ABSTRACT

Part I provided an overview of PPBS, some discussion of PPBS implementation in the U.S. government, and a review of the arguments for adopting PPBS in postsecondary education and the various kinds of work that have been done toward this end. In part II, we discuss the experience of the University of California with PPBS from 1966 to 1971. Part III, to be published subsequently, will suggest some new departures in model construction and policy analysis which we believe represent a useful spirit in which further development can and should occur, and will also contain some general concluding observations.

Introduction

As of 1971, PPBS as a formal system of justifying and negotiating resource allocations by the State government to the University of California, and as a system of internal resource distribution and priority allocation, has turned out to be relied on only to a quite limited degree. Some of the intensive PPBS design efforts of earlier years continue to undergo further development, but the pressures of events and of differing perspectives have led toward other forms of analysis and other approaches to resource decision and, to a considerable extent, away from the complete implementation and usage by all parties of a PPBS structure as originally envisioned.

A recounting of this recent history may be instructive to those who are "believers" and also to those who, mistakenly in our view, have held to the proposition that all must be intuition in the politics and policy formulation of budgeting and resource allocation in universities.

The specific history of PPBS in the context of the University of

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California and of California State government began with parallel efforts in both institutions during the period 1966–68 to commence to design and develop appropriate new concepts for PPBS. In both the State government and the University there were foundations which could be built upon. In the early 1960's the University had overhauled its methods of budget preparation and presentation to the State and had made parallel improvements to its internal budget administration.

Classical "line item" or object-class concepts were superseded by a "function and performance" schema and by the use of ratios relating many types of resource requirements to workload indicators. Budgeting for capital outlay continued to be done by assembling the cost magnitude for each capital project, but underlying space standards and activity statistics were heavily used in determining which projects had priority and in justifying components of the capital budget. Both the capital budget and the operating budget were constructed and presented to the State in terms of a multi-year horizon: the last year of actuals, the current budget year in progress, the forthcoming year's proposed budget (the operative budget for State government decision), and projections beyond the operative year for four or five years into the future, assuming continuation of the path of enrollment growth and institutional development. A thorough procedure of internal hearings, review and analysis at the University's campuses and in the President's office led to the President's adoption of a proposed budget for presentation and adoption by the University's governing board and transmission to the Executive Branch of the State government. During the 1960's, up to the State's 1967–68 budget decision, the difference in total magnitude between the University's proposal (the "Regents' Budget") and the operating budget allocation finally adopted by the Legislature and signed into law by the Governor was typically very small—of the order of one or two percent.

For its part, the State government already had a highly regarded, systematic budgeting process. In the Executive Branch, the Department of Finance's Budget Division performed a detailed analysis and review of agency proposals and assembled the overall Governor's Budget for presentation to the Legislature. Other groups in the Department of Finance developed a base of descriptive statistics and demographic forecasts for the use of the State government and its agencies, and analytical groups worked for the Director of Finance on pending longer-range issues of State programs and resource priorities. California had also developed a uniquely powerful and professional capability for fiscal, budgetary and policy analysis for the Legislature. This was the Office of the Legislative Analyst, who worked for the Joint Legislative Budget Committee. The Legislative Analyst, A. Alan Post, has held this post for many years and is