

# The Armed Forces and The Performance Budget

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**S**INCE July 1 of this year, the military arm of the Republic has been placed on a performance budget basis as a part of a pattern to bring about "sound business management in the government," to quote President Ramon Magsaysay, where activities are based on programs and projects, and where accomplishments are measured by end-results.

## Operating Budgets

The first requirement, upon the approval of the appropriations of the Armed Forces for the current year, was the breaking up of the same appropriations into operating budgets. In the Philippine Army, this refers to a complete budget for each of the major commands, better known as First Military Area, Second Military Area, Third Military Area, Fourth Military Area, and Philippine Army Training Command.

The determination of what should go into an operating budget, a task never before done in local budgeting practice, proved to be difficult. It meant the ascertainment first of all of what should

be accomplished at the established operating levels. This was not hard to make because all military installations have their respective functions to perform. The estimate of goals made previously was therefore merely distributed to serve as a guide for actual performance or accomplishment by the organizations concerned.

The estimate of the probable expenses of all programs and projects in units where execution of the plan of work had to be made was not as easy as in the assignment of tasks. First, the entry of personalities was only minimized and could not entirely be avoided as usual; and second, the appropriations to be distributed was inadequate.

The general tendency of anyone to get more and more, as in anything that concerns life, is understandable. The more funds for a program or a project, the better. Accordingly, when distribution plans are not approved, the conference method is resorted to in order to thresh out differences of opinion, have one brass meet another,

and have a command decision settle all, when no common understanding is arrived at.

### Problems

The execution of a performance-type budget at operating levels, as we are experiencing it in the Philippine Army, has its advantages and disadvantages.

° Whereas before, an operating installation was spending and letting some outside unit do the worrying for acquisition of funds, the Military Areas and the PATC are forewarned and pegged to what appears in their respective operating budgets. Sometimes, the actual re-

leases may be less depending upon the availability of cash in the National Treasury of the Philippines.

The main difficulty involved in operating budgets is the costing and reporting angle. Unit cost which means the complete expense of the government in operating and maintaining a particular installation, program or project for any one month is not as easy to make as to say it. Any officer or enlisted man cannot do this job right away. A lot of explanation is needed most of the time. This means delay that sometimes results in timetables being over-shot.

Another problem pertains to ci-

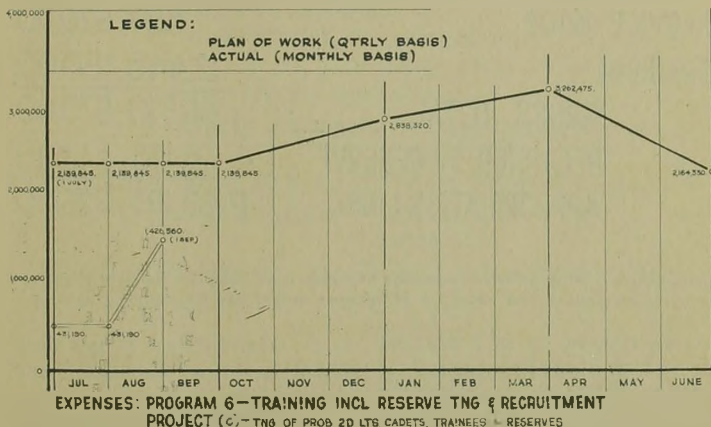
## MEASURE OF WORK (BUSINESS MGT)

1. No. of physical examinations made
2. " " patients treated
3. " " laboratory examinations made
4. " " patients admitted
5. " " patient days
6. " " researches completed
7. " " patients evacuated from hospital
8. " " patient discharged
9. " " items of supplies recieved & Used
10. " " operations performed
11. Etc.... Etc.... Etc....

vilian personnel. The cause of this problem is that, under performance budgeting, funds can no longer be generated from "maintenance and repair" appropriations by the technical services to support civilian personnel at major commands. Funds for the purpose of employing laborers, mechanics, etc., are actually budgeted, but the ruling is to the contrary. It is prejudicial to the normal military effort. For this reason a request has been made to the Au-

themselves.

The Philippine Army has probably gone ahead of the other major services by publishing work measurements for effective business management as distinguished from those for budgetary purposes on an army-wide scale. With it, all Philippine Army installations at the operating levels are required to record their output day by day, week by week and month by month. There is thus a self-sustaining and self-improving man-



ditor General and the Commissioner of the Budget to reconsider the ruling. The request is still pending.

### Innovations

"End-results," which must be related to work goals, and appropriations which must be related to actual expenses, appear not quite understood until now. Even those who used to laugh at the honest efforts of others in the direction are rapidly becoming enthusiasts

agement system which no lecturer, or hordes of his kind, can dare challenge as to its effectiveness whether as to efficiency, cost or any other factor.

A work simplification program will be embarked upon in the near future by the Philippine Army. It should have been started a long time ago. Many fiscal years have passed without anything being accomplished in this line.

The making of basic progress

# APPROPRIATION, PA

MILITARY PERSONNEL	₱ 47,094,530.00
TROOP FACILITIES	5,292,580.00
MEDICAL & DENTAL	482,960.00
SUPPLY DISTRIBUTION SERVICES	108,000.00
SERVICE - WIDE	887,620.00
TRAINING	<u>12,445,180.00</u>
GROSS TOTAL	66,310,870.00
REQUIRED 5% RESERVE	<u>3,115,543.00</u>
APPROPRIATION LIMIT	₱ 63,195,326.00

*Data are now being gathered to provide a sounder basis for planning more effective control over expenditures under the Performance Budget and for improving services.*

charts, intended to be a financial as well as a management tool, is another Philippine Army activity that has been initiated. This is being done only at the comptroller level for the time being. In the future, major commands will be required to maintain standard progress charts suitable for their requirements in addition to charts which they may have already designed.

### Conclusion

Despite the problems being encountered, Performance Budgeting

in the Armed Forces in less than a year is well on the road. Data are now being gathered to provide a sounder basis for planning if not for exercising more effective control over expenditures. Data are being gathered as a basis for reducing cost and improving services. Figures are likewise being gathered for a clear and concise statement of services to be provided by the government. The effective rendition of government services out of the tax-payer's peso

