REMARKS BY UNDER SECRETARY OF THE INTERIOR JOHN A. CARVER, JR., AT THE CIVIL SERVICE COMMISSION SEMINAR ON PLANNING-PROGRAMMING-BUDGETING, IN COOPERATION WITH THE UNIVERSITY OF MARYLAND, GAITHERSBURG, MARYLAND, MAY 19, 1966

I should like to open by saying that I am impressed by the recognition given to training needs in the introduction of the new Planning-Programming-Budgeting system throughout Government. We've had changes before: the Classification Act of 1949 in personnel administration; accounting and financial management reforms; the application of computers and automatic data processing. When these changes were introduced, however, I do not recall a concurrent recognition of the need for a major new effort in training people in the new concepts.

The Civil Service Commission and the Bureau of the Budget are making a major contribution to the success of PPB by early recognition of these needs
and the development of courses such as this one.

Though the planning-programming-budgeting concept introduced across all of the executive agencies by President Johnson last August rests on progressive steps that have been building for a number of years, it nevertheless is new and intellectually demanding enough to require more than the normal efforts to make it work.

It is important to remind ourselves that PPB is within the general trend of recent management evolution. Its ingredients are largely not new, except in their arrangement and use. Though great advances have been made in the last 5 or 10 years with some of the more sophisticated analytical techniques, these advances are largely refinements of concepts that have been around quite a while.

If PPB is not as revolutionary an idea as some
claim, neither is it "business as usual." It has much about it that is new and only very vaguely understood. Its goals clearly exceed many present capabilities.

I was asked by your curriculum director to tell you what I could about the meaning of PPB to top level management decision makers. As I indicated to an earlier class in this series, many of my remarks are actually statements of best hopes or predictions of things that might be. It is still too early to more than tentatively point to successes in rather narrow areas of inquiry. As background for these comments it would be helpful, I think, to tell you a little about how we have been working on Planning-Programming-Budgeting in the Department of the Interior.

Work on PPB actually began last May when at the request of the President, Secretary Udall set up a Budget Review Task Force to review the programs
of the Department in connection with the 1967 budget. The Budget Review Task Force was made up of the top political executives of the Department—5 Assistant Secretaries, the Science Adviser to the Secretary, the Solicitor, and the Director of the Resources Program Staff.

During the summer months the Secretary's Task Force held an intensive series of hearings with each of the bureaus and offices of the Department to review programs and to be able to make recommendations to the Secretary on program priorities. The hearings were a very worthwhile experience, though because they were new and we were searching to find a successful technique for analysis, they were somewhat uneven in many respects. However, they were a substantial departure from the historical way of doing business in the Department. We attempted to look at the programs
of the Department across traditional bureaucratic boundaries. Though we did not yet have the benefit of a Planning-Programming-Budgeting system, I think we were on the whole well satisfied--though at the same time frustrated--by the experiment.

Then on August 25 President Johnson put us on the road to full development of a planning-programming-budgeting system. We began immediately to fold the work of the Secretary's Budget Review Task Force into our early planning for PPB. In September we began work on definition of an output-oriented program structure, taking some initial ideas developed in the Bureau of the Budget. These were distributed to the bureaus and offices of the Department and in a series of meetings we began to develop agreement on a program structure.

Even at its earliest stages, the development of
the output-oriented program structure proved to be a difficult task. Inasmuch as our earliest efforts predated Bureau of the Budget Bulletin 66-3 by about six weeks, we went through several stages of confusion at the conceptual level in trying to define our program structure.

During this period several alternative methods were developed of looking at the programs of the Department. One proposal, for example, divided the entire operations of the Department on a geographic basis. This approach would have emphasized a regional approach to such things as water project planning and recreational developments. Another alternative emphasized functions performed such as project planning, construction, research, and operating costs.

Several of the alternatives considered were rejected because they clearly failed to come to grips with outputs. Other more elaborate structures were discarded because we learned early the dangers of proliferating the levels of program distribution.

One of the interesting early lessons we learned from this job was the necessity to avoid attempts to fit all of the Department programs into
a logically symmetrical program structure. Though it is obviously very desirable to treat similar programs in the same way, regardless of who does them, it is very difficult to insist that all program definitions conform to the same kind of output analysis.

For example, we have elected, after considerable study among some very worthwhile alternatives, to treat programs in the field of water by geographic river basin. The structure which we are now using looks at river basins as a unified hydrologic system for decision making. Within a river basin differing water uses--such as irrigation, municipal or industrial water supplies, or flood control storage operations--are treated as trade-off opportunities and competitors. To this we have added operational programs and research efforts directed at the water system itself--desalination, data collection and water reuse. This
program structure emphasizes the competitive character-istics of various water uses and the interrelationships between water uses and programs to change the quality or quantity of water available. This approach also highlights water supply and demand relationships in a geographic region.

Another approach which we considered would have looked broadly nation-wide at water being used for various purposes. Geographic considerations would have been structured lower in the analysis. This approach would have emphasized individual water use requirements or programs to meet specific water needs regardless of geographic location.

Geography also seemed very important in defining programs for the production of migratory waterfowl. Here we choose to look at the problem in each of four major continental flyways. Interestingly,
though we manage waterfowl production by flyway, the recreational opportunities afforded are treated in an entirely different way under a general program called recreation.

As I am sure you are aware, the Department of the Interior has a major role in various recreation-oriented programs. Included are the operations of the National Park Service, the Bureau of Sport Fisheries and Wildlife, the Bureau of Outdoor Recreation and parts of the operations of the Bureau of Land Management and the Bureau of Reclamation. Recreation proved to be our most difficult area in the development of our output-oriented program structure.

Our earliest attempts to analyze recreational programs were highly oriented to the bureaucratic structure—that is, treating the national parks, national wildlife refuges, and water project reservoirs
as distinctive outputs. Gradually, as we wrestled with the topic, the bureaucratic orientation began to fade away as we tried to focus on the end products involved in the programs.

As our analysis deepened the relevant turning point seemed to focus more and more on some basic measure of population distribution, and, in the end, we have chosen to relate our recreation programs directly to data on the nine statistical regions defined and described by the Bureau of the Census. This definition will permit many forms of analysis and the development of data along lines compatible with the way in which a wide variety of economic and demographic information are kept—data on incomes, population and age distributions, leisure, consumption, expenditures, and so forth.

These are basically the only programs of
the Department that have been structured in a geographic dimension. Others certainly could have been treated in much the same way, but for now it does not seem necessary to force other programs to fit this method of approach just for the sake of logical consistency and structural uniformity.

In the development of our program structure there was a long and at times arduous dialogue between my central PPB staff and the bureaus and offices of the Department. It has been my objective to achieve bureau involvement, and bureau determination to incorporate the analytical approach in the decision making process into the whole fabric of the Department of the Interior.

Unlike some other agencies, we have not elected immediately to create a large central PPB system. We rely heavily on existing program expertise, knowing
that expertise, tuned to this technique, will in the end become as useful to the bureaus and offices as we are confident it will be to the Secretary and the President.

Since the work on development of Interior's program structure, the Secretary has taken steps to implement system development. The Under Secretary was designated responsible official for design of the system and for its operations and Office of Program Analysis was established in the Office of the Under Secretary. In addition, the Secretary's Budget Review Task Force has been given permanent status as an advisory committee on planning-programming-budgeting. The Advisory Committee has met several times in the last three months to keep abreast of PPB developments. I think this step is a very important part of making the Planning-Programming-Budgeting system work in the
Department because it will firmly link line authority and political responsibility with the planning-programming-budgeting process.

The staff of the Office of Program Analysis has spent an enormous amount of effort in development of the Department-wide PPB system. This has taken the form of a handbook of formidable dimensions which spells out both concepts and procedures for the spring preview on the 1968 fiscal year budget.

We met our deadlines for the spring preview and have submitted our Multi-Year Plan and Program Memoranda to the Bureau of the Budget.

We are now in the process of adding a professional PPB man to the personal staffs of each Assistant Secretary. Several of the major bureaus and offices will similarly have professional PPB staff men in the near future.
We have taken PPB very seriously in our Department and a great deal of effort is being put into it. More is yet to come.

The question most often asked is: "What can PPB do for us?"

This is an entirely fair question.

Some people have argued that PPB is going to make decisions "better", more "rational", or more "realistic."

I'm not sure it will do any of these things. And, in any event, I think such arguments miss the point.

To argue that PPB will promote "better" decisions comes dangerously close to saying something has been fundamentally wrong with decisions in the past. I would not argue that they have been wrong, nor would I be very sympathetic to such
a blanket condemnation of anyone's decisions. As we observe the past with the 20-20 vision of hindsight, it is only fair to judge a decision within the context of what the decision maker then knew.

PPB cannot help any past decisions.

But, hopefully, PPB can assure in the future as much information as possible so that whatever decisions must be made will be made with the fullest possible knowledge about their consequences.

I don't know how it could be argued that decisions will be any easier, either. Few decisions are ever made easier by knowing.

It seems to me, however, that there are several more important things that PPB can help do.

The new planning-programming-budgeting emphasis has provided opportunity to state explicitly, in 1966 terms, the goals and objectives of Federal programs.
As we have worked in doing this, we have not been content to look only at past declarations of principle and legislative authorities. We are deliberately going behind such documents in attempt to re-discover the need and rationale for on-going programs in present-day terms.

This is a very difficult undertaking, not only because it hasn't been done for a long time, but also because the inherent complexity and pluralism of our society and of our government does not easily yield to efforts to be explicit. Many programs rest on philosophical rationales inherently difficult to communicate explicitly. How, for example, can we be explicit about the need for programs to help rare or endangered fish or wildlife? Can values be placed on the preservation of natural beauty, and if such values cannot be expressed in monetary terms, as seems likely, how
can we be adequately explicit about the non-financial values involved?

By the process of being explicit PPB can sharpen our sense of values and proportion in making judgments about public programs.

It can be an important step in bringing together all of the activities of the Government under a unity of purpose. It can make important the work being done by even the smallest or least known unit of the Government by relating it to major programs.

PPB can give us a chance to know and direct all of the work being done by the bureaus, not just the crisis-oriented issues that crowd our desks and the annual incremental changes that each year are made in the budget.

It can give us opportunity better to identify priorities among activities, not only comparing the
new things we want to do with each other, but also comparing them with all of the things we are now and have been doing.

We hope PPB will help us better understand the real costs inherent in decisions by treating total costs, not only in the short-term but over the life span of the relevant system. Even if a candid administrator admits to the inclination to want to over-emphasize (and perhaps over-state) the benefits that will flow from a decision, it has often been difficult for an equally candid decision maker to know what the real costs are. By no means are costs an easy thing to measure or estimate, above all as we plan for the future. If we can be more systematic in the way we treat costs, it may be possible to be more explicit about them and in the process substantially increase confidence levels, specifically among Congress and the public.
In addition, a better understanding of costs will put perspective on the future implications of decisions now being made or considered, even though short-term costs may not be unduly burdensome. One of the very frustrating aspects of the hearings held last summer by the Secretary's Budget Review Task Force was the verification of the degree to which the opportunities for decision making among competing priorities were preempted by heavy commitments made in the past, both short term and long term.

But possibly the most significant aid to decision making represented by PPB is the priority with which this system, and this approach to management places on the development and analysis of alternatives. This is probably the newest thing inherent in PPB.

It has long been an axiomatic of management
science that completed staff work consists of carrying a proposal through to a stage of development such that an administrator can sign it or reject it. Though in a spotty way there has been recognition of the desirability of providing alternatives for decision making, the administrative process has not heretofore placed either a requirement or an incentive on staffs for development of full-blown alternatives as a regular and systematic part of staff work.

The staff function has generally been one of developing, then advocating, then pursuing a single staff position. PPB suggests, and will in fact require, the development of alternatives which the decision maker can consider.

In this sense PPB attempts to institutionalize the process of change. Hopefully, administrators will find the development and articulation of alternatives
useful and, more hopefully, it will be possible for decision makers to reward the development of good alternatives by rational choices that demonstrate their usefulness. This means that if PPB is to be effective it should be possible to recognize the relevance of good PPB staff work in the kind of decisions being made.

Most of these values which will flow from the PPB systems now being developed will have their immediate payoff in the decisions of men at the Cabinet level, in the Bureau of the Budget, and by the President. I think, however, there is a larger payoff which can in the long run be of at least equal significance. I am here talking about the relevance of the PPB approach to decision making in the legislative branch. I am one who places great emphasis on the policy making role of the Congress, while at the same time I am an advocate
of strong executive leadership. Let me say parenthetically that as a student of both branches of Government I do not find these notions incompatible or inconsistent.

The appropriations process and budgetary oversight is a vital function of the Congress. In the final analysis the whole budget development process culminates in Congressional decision making. Recognition of this vital relationship seems to me an important element of understanding PPB in a decision making context. PPB can neither ignore the needs of the Congress nor circumscribe Congressional authority. To me this means improving communication with Congressional committees in every way possible and furnishing not less but far more needed information and analysis for the legislative process.

Though our first year's efforts in PPB have not satisfied us, we have made an excellent start and
the value of the process has already been demonstrated. We have for the first time brought together all of the programs of the Department of the Interior that contribute to meeting individual goals, without regard to bureaucratic institutions.

We have given our planning a measure of time and cost consciousness that only existed in bits and pieces before.

We have identified areas in which the opportunities for more effective application of our program efforts promised large possible payoffs in the future. To a degree never before experienced, we have linked and involved line and program managers with the budgetary process.

I have not dealt with a larger context of PPB that I should at least mention before closing. This is the relation of the new planning-programming-budgeting
concept to the larger issues of the allocation of economic resources as public expenditures affect the national economy as a whole. Budget Bureau Director Schultze treated this subject at some length in his testimony before the Subcommittee on Fiscal Policy of the Joint Economic Committee on July 22, 1965. Those hearings have been printed and I urge that you read them if you have not done so. New dimensions of federal management are based on considerable understanding gained in recent years of the relationship between Federal expenditures and economic policies and the national economy. Of course, there is substantial controversy over specific issues or program objectives but almost no one will today assert that Government has no impact on economic growth, prices, wages, and other indicators. The Planning-Programming-Budgeting system rests on an
understanding of these relationships and tries to fit together in a more rational way all of the forces generated by the national Government in support of national economic and social goals.

The relating of the things done at every level of Government to the higher national purposes for which we as a Nation strive is the highest objective of PPB. It is a most difficult hill to climb. There is temptation among the practitioners of the technological arts of systems analysis and economics to ignore or scoff at the articulation of broad national issues and objectives in purely philosophical terms. The deeply felt needs of people are seldom characterized by mathematical equations regardless of how sophisticated the model. There is adequate room for the unquantifiable dimensions of our national life in the concepts and practices of PPB. They, too, must not be ignored.