to give formal recognition to those other activities" (McAnaw, 1972).

The institutional model began with an approach demanded, and finally obtained, by higher education for the proposed state structure. While any system change can be significant, this approach provided a gradual introduction and development of the

program budgeting concept. Here the project director proposed a "phase" approach to development and adoption of the PMS. This approach saw the development of four distinct "phases". These phases and their content are:

1. Construction of a program inventory. Here the academic departments are asked to identify their instructional programs, set forth the purpose of each program and the course structure for each program.

2. Review of the substantive content of each program presented by a department. This review is undertaken for the purpose of making sure that the programs hold together theoretically under the detailed questioning by individuals not directly involved in the execution of the program. This phase was considered important for the "program will become the basis unit for the allocation of funds."

3. Execution of the PMS and the collection of data appropriate for measuring input and output. Here department programs and how these serviced other departments would be measured. This data was to conform to the WICHE and State Program Budget Evaluation System.

4. A Dual Review

A substantive non-monetary review and evaluation of departmental programs will be to assess the merits of the programs in operation.

The second review will be directed toward an assessment of how resources were utilized in the past and current year operations and how they will be utilized in the next year. (McAnaw, 1972)

In order to bring categories of data resource areas, the university project director then proceeded to establish six functional department program categories. These again were to match the

state plan; however, their inclusion was made with more of an understanding that these areas exist, rather than whether they should be permitted to exist. The six areas established were:

1. Instructional
  - a. Instructional Service (to programs external to the department)
  - b. Instructional Major and Minor
2. Counseling and Student Related Services
3. Research, Scholarship and Creative Work
4. Public Service
5. Administration
6. Specialized Activities

The general outline for each of these areas is as follows:

The Instructional Program consisted of examining all the courses that were taught by the college and how they were being utilized. This necessitated an examination of programs outside the college in order to determine the extent they relied upon courses outside their departments. Additionally, an examination took place of departmental course offerings and how they affected major and/or minor programs. Such a view of courses and programs was enhanced by a "statement of program purpose" in general and specific terms along with a "program justification statement" that provided "zero-based resource allocation" along with a look at the reason

for a course's existence. All levels of instruction were included. All levels had to go through this process. After completing this material, program reviews were held. This led to further examination of the total resources needed for a course's presentations, and to identification of faculty who would be able to teach this course. On this point a note of caution was given: "departments should try to avoid designing programs that depend on the specialization of a single faculty member for their continuation" (McAnaw, 1972, p. 28).

In the counseling and student-related services category, an examination was made of departmental activity dealing with a non-instructional basis for student-faculty relationships. Here departments exercised a legitimate expenditure of resources in promoting student understanding and related activity. The purpose and expenditure of faculty resources were transmitted as part of the total view of the college operations.

Departmental research programs were the next area for consideration. Here the PMS model alters the FPBS model in definition and intent of activity. While the state terms organized research as "sponsored or other separately budgeted research," the PMS model included activities that contribute to the instructional activities of any faculty member. Thus, the PMS approach used the format by which:

All research activities are treated as sponsored regardless of whether they are funded externally or internally. Any research, scholarship and creative work activity in which there is some element of University participation can be included in a research program. (McAnaw, 1972, p. 30)

Public service programs of the college or larger university were dealt with in the following manner:

A department's public service program will include all community service activities for which professional or staff personnel are assigned, as a portion of their obligation to the obligation to the University, the duty of performing some stated service to institutions or individuals in the service area of the University; or when facilities, equipment, supplies or services are utilized for service activities under the sponsorship of the University. (McAnaw, 1972, p. 38)

The Dean was held responsible for such activities and any justification for these activities was made by him.

By far the most comprehensive section of PMS dealt with departmental administration. The concept of accountability was emphasized, not only in connection with resources directly utilized by the college, but also in considering the consumer of these resources, the student, as a factor in any administrative decision which dealt with program, faculty, or materials expense.

Administration was defined "as the management of resources" (McAnaw, 1972, p. 38). This concept is further extended to note that "the key to the management of resources is knowledge of where resources are consumed and some understanding of the results



achieved from the consumption" (McAnaw, 1972, p. 38). With the forms that were created for management purposes, they were expected to serve as "monitoring devices" to be used by management. They would not make decisions but were intended "to provide information for the making of informed decisions" (McAnaw, 1972, p. 38).

Thus, begins the correctness of the administrative program as it is outlined for the six areas previously described. In order to develop the PMS, a decision had to be made regarding faculty activity. The traditional view was that of limited assignment and leaving the professional extension of the position to the conscience of the individual faculty member. The demand for a specific division of faculty time into the numerous classifications of activities expected by college personnel was in opposition to the tradition. It was the decision to follow the traditional approach "because it was felt that faculty members were professionals who had strong personal professional commitments to the various activities that they undertook as a part of their professional responsibilities to the University" (McAnaw, 1972, p. 41).

Recognition was given to the informality of faculty assignment formulas available; the PMS used a 10-time base and adjusted the variances between departments to that base. This succeeded in eliminating any disruption of traditional departmental formulas. The unit that evolved from this decision was known as the Assigned

Time Unit (ATU). With this as a base, an analysis was made of departmental activities.

The final activity dealt with Special Activity Programs. Such activities were viewed as "mini-department" and used program categories that conformed to the regular department. Responsibility for resource allocation on such programs rested with the program director.

Reference was made to other considerations that would have to be dealt with as the model progressed. Definitional terms were used for objectives, impact indicators, and output measures. At this point, the college did not need this information as far as the decision-making process was concerned. Such efforts in that direction would be evolutionary. At this point, it was felt that "an emphasis on quantitateness might tend to result in the distortion of programs" (McAnaw, 1972, pp. 77-78).

In conclusion, the project director noted several considerations. First, this PMS model was "a beginning rather than a finished product" (McAnaw, 1972, p. 74). Also, a recognition that changes would occur, not only with the model, but at the university and the state level. This state "is essentially a self-study." While a program inventory was being completed, an opportunity was being provided to critically examine what was being done in relationship to the departmental and college mission. No axes were to fall, nor

heads to roll, but the handwriting was on the wall that accountability and limited use of resources were realities that had to be faced.

### Analytical Comparison of Models

Because the PPBS concept is relatively complex in nature, the analytical comparison of these two PPBS models must be approached from several points of view. Not only that, but the models are also different in terms of structural, philosophical, and utility.

First, the goals for the two models were essentially the same, namely, the increased, updated information for better decisions. It is the component activities that enter into the basis for these decisions that make the models different. This is particularly true for the institutional model. This model shows a greater readiness to accept the activities of the faculty and the departments than does the state model. The state chose to prescribe the formula for the functions of higher education, whereas the college permitted departmental definition of function. Thus, the debate that ensued at the state level only resulted in the delay in the progress toward PPBS fulfillment.

The psychological impact of PPBS within the higher education community was obvious. While few institutions opposed the concept outright however, the evidence indicates that outside involvement in the universities' internal affairs by the state was an unacceptable

premise. Eventually assurances were made by the state that certain of the key areas were to be developed by the institutions themselves. The institutional model, while generating some anxieties, did not provoke the kind or intensity of reaction shown to the state model. A certain part of this psychological impact toward both models came about simply because of the change. This was viewed in both quarters not only as an immense increase in workload, but would anything come of the effort? Such an attitude was particularly prevalent toward the state model because the institutions were already preparing dual budgets, one for the B.O.B., and another for the Legislature. Institutions felt this was a waste of effort and manpower. Comments from the higher education community indicated however that individual projects were already underway on some campuses. Further, other institutions in various parts of the country were converting to a system similar to that proposed by the state. While reacting to the shock of proposed change, evidence was accumulating that institutions were beginning to bring themselves around to an inevitable movement in that direction. Beyond this, the institutions operated on a psychological proposition that the model should develop around concepts, largely free from external constraints. The state, on the other hand, already had a format prepared, not only in terms of concepts, but the application of these concepts as well. This aspect was quite unpalatable to the

higher education community in general.

Both models possessed the capability of shared discussions during model development. This method was especially in evidence in the institutional model where personal contact was made by the university project director to anyone involved in the project. While this activity was time consuming, the success of the college project, as far as it went, was materially assisted because of this contact. As previously noted, the established model structure on the part of the state produced a feeling that something already established was being "rammed down our throats." The willingness to discuss was not an initial voluntary response on the part of the state. The state memorandum indicated several propositions as to why they believed this project should be mandated by the state. Only after serious difficulties developed in model implementation, did the state acquiesce to a more open input from higher education. This pleased the institutions in that questions submitted could result in an answer by someone within the project office.

A comparison of the structures of the models indicates that they are similar. Both operated on the same definitional concepts. The model in the college was deliberate in assuming the basic structure of the state model for that of the university. The university project director felt institutions would eventually have to conform to this basic format. But from this point, certain structural

aspects began to differ.

The institutional model did not fully develop. Therefore, after the first year of data collection, the active institutional model lapsed into quintessence. Although a great deal was accomplished in terms of department involvement, the utilization of quantitative data generated from this PMS activity was almost nonexistent.

The state, on the other hand, generated a great deal of data; however, much of it had no meaningful relationship to subsequent institutional data submissions, or any inter-institutional comparisons that may have been envisioned. The state model struggled with the development of key concepts for four years only to find the results incomplete. Thus, little data submitted or generated could be viewed with true analytical integrity, and certainly not with the integrity needed to make substantive decisions.

As for PPBS concept utility, definite changes resulted because of the utilization of the institutional model within the college. Programs changed to reflect enrollment interests in two departments. These changes were presented to the Vice President for Academic Affairs and were supported by the data generated by the PMS model. At the state level a single PPBS model has yet to be developed which specifies of data are acquired for decision making. Financial considerations resulting from the use of the state PPBS format has not occurred in the years since the state began with PPBS.

The financial appropriations for the state higher educational institutions have been discussed and changed within the Legislature as that body had questions answered by institutions about operational needs. One would be remiss in not believing that the efforts of the state were instrumental in having higher education institutions focus on their operations. From a utilitarian standpoint, the state PPBS approach is a long way from the initial decision-making capabilities claimed from such a model.

These two models both suffered from a lack of available resources. Neither the institution nor the state had the resource capacity for analysis of data received. The institution was not willing to commit the necessary resources to the completion of this project. That is still the case; and until a high-priority decision is established in favor of this model, the project, as a model within the university, will languish for lack of support. The state personnel felt the pressure of developing their model along with having to transmit meaningful information to the Legislature for fiscal appropriation. The lines were drawn between the Legislative and Executive staff agencies as to the data necessary for fiscal decisions. No agreement was reached in spite of promises by B.O.B. personnel that Legislative Fiscal Agency suggestions would be followed. The obvious result was that appropriations decisions were not made according to B.O.B. recommendations

along the lines of the PPBS model.

The approach for implementation showed a drastic difference. The state attempted to implement all agencies with a model already in existence. In defense of lack of resources on the state level, the personnel were not equipped in numbers and background to undertake the comprehensiveness of a total PPBS program proposed in that manner. The higher education community possessed the resources to effectively stall PPBS model development by the expertise within this community. While deadlines were established, these were set aside early in the project and would never have to be seriously contended with in order to obtain fiscal appropriations. The state approach initially began with the state having all the answers to this model. As the model progressed this was shown to be false, and the higher education community had to be approached in a manner that elicited their cooperation in order to further the PPBS project.

The institutional model was open ended in that the model modifications were made in response to faculty suggestions. The PMS concept was subject to negotiation and welcomed faculty input as the model progressed. The faculty raised pointed questions along the way, but nothing that would prevent the model from obtaining general cooperation throughout the college.

The state approached PPBS with the necessity of obtaining



the cooperation of the highest echelon of higher education personnel for this project. It was as if position or title would sway the outcome. The state also expected that the higher education community would respond with the highest echelon of administrative officer to carry this concept back to the campus and push for implementation. The result in higher education was a delegation of this responsibility and subsequent concern on the part of the state that such an arrangement would not work because they questioned if the delegated authority could speak for the institution. It appears that the state mistook the governance in higher education to carry out this mission. Responses from the higher education community indicated that such decisions were made within departments or colleges and that administrative officers would have to go to these areas for input before making any decision.

With the college PMS model the dean was sold the concept and he, along with the project director, began to sell the idea within the college. The institution was undergoing a period of transition in the highest levels of administration at this time. The dean was under the impression that the university would, by a perceived commitment of the president, provide the added resources necessary to complete the PMS approach. The key difference in both models was that the institution came to the individuals directly involved and obtained their support. The one failure on the part of

PMS was to obtain the committed support of the higher education administration to see the project through to a greater completion.

## CHAPTER V

### SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

This study attempted to view the development of two PPBS budget models. Although it was also concerned with the development and implementation of these budget models, this study specifically addressed itself to their examination and analysis. To do this a review of historical precedents and research literature was developed to provide a perspective in which to view the operating systems.

During the course of the study, several factors which had a direct bearing on the models' development were identified. One such area was that of philosophical differences between the approach used to implement the models. These differences created turning points which were readily identifiable. One of these concerned the project control of the PPBS program by the state executive branch with little participation from higher education and the Legislature. This became clear in February, 1971; however by September, 1971, the state announced that it would answer all questions from higher education institutions. The state plan in 1971 called for implementation of the entire PPBS concept within a very short time span. However, in 1972 the Director, Bureau of

Programs and Budget, Dr. John T. Dempsey, indicated that a phased plan would be adopted due to the reactions of higher education institutions. Another basic philosophical problem occurred because one group or unit does not run the state government. The executive branch moved in a direction of project design and implementation as though they had the final decision over budget and financial allocations. However, higher education institutions were able to obtain budgets more in line with their wishes by dealing directly with the Legislature; and the Legislature was more than willing to circumvent the PPBS process.

A rigid timetable proved counterproductive to a flexible schedule for project work; the ones used in this project met with resistance from higher education institutions who questioned the advisability and practability of such a rigid approach. By April, 1971, two months after the PPBS project began, the Project Coordinator wrote of the need to hold on to the timetable in order to resolve project difficulties. Timetables were also used with sub-unit areas of the PPBS project, i.e. impact indicators and need/demand estimators; and these met with the same responses.

As long as preconceived concepts and structures were presented without institutional input, difficulty in implementation occurred. Because data returned to the state could have a bearing on future fiscal allocations, the institutions wanted to be certain

that an equitable basis was being developed for allocations. Preconceived concepts measuring need/demand or impact indicators were attacked by the MCSCP in 1971, and concerns were expressed over duplication of efforts and wasted manpower.

In contrast to the state program, the model developed within the institution approached its PMS project with the idea that professional judgments could be made within each sub-unit. This assumption provided each department within the college a voice and input into the model as it developed. While the institutional model underwent criticism and modification, the information needed was submitted and changes in the model were made from departmental and college inputs.

The actual examination of each model required a review of the model's structure. This includes the presentation of each model's key elements: objective, impact indicators, output measures, and the need/demand estimators which are essential to understanding the logic of the PPB system. Because of the inter-related nature of these areas, any undeveloped part brings about information deficiencies in the total system. This was clear in the state model by May, 1971, when state officials became dissatisfied with the description of goals and objectives. These were considered basic to the project and early difficulty with them delayed the development of other key areas. By June, 1971, it was clear that

the refinement of impact indicators was going to be a continuing effort. Furthermore, Dempsey (1971) indicated that these key areas were "subject to revision and refinement wherever a persuasive case can be made for doing so." Throughout the development of the PPBS model on the state level, structural and procedural difficulties arose that prevented not only the timetable from fulfillment, but also the project from gathering meaningful and comparable data.

There is no question about the state's need for an alternative decision-making model. Past decisions were frequently made with information that was incomplete and outdated. However, even though these deficiencies existed, so do numerous constraints that alternately view on efforts to complete a significant system change. At every level of operation the rivalry for essential resources overshadows the potential impact of cooperation to achieve updated information for better decisions. Such constraints show themselves in separate colleges or within the separate branches of government, all striving to maintain their uniqueness. Finally they also exist between all individuals who attempt to do their job in a manner that is personally comfortable. This latter factor often leaves little room for change. While the need for change to a more effective decision-making system is desirable, the actual movement in this direction is, and will always be, a process of long duration.

An overview of PPBS progress specifically pointed out the following developmental factor:

The program structure, as initially designed, did not adequately recognize operational program management concerns. Although the structure underwent major revision in response to this problem, it still fails in many cases to capture the linkages between policy objectives, program means, and management's execution of a program. (PPG Manual, 1974, p. 2)

Several specific conclusions for the PPBS approach become readily apparent.

First: A constructive alternative for decision making on all levels of participation is needed. As resources are or become limited, criteria for their effective and equitable utilization must be determined. The ambition of the state and college to convert to the PPBS approach for decision making was admirable. A new approach was unquestionably required. The implications for such decision making could be incalculable if the model is developed according to the needs of the institutions that will be using it. Institutions could assess needs from housing, curriculum, and needed resource support for program development without overextending or duplicating resources somewhere else within the institution. This in turn could greatly assist the state governmental agencies and college departments in their deliberations as to resource commitments toward future requests for higher education by a better practice of long-range planning.

Second: Any attempt at developing a new decision process or system should be specifically made for the organization using it. A superimposed system such as that tried in the Michigan system carries no guarantee of success. All organizations, and higher education in particular, possess numerous complex program needs that must be recognized both within each institution and each state. Thus, what is considered important in one institution or organization may receive an entirely different emphasis in another. A PPBS approach should have the flexibility to handle such diversity. This is true even of terminology, in that some aspects of the program structure must be altered to meet the requirements of the situation. While consultants are useful, especially where personnel resources are limited, payoff should come only when the system is successfully implemented in operational form. The one essential characteristic overlooked at the state level was whether or not the Pennsylvania system's PPBS model could adapt to a new environment. The unwavering determination in Michigan to copy the Pennsylvania model brought about an equal amount of resistance on the part of universities to make certain that the model conformed to their needs.

Third: The undertaking of a project so vast and complicated as PPBS requires patience to see it through to completion. Here the state attempted to implement the PPBS concept in all agencies



at once. In addition, a timetable was established which did not allow for any deviation which would prevent this project from being completed at the desired time. Given the personnel involved at the project level, time constraints, and the political considerations, this expectation was beyond all logic and common sense. Even the transference of a completed model to another setting could not accomplish this goal. Some members in the B.O.B. are now, as of 1975, convinced that PPBS is a long-term project. This occurred however only after a long and frustrating experience at implementation. Refinement in the structure and process are required before any meaningful data can be transmitted and utilized for effective decision making. Meanwhile, variables such as political, economic, social, and demographic will influence any final mode.

Fourth: PPBS will succeed if common goals can be cooperatively attained. In government, as elsewhere, power is jealously guarded and retained. The possibility of loss of power produces a defensiveness that will be a hindrance to proposed change. Thus, the necessity to incorporate all views, as much as possible, must be examined before concluding that any system is operational. In this state, the Legislature writes and passes all appropriations. The executive office prepares a recommended budget. State higher education budgets recommended by the executive office have not been followed. As for the PPBS format currently presented, the

Legislature discarded it. Since the PPBS project began, higher education institutions have been able to work in close cooperation with the Legislature and subsequently rewrite the appropriations bills disregarding earlier executive office recommendations and their PPBS model. The Legislature is not about to relinquish any fiscal control to the executive branch. Furthermore, it is obvious that if the Legislature does not receive the information it deems necessary to make financial decisions they will not go along with executive recommendations for fiscal matters. The Legislature will call for their own information and develop their own conclusions and recommendations based on that information. Thus, lack of cooperation between units of government caused the higher education community to expend much needed resources in the unprofitable effort of writing dual budget requests. These resources could have been put to far better use--even if they were used to develop a consensus of the PPBS model.

Fifth: The imposition of a system from the top down is not always compatible with the organizational structure on which the system is imposed. Higher education institutions have operated with a great deal of concern for internal needs of the colleges they represent. Thus, the state received numerous communications indicating that information regarding the institution would not be available without the specific internal groups' participation. What

appeared to be genuine offers on the part of institutions to develop PPBS was not part of the thinking or timetable of the Bureau of the Budget. In the case of the state model, the predetermined answers, which were written to cover all conditions, had to be revised. All input from interested agencies and institutions was frequently, and virtually totally, ignored; and the project was delayed until a semblance of cooperation was perceived. Attitudes which prevent meaningful input simply delayed the implementation of any new decision-making procedure. Both the institutions and the state did not reconcile their differences in this vital or key area.

State personnel involved with the PPBS project also reflected substantial differences among themselves. The reaction from the Director, Senate Fiscal Agency of the Legislature, was that the B.O.B. only "adopted a translation of what they (B.O.B.) had been doing--the old way of doing things--to a program budget" (Murphy, 1974). He implied that the B.O.B. personnel did not possess the level of astuteness to implement a full PPB System.

It was as if someone took a tour of an automobile factory and then decided to build a car. It is doubtful that some B.O.B. personnel involved with PBES could make a one-hour presentation of the topic. They (B.O.B.) never fully understood the theory behind what they were doing. (Murphy, 1974)

Those intimately involved with the PPBS indicated that there had been set-backs. They did not consider PPBS dead. They felt

that an intellectual appeal was present to continue the project. But as of 1974, they saw the process as a "long term reform" (Coleman, 1974).

The Director, Senate Fiscal Agency, assessed the long-term prognosis for PPBS stating,

It could go if politically viable. Not much will change and the Legislature will keep on rejecting it. Modification will or could be helpful. Ramming things down the throat of participants will not get the project done. (Murphy, 1974)

A rather general recommendation from the state authors regarding an overall perspective for the future of PPBS success stated:

Major changes in attitudes, responsibilities, and missions are essential if a more rational approach to decision making is going to succeed. The budget process for fiscal year 1975-76 will be modified in support of this basic aim. So must the intensity of commitment and quality of participation undergo change. (PPG Manual, 1974, p. 4)

First; A thorough working knowledge of the proposed system by all involved is necessary. The PPBS model requires individuals that are thoroughly conversant with the intricacies of such a system. The ability to operate in theory as well as in the realities of practical higher education decision making appears essential. With such a working knowledge, a PPBS undertaking will begin with an understanding that a long-term commitment is involved. It will also readily recognize that superimposing another PPBS model in a

new locality represents only a superficial attempt at creating a viable system.

Second: A thorough knowledge of who will be involved with the proposed system is also necessary. The PPBS model has in its basic nature several distinct requirements. It is necessary for cooperation by all parties to achieve the desired outcome. With the two PPBS projects examined here, this point became a key to success. Cooperation means to brief all concerned with what is about to be undertaken. Secretiveness and threatening or coercive tactics are most unwise and counterproductive. The model also requires patience and understanding. For the average layman initially involved with such a system, the magnitude of work involved can become overwhelming. Once again, a step-by-step approach, rather than an all-or-nothing effort, will produce greater results. Confusion within a PPBS model can only bring delays and information that is either in error or is not a reflection of the unit.

Third: A spirit of patience is required in seeing such a complex concept through to its final implemented goal. This recommendation may run counter to a culture that looks for instant success. But with such a complex concept as PPBS, the wisest course of action is to suggest patience in the development of a functional model. From the information acquired during this study, it seems obvious that the problems which emerge between groups might have

been avoided with more patience. Timetables are helpful if they are used in a developmental way, but adherence to timetables and the alienation of individuals vital to the ultimate success of a project is clearly unproductive.

PPBS is a viable option when used as a tool to assist in decision making. The system is never a substitute for making decisions. Utilization of PPBS requires certain basic commitments for success. By following recommendations such as those above, there appears a much greater likelihood that project success will be forthcoming. If the initial goal is success, then this should be the final result.

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- Memorandum from Robert J. Mowitz to Glenn W. Goodman dated January 5, 1971.
- Memorandum from William G. Milliken to Principal Department Heads dated February 16, 1971.
- Memorandum from Richard L. Beers to Glenn S. Allen undated.
- Memorandum from David Coleman to Joseph L. Farrell dated April 26, 1971.
- Memorandum from Tom Freeman to Al Ballard dated September 18, 1971.
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Summary of Meetings with Academic Officers by Russell Seibert dated April 27, 1971.

## APPENDICES

## APPENDIX A

## SOURCES OF DOCUMENTS

Chronology of PPBS Activities  
Michigan Higher Education

Date of Document	Subject of Document
Nov. 16, 1970	<p>Letter</p> <p>To: Don Gordon From: Dick Helmbrecht Subject: PPBS in Pennsylvania</p> <p>Review of choice for PPBS consultant and summary of two major sources of conflict for PPBS development.</p>
Nov. 30, 1970	<p>Memorandum</p> <p>To: Glenn S. Allen, State Budget Director From: Richard L. Beers, Director Budget Div. Subject: PPB Development</p> <p>Review of budgeting in Michigan and the proposed method PPB implementation along with resource availability and interface constraints.</p>
Undated	<p>"Report to the Legislature Appropriations for Management Systems Studies"</p> <p>From: Glenn W. Goodman, Director Management Sciences Group</p>
Jan. 7, 1971	<p>Memorandum</p> <p>To: Paul Wileden From: Glen Bachelder</p>

## Date of Document

## Subject of Document

Subject: Thoughts on Attachment A:  
"Executive Management  
Improvement Project"

A rationale for supporting the decision to go ahead with the PPB concept and the Governor's decision to develop this concept.

Jan. 14, 1971

Memorandum

To: Gaylord H. Yund, State Planning  
Director  
From: Glenn W. Goodman, Director  
Management Sciences Group  
Subject: Funding Request for Executive  
Management Improvement  
Project

The scope of services narrative for PPB project. Includes the objectives, projects, and financing for this project.

Feb. 3, 1971

Letter

To: Mr. C. J. Hess, Acting Director  
Department of Civil Service  
From: John T. Dempsey, Director  
Bureau of Programs and Budget  
Subject: Organization and Staffing of the  
Bureau of Programs and Budget

Review of decision to create the project office and the recommended personnel for project development along with a time frame.

Attachment A: "Executive Management Improvement Project Budget Justification"

Historical decisions for the Michigan PPB project. The project event and manning summary along with the funding schedule.

## Date of Document

## Subject of Document

Jan. 5, 1971

Memorandum

To: Glenn W. Goodman, Director  
 Management Sciences Group  
 From: Robert J. Mowitz, Director  
 Institute of Public Administration  
 The Pennsylvania State University  
 Subject: Consultant's Responsibilities

Includes dates for project completion, a listing of events, installation process, and briefing of personnel.

Undated

"Executive Management Improvement  
 Project--Project Event Summary"

Review of all events for three fiscal years.

Undated

"Executive Management Improvement  
 Project Funding Schedule"

Review of all funding for three fiscal years, includes personnel needed and a federal HUD funding forecast.

Feb. 16, 1971

Governor Milliken's letter creating PBE System and necessary resources to implement this program.

Feb. 16, 1971

PBES Memorandum No. 71-1

Establishes requirements and procedures for developing and implementing the PBES in Michigan State Government.

Feb. 16, 1971

PBES Organizational Briefing Schedule

Feb. 16, 1971

PBES Memorandum No. 71-2

"Instructions for Preparing Program  
 Structure for the Michigan Program Budget  
 Evaluation System"



Date of Document	Subject of Document
Feb. 16, 1971	<p>PBES Memorandum No. 71-3</p> <p>Informational supplement to PBES Memorandum No. 71-2.</p>
Feb. 22, 1971	<p>PBES Memorandum No. 71-4</p> <p>Staff support responsibilities, roster of Department Coordinators, and a team briefing schedule.</p>
Mar. 8, 1971	<p>Letter</p> <p style="padding-left: 40px;">To: Dr. James W. Miller, President Western Michigan University</p> <p style="padding-left: 40px;">From: John T. Dempsey, Director Bureau of Programs and Budget</p> <p style="padding-left: 40px;">Subject: Meeting to be held on March 16, 1971, 2:00 p.m. Seven Story Office Building Auditorium, Lansing, Michigan</p> <p>The Governor's specific commitment of resources beyond those of the Budget Division.</p>
Mar. 19, 1971	<p>"A Proposed Framework for Incorporating Michigan Higher Education into the PBES Approach"</p>
Mar. 25, 1971	<p>PBES Memorandum No. 71-5</p> <p>Relocation of PBES Project Office. Attached glossary defining terms.</p>
Mar. 26, 1971	<p>Letter</p> <p style="padding-left: 40px;">To: Dr. James W. Miller, President Western Michigan University</p> <p style="padding-left: 40px;">From: John T. Dempsey, Director Bureau of Programs and Budget</p> <p style="padding-left: 40px;">Subject: Initial Procedures and Requirements for Higher Education</p>

## Date of Document

## Subject of Document

## in PBES

## Several Enclosures:

Implementation Timetable

Meeting Schedule

Supplement to Program Structure

Instructions

PBES Glossary

Decision Cycle

PBES Program Structure Characteristics

Apr. 5, 1971

PBES Memorandum No. 71-6

Project Office to shift its staffing assignments from a Departmental to a Major Program basis.

Apr. 5, 1971

"Further Instructions on Higher Education Structure"

Apr. 26, 1971

Position Paper

To: Mr. Joseph L. Farrell, PBES

Project Director

From: David Coleman, Program

Coordinator

Subject: Making PBES Work in Education

Apr. 27, 1971

Memo of Record

Meeting held at the University of Michigan on April 22, 1971.

Discussion of Program Classification Structure and sharing of information. A list of participants was provided.

Apr. 27, 1971

Letter

To: Mr. Robert Wetnight, Vice Pres.  
for Finance, Western Michigan  
University

## Date of Document

## Subject of Document

From: Russell Seibert, Vice Pres. for  
Academic Affairs, Western  
Michigan University  
Subject: Summary of Meeting of Academic  
Officers at the University of  
Michigan on April 23, 1971

May 5, 1971

Letter

To: Dr. John T. Dempsey, Director  
Bureau of Programs and Budget  
From: F. F. Fauri, Vice President,  
State Relations, Planning,  
University of Michigan

May 5, 1971

Letter

To: Mr. David Coleman, Project Dir.  
From: Elliott G. Ballard, Assistant to  
the President, University of  
Michigan

May 5, 1971

Letter, with attachment

To: Dr. John T. Dempsey, Director  
Bureau of Programs and Budget  
From: William R. Keast, President,  
Wayne State University

Includes attached Pilot Study:  
Feasibility of the State's Program  
Budgeting Evaluation System

May 7, 1971

Letter

To: Mr. Joseph L. Farrell, Program  
Director  
From: Robert Wetnight, Vice Pres.  
for Finance, Western Michigan  
University  
Subject: PBES Forms 3-041 and PBES  
4-041

Date of Document	Subject of Document
	Indicates support of PBES process with the hope of continuity of process and forms in the future.
May 7, 1971	Paper, "Some Points For Discussion"
May 10, 1971	PBES Memorandum No. 71-7
	Finalization of the Michigan Program Structure; issuance of the Departmental Program Plan (DPP)
May 10, 1971	Memorandum
	Higher Education Submittals
May 11, 1971	Memorandum
	To: All Presidents From: Dick Miller, Director, Michigan Council of College Presidents Subject: Report on Executive Office PBES Project
	Statements outlining problems of the PBES Model. Conclusions of the advisory group.
May 12, 1971	Letter
	To: Dr. John T. Dempsey, Director Bureau of Programs and Budget From: Lewis E. Profit, Vice Pres., Business-Finance, Eastern Michigan University
May 12, 1971	Inter-Office Letter
	To: Mr. Joseph L. Farrell, Project Director From: David Coleman, Project Coordinator Subject: Higher Education Steering Committee

## Date of Document

## Subject of Document

Response to establishing a steering committee of higher education and department personnel.

Reference: Jager-Coleman Memorandum  
2-24-71

May 27, 1971

Memorandum

To: All Presidents  
From: Dick Miller, Director, Michigan  
Council of College Presidents  
Subject: Progress Report of PBES

Shift of PBES for Higher Education to Mr. Charles Sturtz and his staff. Description of current ideas and opening for suggestions from the institutions.

June 1, 1971

Paper, "Proposed Organization and Content for PBES Program III: Intellectual Development and Education"

June 2, 1971

PBES Memorandum No. 71-8

Review of Program Structure, Special Attention to Program Elements

Undated

Paper, "A Perspective for Education Program Structure"

June 10, 1971

Letter

To: Mr. Charles Sturtz  
From: Jacob Vinocur, Vice Pres.,  
Academic Affairs, Northern  
Michigan University

June 14, 1971

Paper, "Intellectual Development and Career Preparation Program Categories"

Date of Document	Subject of Document
June 18, 1971	Letter  To: Mr. Charles Sturtz From: Robert E. Hubbard, Assistant Vice Pres., Wayne State Univ.  Committee established by Council of State College Presidents to react to the new State PBES plan.
July 1, 1971	Letter  To: Mr. Charles Sturtz From: Frederick Obean, Vice Pres., Academic Affairs, Oakland Univ.
July 30, 1971	Paper (Draft), "Intellectual Development and Education Complete with Forms, S-1134-A and S-1134-B"
Aug. 5, 1971	PBES Memorandum No. 71-9  Basis for operation (including tasks) and a PBES Cycle.
Aug. 6, 1971	Memorandum  From: John T. Dempsey, Director Bureau of Programs and Budget  Review of Meeting on July 28, 1971, and assignment of budget staff.
Aug. 10, 1971	Memorandum  BPB Support of Departments DPP Development Effort
Aug. 16, 1971	PBES Memorandum No. 71-9 Change No. 1 to that Memorandum

Date of Document	Subject of Document
Aug. 16, 1971	<p>Letter</p> <p>To: Mr. Richard Miller, Director, Michigan Council of College Presidents</p> <p>From: John T. Dempsey, Director Bureau of Programs and Budget</p> <p>Subject: Draft of Program Structure for Intellectual Development</p> <p>Proposal to finalize Program Structure 9-10-71.</p>
Aug. 24, 1971	<p>Memorandum</p> <p>To: Bureau Staff</p> <p>From: Dominick J. Pastore, Deputy Director, Bureau of Budget</p> <p>Subject: Review of DPP instructions, specific questions to be re- ceived by 8-27-71. Meeting to be held the following week.</p>
Sept. 7, 1971	<p>Letter</p> <p>To: Dr. John T. Dempsey, Director Bureau of Programs and Budget</p> <p>From: James W. Miller, President, Western Michigan University</p> <p>Subject: Reactions to Draft for Program III from invitation on 8-16-71.</p>
Sept. 8, 1971	<p>Letter</p> <p>To: Dr. John T. Dempsey, Director Bureau of Programs and Budget</p> <p>From: William J. Mankee, Executive Vice Pres., Delta College</p>
Sept. 8, 1971	<p>Letter</p> <p>To: Dr. John T. Dempsey, Director Bureau of Programs and Budget</p>

## Date of Document

## Subject of Document

From: Clifton Wharton, President,  
Michigan State University  
Subject: Reactions to Draft for Program  
III from invitation on 8-16-71.

Sept. 9, 1971

Letter

To: Dr. John T. Dempsey, Director  
Bureau of Programs and Budget  
From: Robbin W. Fleming, President,  
University of Michigan  
Subject: PBES Team Suggestions--11  
items

Sept. 9, 1971

Letter

To: Dr. John T. Dempsey, Director  
Bureau of Programs and Budget  
From: Richard L. Miller, Director  
Michigan Council of College  
Presidents  
Subject: The August 16 invitation for a  
critique and a September 13  
meeting with Mr. David Coleman

Sept. 9, 1971

Letter

To: Dr. John T. Dempsey, Director  
Bureau of Programs and Budget  
From: Jacob Vinocur, Vice Pres. for  
Academic Affairs, Northern  
Michigan University  
Subject: Reactions to the August 16 draft  
for Program III

Sept. 10, 1971

Letter

To: Dr. John T. Dempsey, Director  
Bureau of Programs and Budget  
From: Kenneth J. Shouldice, President,  
Lake Superior State College



Date of Document	Subject of Document
Sept. 13, 1971	Letter  To: Dr. John T. Dempsey, Director Bureau of Programs and Budget From: Elliott G. Ballard, Assistant to the President, Michigan State University Subject: Concerns regarding PBES Model
Sept. 14, 1971	Letter  To: Dr. John T. Dempsey, Director Bureau of Programs and Budget From: Ronald F. VanSteeland, Business Manager, Grand Valley State College
Sept. 16, 1971	"Notions"  From: David L. Ingall, Assistant Director, Michigan Council of State College Presidents  Several ideas regarding development of PBES.
Sept. 16, 1971	Letter  To: Dr. John T. Dempsey, Director Bureau of Programs and Budget From: George E. Gullen, Jr., Acting President, Eastern Michigan Univ. Subject: Reaction to the August 16 Draft
Sept. 21, 1971	Letter  To: Dr. John T. Dempsey, Director Bureau of Programs and Budget From: Robert L. Ewigleben, President, Ferris State College Subject: Sept. 13, 1971, meeting with Dick Miller and a single response

Date of Document	Subject of Document
	from that meeting made available to all institutions.
Sept. 21, 1971	Letter  To: Mr. David Coleman, Project Coordinator From: David E. Murphy, Assistant Secretary, Michigan Community College Association Subject: Higher Education reactions to Program III Structure
Sept. 22, 1971	Memorandum  To: Mr. Wetnight and Dr. Seibert From: Robert Beam Subject: Summary of September 13, 1971, PBES Meeting. Five main points.
Sept. 22, 1971	Memorandum at the University of Michigan, "Hot Flashes on PBES"
Sept. 23, 1971	Letter  To: Mr. Robert P. Endriss From: A. Lawrence Fincher, University of Michigan Subject: PBES Program Structure Draft
Sept. 23, 1971	Letter  To: Dr. George E. Gullen, Jr., Acting President, Wayne State University From: John T. Dempsey, Director Bureau of Programs and Budget
Sept. 23, 1971	Letter  To: Dr. John R. Dimitry, President Macomb County Community College

## Date of Document

## Subject of Document

From: John T. Dempsey, Director  
Bureau of Programs and Budget  
Subject: Response to invitation of using a  
pilot model at Macomb County  
Community College

Sept. 23, 1971

## Memorandum

To: Representatives of 13 institutions  
From: Dick Miller, Director, Michigan  
Council of College Presidents  
Subject: Institutional Critiques of Draft  
Program Structure, PBES

Critiques from: Ferris State College  
Grand Valley State College  
Lake Superior State College  
Michigan State University  
Northern Michigan University  
University of Michigan

Sept. 24, 1971

## Letter

To: Dr. John T. Dempsey, Director  
Bureau of Programs and Budget  
From: E. J. Koepel, General Manager of  
Operations and PBES Institutional  
Coordinator, Michigan Technolog-  
ical University  
Subject: A good resume of PBES Opera-  
tions

Sept. 27, 1971

## PBES Memorandum No. 71-10

## Personnel Changes:

Mr. David Coleman will return to the  
Budget Division to assume major respon-  
sibilities for managing the operational  
implementation of PBES.

Mr. A. Thomas Clay, from Research,  
Statistical Analysis, and Special Studies

## Date of Document

## Subject of Document

Division will become Program III  
Coordinator.

The intensity of personnel related activity  
involved in the next phase.

Project Office: "Will actively supervise the  
completion of the DPP working with Depart-  
ments."

Sept. 28, 1971

Letter

To: Dr. John T. Dempsey, Director  
Bureau of Programs and Budget  
From: Robert D. Cahew, Executive  
Secretary, Michigan Community  
College Association  
Subject: Lists recommendations and  
reference to the Sept. 21, 1971,  
letter.

Sept. 30, 1971

Memorandum

To: Representatives of 13 institutions  
From: Dick Miller, Director, Michigan  
Council of College Presidents  
Subject: Institutional Critiques of Draft  
Program Structure for PBES

Critiques from: Michigan Technological Univ.  
Wayne State University  
Western Michigan University

PBES Project Staff will have revised draft  
program structure ready for review around  
mid-October.

Oct. 1, 1971

Communication

From: Robert E. Hubbard, Assistant  
Vice Pres., Wayne State Univ.  
Subject: Major Concerns with Emerging  
PBES Plan

Date of Document	Subject of Document
Oct. 4, 1971	<p>Letter</p> <p>To: Dr. Jack Asher, Director, Office of Institutional Research, Western Michigan University</p> <p>From: David L. Ingall, Assistant Director, Michigan Council of State College Presidents</p> <p>Subject: PBES Meeting of 10-1-71</p> <p>Summary of major conclusions and proposals.</p>
Oct. 6, 1971	<p>Letter</p> <p>To: Mr. David L. Ingall, Assistant Director, Michigan Council of State College Presidents</p> <p>From: Robert E. Hubbard, Assistant Vice Pres., Wayne State Univ.</p> <p>Procedural movement in reference to 10-1-71 meeting summary.</p>
Oct. 7, 1971	<p>Memorandum</p> <p>Change No. 3 to PBES Memorandum No. 71-9</p>
Oct. 8, 1971	<p>Memorandum</p> <p>To: Institutional PBES Representatives</p> <p>From: Dick Miller, Director, Michigan Council of College Presidents</p> <p>Subject: Proposed Alternative Approach to Development of PBES</p>
Undated	<p>State Outlines</p> <p>PBES Budget Preparation and Presentation. Suggested Outline of PBES Documentation. Presentation for Fiscal Documentation.</p>
Oct. 28, 1971	<p>PBES Memorandum No. 71-11</p>

Date of Document	Subject of Document
	Submission of BPB Form S-1B to Bureau of the Budget by 11-1-71.
Nov. 1, 1971	Letter <p style="margin-left: 40px;">To: Dr. E. Jack Asher, Director, Office of Institutional Research, Western Michigan University</p> <p style="margin-left: 40px;">From: Russell Seibert, Vice Pres., for Academic Affairs, Western Michigan University</p> <p style="margin-left: 40px;">Subject: PBES Meeting 10-27-71</p> <p style="margin-left: 40px;">A six-point memorandum of the PBES conference.</p>
Nov. 2, 1971	PBES Memorandum No. 71-12 <p style="margin-left: 40px;">November review of departmental program plans, briefing of team leaders and teams, with schedule.</p>
Nov. 3, 1971	PBES Memorandum No. 71-13 <p style="margin-left: 40px;">"The Relationships Between the Analytical Components of the PBE System: An Aid to the Development of Task 6"</p> <p style="margin-left: 40px;">Attachment of Task 6 (15 steps).</p>
Nov. 8, 1971	Memorandum <p style="margin-left: 40px;">Department Program Plan (DPP) Review Schedule; Education not included.</p>
Nov. 8, 1971	PBES Memorandum <p style="margin-left: 40px;">Revision to PBES Memorandum No. 71-12. Revised DPP Review Schedule</p> <p style="margin-left: 40px;">Attendance at DPP Reviews requested by members from House and Senate Fiscal Agencies.</p>

Date of Document	Subject of Document
Nov. 10, 1971	Paper, "The Implementation of PBES in Higher Education"
Nov. 11, 1971	PBES Memorandum No. 71-14  Program Subcategory Coordinator Roster
Nov. 11, 1971	Letter  To: Institutional Coordinators From: John T. Dempsey, Director Bureau of Programs and Budget Subject: Draft of PBES--reactions related operational problems with response requested by 11-22-71.
Nov. 11, 1971	Memorandum  To: PBES Task Force From: Tom Freeman, Office of Institutional Research, Michigan State University Subject: PBES Memorandum No. 71-11  Numerous concerns expressed on the part of Michigan State University that affect the university structure, especially the HEGIS Taxonomy.
Nov. 11, 1971	Memorandum  To: Institutional PBES Representatives From: Dick Miller, Director, Michigan Council of College Presidents Subject: PBES  The Council institutions submitted a single response to the last draft produced by PBES, following a meeting of institutional Representatives. The question of another meeting to prepare a single response to Dr. Dempsey's letter of 11-11-71.

Date of Document	Subject of Document
Nov. 18, 1971	Western Michigan University's Reaction  Three University Officials' comments to the 11-11-71 PBES Proposal
Nov. 18, 1971	Memorandum  To: Dr. Al Ballard From: Tom Freeman, Office of Institutional Research, Michigan State University Subject: Proposed PBES Responses to the State
Nov. 18, 1971	Memorandum  To: Dr. Al Ballard From: Tom Freeman, Office of Institutional Research, Michigan State University Subject: Degree Costing
Nov. 22, 1971	Letter  To: Dr. John T. Dempsey, Director Bureau of Programs and Budget From: James W. Miller, President, Western Michigan University Subject: Response to 11-11-71 PBES Proposal
Dec. 1, 1971	Letter  To: Dr. John T. Dempsey, Director Bureau of Programs and Budget From: George E. Gullen, Jr., Acting President, Wayne State Univ. Subject: Reply to 11-11-71 Directive
Dec. 7, 1971	Memorandum  Change No. 4 to PBES Memorandum No. 71-9



Date of Document	Subject of Document
Dec. 13, 1971	Memorandum  To: Mr. Joseph L. Farrell, Program Director From: J. Morris Hickman Subject: Recommendations concerning cost distribution procedures for development of the 1973-74 program budget recommendations
Dec. 14, 1971	Letter  To: Mr. A. Thomas Clay From: Joseph L. Gubasta, Research Associate, Wayne State Univ. Subject: Addendum to President Gullen's response  Identification of problems related to the use of HEGIS and WICHE Taxonomies describing Wayne State University's primary and support programs.
Dec. 29, 1971	PBES Memorandum No. 71-15  Manpower classification instructions. This was the last memorandum before computerized operations.
Jan. 3, 1972	Letter  To: Mr. Richard L. Miller, Director Michigan Council of College Presidents From: Joseph L. Gubasta, Research Associate, Wayne State Univ. Subject: Willingness to participate in any effort to develop collective responses from all Michigan Higher Education Institutions related to PBES

Date of Document	Subject of Document
Jan. 3, 1972	Memorandum  <div style="margin-left: 40px;">           To: Mr. Robert Endriss            From: A. Thomas Clay            Subject: Partial draft for Higher Education instructions for preparation of Institutional Program Plans (IPP)         </div>
Jan. 7, 1972	Draft, "Decisions Required for Program Budget Presentation of Fiscal Data"
Jan. 10, 1972	Memorandum  <div style="margin-left: 40px;">           To: Mr. Joseph Farrell, Program Director            From: Jim Cleary         </div>
Jan. 11, 1972	Memorandum  <div style="margin-left: 40px;">           To: BPB and PBES Coordinators            From: Joseph Farrell, Program Director            Subject: Guidance of Development of DPP         </div>
Jan. 14, 1972	State of Michigan Transmittal  <div style="margin-left: 40px;">           To: Mr. Robert Endriss            From: A. Thomas Clay            Subject: PBES Higher Education Program Plan Instructions         </div> <p style="margin-left: 40px;">Comments to be returned by 1-21-72.</p>
Jan. 25, 1972	Letter  <div style="margin-left: 40px;">           To: Mr. Charles E. Harmon            From: John T. Dempsey, Director                  Bureau of Programs and Budget            Subject: Submission of 1972-73 Executive Budget to the Legislature         </div>

Date of Document	Subject of Document
Jan. 26, 1972	<p>State of Michigan Transmittal</p> <p>To: All Department Heads--except Highway and Education</p> <p>From: Joseph L. Farrell, Program Director</p>
Feb. 4, 1972	<p>Letter</p> <p>To: Dr. James W. Miller, President Western Michigan University</p> <p>From: John T. Dempsey, Director Bureau of Programs and Budget</p> <p>Subject: First Stage in Implementation of PBES for Higher Education</p>
Feb. 10, 1972	<p>Memorandum</p> <p>To: All Principal Department Heads</p> <p>From: John T. Dempsey, Director Bureau of Programs and Budget</p> <p>Subject: Program Policy Guidelines</p>
Feb. 17, 1972	<p>Memorandum</p> <p>To: PBES Representatives</p> <p>From: Dick Miller, Director, Michigan Council of College Presidents</p> <p>Subject: Meeting on PBES</p> <p>Meeting scheduled for Kellogg Center, Michigan State University, Room 112, 9:00 a.m., 2-25-72.</p> <p>This is important to all to know how each institution is going to meet the May deadline set by the Executive Office. Invitation not extended to Executive Office.</p>
Feb. 17, 1972	<p>Memorandum</p> <p>From: Joseph L. Farrell, Program Director</p>

Date of Document	Subject of Document
	Personnel Assignment Changes--Mr. Clay to Higher Education
Feb. 17, 1972	PERT Chart
	Schedule for preparation of FY 73-74 PPG
Feb. 25, 1972	Meeting
	Submission of IPP materials
Mar. 1, 1972	Memorandum
	To: PBES Representatives
	From: Dick Miller, Director, Michigan Council of College Presidents
	Subject: Report on Meeting at Budget Bureau
Mar. 21, 1972	Memorandum
	To: PBES Coordinators
	From: Charles Sturtz
	Subject: PBES Instructional Comments
	Reference to 2-72 and includes timetable.
Mar. 27, 1972	Memorandum
	Change No. 5 to PBES Memorandum No. 71-9
Apr. 5, 1972	Letter
	To: All Departments and Agencies
	From: John T. Dempsey, Director
	Bureau of Programs and Budget
	Subject: Budget and Program Analysis
	Division Staff Organization
	Background of each member.

## Date of Document

## Subject of Document

Apr. 12, 1972

Letter

To: Principal Department Heads  
 From: William G. Milliken, Governor

Review of past activity, future to 73-74  
 budget to program basis and rationale.  
 Reference: Program Policy Guidelines  
 (PPG) especially P-15-17 of PPG

Apr. 17, 1972

Memorandum

From: John T. Dempsey, Director  
 Bureau of Programs and Budget  
 Subject: Instructions for Program  
 Revision Requests PRR

Apr. 21, 1972

Memorandum

To: PBES Coordinators, Institutions of  
 Higher Education  
 From: Charles Sturtz  
 Subject: Revised PBES H-11 Summary  
 Forms

Apr. 26, 1972

Memorandum

To: PBES Coordinators, Institutions of  
 Higher Education  
 From: Charles Sturtz  
 Subject: Reporting of Student Employment  
 for PBES

May 10, 1972

Letter

To: All Department Heads  
 From: John T. Dempsey, Director  
 Bureau of Programs and Budget  
 Subject: Instructions of Preparation of  
 Program Revision for FY 73-74

Date of Document	Subject of Document
May 11, 1972	<p>Memorandum</p> <p>To: Mr. Charles Sturtz and Mr. Roger Foebe</p> <p>From: J. Morris Hickman</p> <p>Subject: Inclusion of Other Than General and Special Revenue Funds in the MPP</p>
June 1, 1972	<p>Memorandum</p> <p>To: Mr. Joseph Farrell and Mr. Charles Sturtz</p> <p>From: J. Morris Hickman</p> <p>Subject: Restructure of Direction and Support Activities in Programs</p>
June 26, 1972	<p>Memorandum</p> <p>To: College and University Presidents</p> <p>From: Charles Sturtz</p> <p>Subject: 1973-74 Budget Request Procedures</p>
July 24, 1972	<p>Letter</p> <p>To: Directors of All Departments and Agencies</p> <p>From: John T. Dempsey, Director Bureau of Programs and Budget</p> <p>Subject: 1972-73 Program-Appropriation Crosswalk and 1973-74 Base Program Budget Requests</p> <p>Listing timetable of Program Budget Request Events</p>
July 25, 1972	<p>Letter</p> <p>To: Mr. Richard Miller, Director, Michigan Council of College Presidents</p>

## Date of Document

## Subject of Document

From: Philip F. Jager, Education Unit  
Chief

Aug. 3, 1972

Budget Letter

To: Directors of All Departments and  
Agencies  
From: John T. Dempsey, Director  
Bureau of Programs and Budget  
Subject: Instructions for Revision of  
Program VIII, Direction and  
Support Services, and Distri-  
bution of Costs for Program  
Budget Requests

Aug. 3, 1972

Letter

To: College Presidents and PBES  
Coordinators  
From: Philip F. Jager, Education Unit  
Chief  
Subject: Program III Structure  
Statement of Objectives

Oct. 17, 1972

Letter

To: Mr. David L. Ingall, Assistant  
Director, Michigan Council of State  
College Presidents  
From: Philip F. Jager, Education Unit  
Chief

Reporting systems were deferred (impact  
measures). To work cooperatively with  
representatives from selective institutions.  
Work with R. Peter Goedert.

Oct. 19, 1972

Final Draft: Michigan's Future . . . was  
today

Comprehensive look at Michigan with the  
emerging PBES.

Date of Document	Subject of Document
Nov. 1, 1972	Summary of Terms and Classifications
Nov. 3, 1972	Letter  <div style="margin-left: 40px;">           To: Dr. John T. Dempsey, Director                  Bureau of Programs and Budget            From: Clifton R. Wharton, President                  Michigan State University            Subject: Comments to Improve PBES         </div>
Nov. 15, 1972	Letter  <div style="margin-left: 40px;">           To: Mr. David L. Ingall, Assistant                  Director, Michigan Council of State                  College Presidents            From: R. Peter Goedert, Education                  Group         </div> <p>Problem of devision impact measures as                subcategory level of program structure.          Problem of devision need/demand estimators                and student need/demand estimators.          Time frame--end of February, 1973.          Suggestions by the first week in December.</p>
Dec. 12, 1972	Letter  <div style="margin-left: 40px;">           To: Dr. E. Jack Asher, Director, Office                  of Research, Western Michigan Univ.            From: R. Peter Goedert, Education                  Group         </div> <p>Responses from institutions re: student          need/demand, career related impact meas-          ures, attitude scale toward education re-          ceived, non-instructional subcategories.</p>
Jan. 10, 1973	Letter with attached agenda  <div style="margin-left: 40px;">           To: Dr. E. Jack Asher, Director, Office                  of Research, Western Michigan Univ.            From: R. Peter Goedert, Education                  Group         </div>



Date of Document	Subject of Document
	Announcement of meeting on January 30, 1973, for institutions to respond with concerns for fuller implementation of PBES in Higher Education.
Jan. 10, 1973	Supplement to PBES for Higher Education Instructions
	Instructional Element Manpower--Financial Reporting 1974-75 Budget Requests
	A supplement to similar instructions of February, 1972.
Jan. 31, 1973	Asher PBES discussions--A guide to Michigan's Program Budget Evaluation System, February, 1973.
Apr. 6, 1973	Letter
	To: Principal Department Heads and Presidents of Higher Education Institutions
	From: William G. Milliken, Governor
	Attached Program Policy Guidelines, 1974-75
Apr. 6, 1973	Memorandum
	To: Principal Department Heads and Presidents of Higher Education Institutions
	From: John T. Dempsey, Director Bureau of Programs and Budget
	Subject: 1974-75 Program Policy Guidelines
	Lists timeline and calendar of budget cycle. Instructions on program commitment and development.

Date of Document	Subject of Document
May 2, 1973	<p>Memorandum</p> <p>To: Presidents of Collegiate Institutions            From: Charles Sturtz            Subject: Program Policy Guidelines</p> <p>Reference to future, 5-17-73, meeting.            Topic: PBES structural modifications and            1974-75 budget reporting require-            ments.</p>
May 2, 1973	<p>Memorandum</p> <p>To: Institution PBES Coordinators            From: Charles Sturtz            Subject: PBES Program for Higher            Education Structure</p> <p>Looks at structure 9 (management organiza-            tion) with a proposed program structure,            NCHEMS</p>
June 4, 1973	<p>Memorandum</p> <p>To: Presidents of Collegiate Institutions            From: Charles Sturtz            Subject: 1974-75 Budget Reporting</p> <p>Six general points.</p>
Mar. 26, 1974	<p>Memorandum</p> <p>To: Analytical Studies Committee            From: William F. Lasher            Subject: MCSCP Data Element Dictionary            from University of Michigan            prepared by Don M. Norris</p>
May 3, 1974	<p>Memorandum</p> <p>To: Directors of State Departments and            Presidents of State Colleges and            Universities</p>

## Date of Document

## Subject of Document

From: John T. Dempsey, Director  
 Bureau of Programs and Budget  
 Subject: 1975-76 Budget Preparation and  
 Development Instructions

Executive Policies and Procedures--Explicit  
 instructions to be followed with reference to  
 the Governor's letter of 4-2-74.

May 14, 1974

Memorandum

To: Principal Department Heads and  
 Collegiate Institutions  
 From: John T. Dempsey, Director  
 Bureau of Programs and Budget  
 Subject: BOB Staff Program Evaluation

Reference: Evaluation Framework 1975-76  
 Program Policy Guidelines

May 17, 1974

Meeting

PBES Coordination 1974-75 Structuring

May 31, 1974

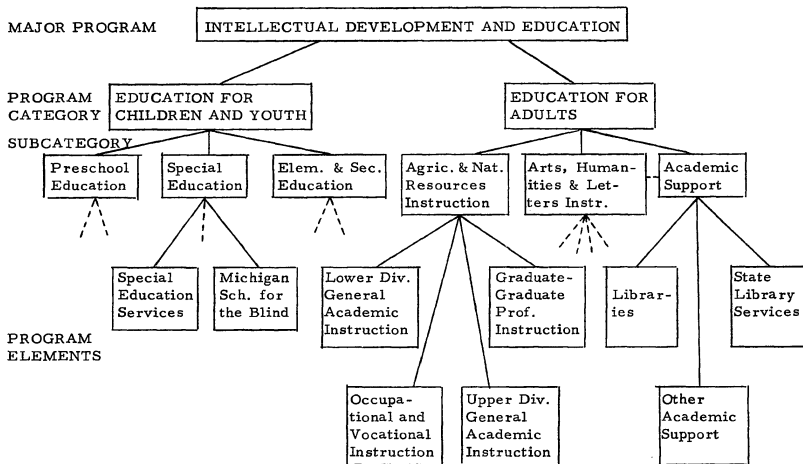
Memorandum

To: Budget and Finance Officers, State  
 Colleges and Universities  
 From: Charles Sturtz  
 Subject: Instructions for Preparation of  
 1975-76 Program Revision  
 Requests



## APPENDIX C

### PBES PROGRAM STRUCTURE



## APPENDIX D

## OUTPUT MEASURES

An output measure is a quantitative expression of the transfer of a good or service from an organization to the population, environment, or another organization. In the case of higher education instruction, the output is the knowledge acquired by the student. The available proxies for the acquisition of knowledge are credit hours and degrees. The output measures which support each instructional subcategory are:

Element	Output
Lower Division General Academic Instruction	<ol style="list-style-type: none"> <li>1. Credit hours</li> <li>2. Certificates</li> <li>3. Associate degrees</li> </ol>
Occupational and Vocational Instruction	<ol style="list-style-type: none"> <li>1. Credit hours</li> <li>2. Certificates</li> <li>3. Associate degrees</li> </ol>
Upper Division General Academic Instruction	<ol style="list-style-type: none"> <li>1. Credit hours</li> <li>2. Bachelor's degrees</li> </ol>
Graduate-Graduate Professional Instruction	<ol style="list-style-type: none"> <li>1. Credit hours</li> <li>2. Master's degrees</li> <li>3. Doctor's degrees</li> <li>4. Intermediate degrees</li> <li>5. First professional degrees</li> </ol>

The output measures are defined as follows:

Credit hours--The total of all credit hours which are formally

recorded on the institution reporting system, including passing and failing grades, incompletes, and audits or visits, and excluding withdrawals and grade changes (to avoid double counting of later grade change transactions).

### Degrees and Certificates:

Degree--Title bestowed as official recognition of the completion of a curriculum or program or for a certain attainment.

Certificate--An award for successful completion of a post-secondary program, generally of one year, but no more than two years' duration.

Associate--Designation granted upon completion of a post-secondary curriculum or program of at least two, but less than four, academic years' duration; generally granted for completion of the curriculum of a two-year institution.

Bachelor--Degree customarily granted upon completion of a curriculum or program normally requiring four academic years of post-secondary study.

Master--Degree customarily granted upon the successful completion of at least one, but sometimes two, academic years of post-secondary work beyond the bachelor's, sometimes requiring a thesis.

Intermediate--Degree customarily granted for successful completion of at least one academic year of study beyond the master's, and sometimes involving completion of all Ph.D requirements but the dissertation.

a. Specialist in Education--Professional degree intermediate between the advanced professional, or master's degree, and the doctorate. The term is used principally in Education (Ed. S.).

b. Specialist in Arts--Degree intermediate between the advanced professional, or master's degree, and the doctorate, but in the liberal arts. Limited to just a few U. S. institutions.

c. Specialist in Science--Degree intermediate between the master's and doctorate, but in the field of sciences.

Limited to a few institutions.

d. Candidate in Philosophy--Certificate or degree awarded upon successful completion of all requirements for the Ph. D. except the research dissertation.

e. Diploma for Advanced Graduate Study--Certificate awarded upon successful completion of all requirements for the Ph. D. except the research dissertation.

Doctorate--The highest academic degree in a given discipline or profession, normally based upon:

- a. Three or more years of graduate study.
- b. Satisfaction of a foreign language or statistical requirement.
- c. Completion of a special study leading to a dissertation approved by a committee of the faculty.

First Professional--A first-professional degree is defined herein as one which meets all three of the following criteria:

- a. It signifies completion of the academic requirements to begin practice in the profession.
- b. It is based on a program which requires at least two years of college work prior to entrance.
- c. A total of at least six academic years of college work is required to complete the degree program, including prior required college work plus length of the professional curriculum itself.

The output measures for the elements in the non-instructional subcategories are as follows:

Subcategory	Element	Output
Organized Research	Organized Research in _____.	1. Number of projects completed for which reports are filed.



Subcategory	Element	Output
	(12 elements conforming to the 12 instructional subcategories.)	2. Number of graduate students engaged in organized research (headcount). 3. Number of standard research units (number of faculty man-weeks spent in organized research).
Public Service	Continuing Education	1. Number enrolled in continuing education curricula (headcount). 2. Number of certificates issued.
	Community Service	1. Number of cultural program events and activities held. 2. Number of participants in cultural program events and activities (headcount).
	Cooperative Extension Service	1. Number of tests and analyses provided. 2. Number of publications distributed.
Financial Aid to Students	Financial Aid	1. Number of students receiving scholarship financial assistance (including tuition waiver). 2. Total amount of scholarship financial assistance granted (including federal funds).

Subcategory	Element	Output
		3. Number of students receiving loan financial assistance.
		4. Total amount of loan financial assistance granted (including federal programs).
	Libraries	1. Number of volumes held.
		2. Circulation rate of regular volume and periodical holdings.
		3. Number of volumes acquired.
Academic Support	Libraries	