Priority-Setting for Federations: An Important Tool for Community Planning and Budgeting*

MAX L. KLEINMAN

Assistant Executive Director, United Jewish Federation of MetroWest, New Jersey

. . . outlined [in this article] is a process which will take into account a number of different variables, including needs identified through demographic surveys, judgements of leadership, agency assessment and input, program budgeting, evaluation and other notions.

THE issue of priority-setting is not of recent vintage. The Talmud outlined the dilemma of priority-setting when it stated: "May I be among the collectors of communal funds and not among the allocators."[1]

Jewish law has addressed the important issue of priority-setting within the Jewish community. The *Code of Jewish Law*, for example, states that the poor of one city take precedence over the poor of another, and the poor of Israel take priority over the poor of the Diaspora. Obligations to local residents precede those owed to the transient poor, and one's impoverished family members take priority over all other poor individuals. Finally, *Pidyon Shivuim*, the redeeming of captives, takes precedence over providing food and clothing for the poor.[2]

Priority-setting today has different dynamics because we are dealing with voluntary communities, not the *kehillot* and quasi-legal Jewish communities of the past, which, in many cases, had the power to tax and legislate. We also interact with well-established agencies which have their own entrenched power bases. The one common thread, of course, is the fact that there are never enough resources to meet the full and total needs of the community.

We all engage in priority-setting, whether we like to admit it or not. During our annual allocation cycle, we make decisions about who should get additional dollars available, and who should not. Priority-setting does not change the dynamics of decision-making. Instead, it provides for a planful way of confronting the problem of limited resources and unlimited need. Priority-setting requires a macro, rather than a micro view of the needs of the Jewish community, so that at least, we have a better overall perspective of what our decisions will achieve and what they will ignore.

Jewish communities, of course, are not the only entities attempting to set priorities systematically. The state and federal governments and the United Way have also confronted the problem of how to establish proper priorities. An example of priority-setting in the public sector is the program planning and budgeting system, popularly known as PPBS, which was introduced in comprehensive fashion in the early 1960's. This approach was a reaction to the New Deal system of budgeting and evaluation, which assumed that services provided were proportionate to benefits received, that more teachers and classrooms would mean better education, and more doctors and hospitals would yield improved medical care. The equation of government performance

---

* A slightly modified version of this paper was initially presented at the Council of Jewish Federation's Social Planners' Institute, September 4, 1984.

[1] *Shabbat 118 b.*

[2] *Shulhan Arulch, Yorah De'ah, 51:3, Mishneh, Sanhedrin 4:5.*

with public benefits meant that it would suffice to measure outputs without measuring the outcome or benefits of programs.[3]

The program planning and budgeting system challenged this assumption by demanding that the outcomes themselves be evaluated, and priorities be set based on these evaluations. The PPBS system has five distinguishing features: Program accounting, multi-year costing, detailed description of activities, zero-based budgeting and quantitative evaluation or cost benefit analysis.

Program accounting is an attempt to classify expenditures in terms of specific programs. This is very similar to program or functional budgeting. Multi-year costing is the expectation that desired programs would be costed out for two to three years in the future. Detailed descriptions of activities imply the setting of detailed objectives. Zero-based budgeting is an attempt to review all programs from the ground up and not merely in terms of incremental changes proposed in the budget year. Finally, cost benefit analysis is an attempt to measure costs compared to the benefits derived from each specific program in an effort to determine whether the project is justified.[4]

PPBS was first used in 1963 by Secretary of Defense Robert McNamara. Given the data required, however, the paper work became so unwieldy that PPBS literally crumpled under its own weight. In the final analysis, PPBS failed because it was seen as a threatening process without any dividends for the agency, a critical issue for any Federa-

tion network of agencies. There were also significant measurement problems in determining benefits. What, after all, is the value of a life saved versus the required costs![5]

One component of the PPBS system, zero-based budgeting, was popularized by Jimmy Carter when he was Governor of Georgia. Subsequent studies were conducted on states which ostensibly had accepted zero-based budgeting. In virtually every instance, however, zero-based budgeting had reverted to incremental budgeting, in which the base is protected and key decisions were made regarding expenditures above the pre-set base.

Why did zero-based budgeting fail? There were too many political interests which would be let loose if a significant aspect of the base were to be eliminated. The political cost of breaking faith with citizens on matters which were thought to have been resolved in the past was too high. As one agency budget officer commented, "those people who depend on what we are doing here get together with their representatives in a big hurry, if it looks like their budget is in trouble."

Of course, internal pressures from bureaucrats within specific agencies, whose first responsibility is to protect their "turf," are also enormous and provide a significant hindrance to the implementation of zero-based budgeting plans. As Thomas P. Lauth wrote in the *Public Administration Review*, "Zero-based budgeting has had a difficult time penetrating existing budgeting practices, precisely because those traditional practices have served the political interests of most of the participants in a budgetary process. Zero-based budgeting, therefore, has institutionalized a process by which incrementalism received greater

[3] Allen Schick, "A Death in the Bureaucracy: The Demise of Federal PPBs," *Public Administration Review*, Vol. XXXIII (1973), pp. 146–56.

[4] Leonard Merewitz and Stephen H. Sosnick, *The Budget's New Clothes, A Critique of Planning-Programming—Budgeting and Benefit—Cost Analysis.* Chicago: Markham Publishing Company, 1971, pp. 2–5.

[5] *Ibid*, pp. 273–279. Aaron Wildovsky, "A Budget For All Seasons? Why the Traditional Budget Lasts," *Public Administration Review*, Volume 38, No. 6, pp. 504–505, 506, 508.

credibility under the mythology of the zero-based budgeting system."[6] ZBB failed because it underestimated the political environment in which government operates.

In the voluntary sector, the United Way has done the most intensive work in the area of priority-setting. Even as early as May, 1974, over twenty United Ways had priority system reports on file with the national office of United Way. United Way priority systems have run the gamut from the rank ordering of program services, agencies' needs and problems, geographic areas and population groups.

Nevertheless, it is important to recognize that United Ways have a different relationship to their system of agencies than do Federations. Their relationship is more formal, less "incestuous," and more subject to external pressures. For example, the United Ways have received enormous pressure to include non-traditional agencies, particularly those initiated by minority groups, within their system. Accordingly, there have been instances where United Ways accorded high priorities to services which would attract these agencies into their fold, thereby providing less dollars for the more traditional agencies, including Jewish ones. Some priorities established within the United Way have had the effect of deleting programs which had enjoyed funding for many years. In certain instances, there has not been an attempt to protect the base of what the agencies considered essential services. Some United Ways have even ranked priorities of programs delivered by agencies which are not even included within the United Way system.[7] Such a

situation, of course, could not be tolerated for long with most Jewish Federations. Yet, because of the breadth and scope of the United Way and the external pressures alluded to above, it is more accepted.

Today, United Way also has a tendency to emphasize programs over agencies. Federation's perspective is the opposite. Nevertheless, there is no question that United Way has done the most work in priority-setting in the voluntary sector, which has value for the Federation experience.

As stated earlier, all Federations engage in priority-setting. The challenge is whether this priority-setting takes into account the total needs of the agencies and the community; whether the individuals who make these decisions have the ability to take the macro view of needs, and whether they would have original jurisdiction over what the priority thrust for funding should be. Planned priority-setting is certainly preferable to a system which responds primarily to crisis and overt political pressures even after recognizing that we all operate in a political environment.

A sound priority system should include the following elements:

1. An effort to define all the services within the Jewish community. This defining process should be as comprehensive as possible and include all the different kinds of program categories provided by the Jewish community. They should also be mutually exclusive. For instance, once a decision is made to include nutrition services

[6] Thomas Lauth, "Zero Based Budgeting in Georgia State Government: Myth and Reality," *Public Administration Review*, Volume 38, 1978, pp. 420–428, 426.

[7] *The Painful Necessity of Choice: An Analysis of Priorities, Plans and Policies in the United Way Movement.* Alexandria: United Way of America, pp. 1–26. For an example, of the external pressures on United Way, see the *Newark Star Ledger*, Friday October 5, 1984, pp. 1 and 9. This news story outlines United Way's potential loss of its monopoly among state employees because of pressures exerted by minority charities. There is the consequent pressure on United Way to provide some sort of funding to those competing charities.

under a meals program, it should not be reincluded under the category of services to the elderly.

2. As much demographic and budget data as possible should be provided on each of the service categories. For example, on nutrition for the elderly, how much is being spent currently and as a percentage of all local services? How many older adults are unserved? This should be incorporated as support information to complement service definitions.

3. A role for local agencies in this process is critical. These agencies are the instruments of the Jewish community to meet service needs. They have the most direct experience with clients and should understand human needs better than a Federation committee or task force. They are also a part of the Jewish decision-making infrastructure, whether formal or informal. It is therefore essential that agency input be incorporated in any priority-setting process.

4. As many different sectors of the Jewish community as are possible should be included in the priority-setting process. If the opinions of synagogue leaders are important, then the opinions of those individuals who are involved in Federation, who are also synagogue leaders, should be incorporated in the priority-setting process. Informal rather than formal representation should prevail with the major litmus test being an individual's concern for Federation and its agencies.

5. Priority-setting must be linked to the allocation process, so that key decisions have significant impact on allocations for succeeding years. Otherwise, it becomes just an academic exercise and will have

the effect of alienating leadership involved in this process. Let me note that in most cases assigned priorities have an impact on programs requested *above* the agency's "protected" base for budgeting.

One of the most established priority-setting processes is Cleveland's. In Cleveland, the process includes three components: community value rating for services, the agency's own priority, and the rating and planning committee's judgment on the quality of the program.

The community value rating for a particular service is the result of the subjective opinion of leadership about the value of a specific service in the community. The assigned committee first reviews a comprehensive listing of service definitions provided by agencies. The UWASIS service classification developed by the United Way may be helpful in developing this taxonomy. Leaders then rank the importance of programs based upon a review of service definitions for all agencies. Cleveland uses a modified Delphi technique, in which there is anonymity, but also controlled feedback in a sequence of rounds to justify positions taken, all in an effort to achieve a sound consensus.

Panel members review in their own minds the extent to which the service contributes towards achieving the goals of the Jewish community, the degree to which delivery of these services is the responsibility of the Federation and its agencies, and the need for the service within the community. The community value rating accounts for 25 percent of the total score of 100 points.

The second component of Cleveland's priority-setting system is the agency's own priority for each supplemental program package which is presented above the approved base. This receives 25 points of the final score.

The third component is the rating committee and planning committee's judgment of the quality of the program, based upon consideration of three criteria: The program's impact on the client; the impact on the community; and the impact on the agency. The rating and planning committee's judgment receives 50 points of the final score.

Scores of the rankings for these programs are then submitted to the budget committee for its review. In the Cleveland case, the judgment of the community planning committee has generally been adopted by the budget committee.[8]

The Los Angeles Jewish community has recently adopted its own community priority system. Using demographic data from its 1979 Jewish Population Study, and information from key informants to ascertain the scope of need within the Jewish community, Los Angeles has developed a data bank of need. L.A. believes that "an informed priority-setting process is predicated on the availability of a valid and current data base, and used by the groups designated to do these service rankings."[9]

In addition to these assessments, demograhic, programmatic, fiscal and service delivery information is also provided about each of the 28 services to be ranked. Like Cleveland, the Jewish Federation Council of Los Angeles classified each of its programs into broad service classifications.

Since Los Angeles is divided into five regions, it also distributed a regional needs survey to elicit program needs facing Jews in that specific region. After regional rankings were completed, the central Jewish Federation ranking team

was constituted to do the final rankings. This body consisted of the following groups: The Federation Planning and Budget Committee, Executive Committee, and five agency Presidents. Four criteria were given equal value in the ranking process:

A. Does the service address the vital needs?

B. Does the service have an impact on the problem that it is designed to address?

C. Does the service strengthen the Jewish community?

D. Does the service represent a fiscally sound and appropriate investment of funds?

Each of these criteria receives corresponding values of one to four. Services receiving high scores receive preferential support. Those of an intermediate level would receive ongoing support and those of lowest levels would receive reduced or no support at all. These rankings are then applied to programs included in agency budgets above the pre-determined allocations base.[10]

The Los Angeles system, therefore, incorporates many of the elements of the Cleveland system, provides for a more institutionalized flow of data, but does not give separate numerical weights in its priority-setting system for the opinions of agency leadership regarding the priority of one program versus another, although the votes of agency presidents are incorporated in the process.

There are a number of collateral issues to priority-setting. First, it is important to differentiate between programs and administrative services, such as professional resource development, fund-raising, work with boards of directors, and administration. These categories apply to both Federation and

[8] Correspondence from Stephen Hoffman, now executive Director of the Jewish Community Federation of Cleveland, to author on July 8, 1980.

[9] *Report of the Jewish Federation Council Community Priorities Committee*. Jewish Federation Council of Los Angeles, February, 1984, p. 6.

[10] *Ibid.*, pp. 14–22.

its agencies and are in support of programmatic functions. These should not be ranked in terms of priority-setting, but should be seen as part of the ongoing budgetary review of the agency. A very important principle in Federation work is that we not only support programs, but also attempt to strengthen agencies themselves as important community organization instruments.

Second, much of the work in priority-setting deals with decision-making as it impacts on the *increment* above the base budget. What can or should we do about the base budget itself? Should we have an ongoing evaluation process of the base budget? As stated above, zero based budgeting process is too politicized and time-consuming to have any major impact on priority-setting.

However, a program budgeting system for all agency programs may be helpful at least to identify cost centers for specific programs. It would also be beneficial if timely and *uniform* cost factors could be developed for programs by national agencies which would enable Federations to compare unit costs of the same program as delivered within one community versus another. This would probably be the only sound way to compare costs for similar programs. Unfortunately, many of these service statistics are not available. A more fundamental difficulty is the fact that a uniform format for distributing overhead among different programs has not been developed.

Third, an annual evaluation of newly-funded programs should be initiated. This is probably the only key opportunity for evaluation at agencies other than for programs which have clearly outlived their usefulness or are conspicuous problem areas. Evaluations should be as simple as possible, perhaps comparing the objectives which were laid out initially by the agency to those objectives which were actually achieved.

Lastly, it is essential to re-evaluate priorities on an ongoing basis. Perhaps a cycle of review every two or three years should be instituted to ensure that the priority-setting process is fresh and up-to-date.

What this article has now outlined is a process which will take into account a number of different variables, including needs identified through demographic surveys, judgments of leadership, agency assessment and input, program budgeting, evaluation and other notions. This is not an easy process, but I believe it is clearly preferable to the ad hoc process which takes place too much in our own communities.

In addition, if the priorities as outlined by the community are valid, and represent a proper consensus, then it also represents a blueprint for services in the future. To the degree that an agency can tailor its programs to meet those needs, consistent with its mission, the agency will be better for it, and so will the community.

While not a panacea for the ever-present problem of budgeting scarce resources for unlimited needs, priority-setting is, at least, an attempt to make some inroads into funding those services which best meet the needs of a community at a particular time. As such, priority-setting is a very valuable tool.

Designing Community Population Studies that are Used: A Model for Decision-Making

BRUCE A. PHILLIPS

Hebrew Union College-Jewish Institute of Religion, Western Campus, Los Angeles

. . . the population study is . . . widely recognized as the single most important source of information about social change in the Jewish community.

Introduction

Probably the greatest obstacle to a community's undertaking a population study is the fear that it will not be used. Tobin and Boguslaw, for example, have recently noted in this *Journal* that "all too often we hear the complaint that a report, particularly a Jewish demographic study, 'sat on the shelf' after its completion."[1] There are two obstacles to the utilization of a demographic study for decision-making. The first obstacle is that the demographic study itself marks a transition to a new level of planning, thereby complicating the utilization of study findings. Second the demographic study itself disrupts the rhythm of Federation life and the flow of ongoing planning.

Because Federations do not routinely conduct large scale research projects, there are no established procedures for the integration of data into the decision-making process.

Thus, the decision to conduct a study implies the incorporation of a new or expanded model for planning. The normal allocations process which plans only for the year ahead will now be augmented by more "long range" thinking and the establishment of "community priorities." Not only must the study findings be integrated into a planning process, that very planning process has been changed by virtue of the study. Procedures and planning structures are thus needed for the integration of demographic data into decision-making, and strategies must now be developed for the coordination of long range planning with the annual allocations process.

Addressing these problems in an organized and coherent manner is further complicated by the disruption which the study itself imposes on the rhythm of Federation life and the flow of ongoing planning. Even before the study has begun it has disrupted the on-going work of the planning staff who have added the responsibility of working with a demographic study committee. Once the study is funded, the planning staff must coordinate between the study committee and the outside consultant who will conduct the research[2] The demographic study committee further disrupts the work of ongoing planning committees, for as soon as the study begins, these committees must choose between postponing important decisions

[1] Gary Tobin and Nancy Boguslaw, "Developing a Data Utilization System for Jewish Demographic Studies, *Journal of Jewish Communal Service,* Vol. 60, (Winter, 1983) No. 2, p. 104.

[2] Steven Huberman, "Using Jewish Population Study Data for Decision Making: Theoretical Considerations and Practical Experience," in Steven M. Cohen, Jonathan S. Woocher, and Bruce A. Phillips, (eds.), *Perspectives in Jewish Population Research,* p. 48.