

EVALUATION POLICY AND PRACTICE IN ONTARIO

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Abstract: This article tracks the evolution of program evaluation in the Ontario public service from the adoption of a formal policy on evaluation (activity review) in 1988 to the emergence of corporate planning and an emphasis on performance management under the current government. It argues that there are reasons for optimism regarding an increased role for evaluation in Ontario, but suggests that there remain several impediments to the development of an evaluation culture within the Ontario public service.

Résumé: L'article suit le cheminement de l'évaluation de programme dans la fonction publique de l'Ontario, de l'adoption de directives d'évaluation bien définies (révision de l'activité) en 1988 à l'apparition de la planification centrale et à l'importance accordée à la gestion du rendement sous le gouvernement actuel. Il offre des raisons d'être optimiste sur le rôle croissant de l'évaluation en Ontario mais laisse entrevoir plusieurs obstacles à l'établissement de l'habitude de l'évaluation dans la fonction publique de l'Ontario.

■■■■ Evaluation policy and practice in Ontario have evolved through three phases since the mid-1980s. Each phase coincides with a change in government. The Liberal government of Mr. Peterson introduced the formal policy on evaluation (called "activity review") in 1988. The NDP government of Mr. Rae emphasized program review, and under the Conservative government of Mr. Harris performance measurement is on the rise. This evolution can be seen in the context of the major reorganization of the Ontario public service that resulted from the work of the Committee on Government Productivity and the adoption of management by results as the official management philosophy of the Ontario public service.

METHODOLOGY

What follows is the product of a series of interviews conducted at various times over the past thirteen years. Research on evaluation

policy in the 1980s involved structured interviews with senior officials in thirteen ministries, including two central agencies, as well as responses to questionnaires sent by mail to those ministries (Segsworth, 1992). Information regarding the evaluation elements of program review results from a series of interviews conducted in 1992 with a number of officials in two key central agencies and a lone large line ministry. Interviews in March 2000 with officials in eight ministries, including a central agency, the Office of the Provincial Auditor, and a large government agency, provide information on current developments.

This research strategy displays some continuity with previous examinations of the subject. It maintains contact with two key non-ministerial actors, the Office of the Provincial Auditor, and the Management Board Secretariat, as well as with officials with direct knowledge of evaluation practice in their own ministries. It also reflects the resource and time constraints that applied to the research.

The limitations of such an approach are significant. We do not have quantitative data regarding the number of evaluation studies conducted, the staffing assigned to the evaluation function, and the expenditures on evaluation over time. Unfortunately, the Ontario public service does not collect such data. It is also possible that the ministries in which interviews were conducted are not representative of the state of evaluation throughout the Ontario public service. Although survey data might have mitigated such a potential bias, previous experience with mail-out questionnaires resulted in only partial coverage, responses from some officials who were nominally responsible for the evaluation function within their ministries yet had little knowledge of the function, and a pattern of responses more consistent with official policy rather than with what ministry evaluators told us was actually occurring.

The limitations of the methodology do not provide for definitive answers to our questions; however, the approach employed does allow us to gather general impressions of the state of evaluation policy and practice over time within the Ontario public service. The comments of the officials whom I interviewed (included in an earlier draft of the article) enhance my confidence in the findings.

The description that follows reflects the information received from these officials and from published and unpublished literature on the subject.

PHASE 1: ACTIVITY REVIEW

A formal policy on program evaluation (“activity review” is the formal term used in Ontario) is linked to the broader concept of management by results. Management Board Secretariat (1982) described this approach as

one member of the family of “output-oriented” approaches to measuring performance within organizations, but unlike others (MBO and PPBS etc.), it does not have a set of specific procedures prescribed for it ... Rather than being a system, process or set of procedures, it is an attitude — an awareness of results — similar to the awareness of profitability at all levels of a well-run private sector company. (p. 4)

Despite such contextual clarification, the conception and role of evaluation remained rather confused for more than a decade. In 1980, for example, the secretary of Management Board told the provincial auditor that “we look at program evaluation as a distinct issue” (Office of the Provincial Auditor, 1980, p. 15).

In 1986 the provincial treasurer, Mr. Nixon, took steps to end the confusion. He announced that Management Board would coordinate a review of the efficiency and effectiveness of government operations. The Activity Review Branch of Management Board Secretariat was created with two basis objectives (Weatherson, 1989):

1. To increase the awareness of the need to do evaluation
2. To develop a policy on program evaluation that would apply throughout the Ontario public service

In September 1988, Management Board issued its directive on activity review, which defined *activity review* as

systematic studies assessing: (1) the adequacy and relevance of program objectives; (2) the effectiveness of the programs used to achieve objectives; (3) the appropriateness and efficiency of mechanisms used to deliver programs to the intended recipients. (Management Board of Cabinet, 1988, p. 1)

Deputy ministers and Management Board Secretariat had key roles to play. The directive did not require that all programs be subjected

to evaluation. Rather, *Activity Review: A Manager's Guide* suggested that ministries should focus on programs where there is considerable uncertainty regarding their impact (Management Board Secretariat, 1989, p. 8). In addition, programs that for "political or other reasons" were unlikely to be altered regardless of the results of activity review could be avoided.

In 1989 Management Board Secretariat terminated its Activity Review Branch. This decision sent a message to many ministries. The appearance that the secretariat was no longer interested in program evaluation suggested that ministries need not invest heavily in this function. Indeed, by 1989, it appears that "base review" was in the ascendancy, and many ministry officials felt that the secretariat had reduced the status and importance of the evaluation function.

In the 1980s a formal policy on evaluation emerged in the Ontario public service. By 1989 over 100 activity review studies had been undertaken. The provincial auditor was commenting publicly on evaluation capacity and performance in his audits of government programs. Although much had been accomplished, it appeared clear that the evaluation function in the Government of Ontario was in a state of flux. The increased attention to fiscal exercises such as "base review" indicated the direction evaluation research would take during the NDP government's term of office.

PHASE 2: PROGRAM REVIEW

At first the NDP government did not realize the severity and length of the recession that had gripped the province and the fiscal problems that resulted from the recession. In his first budget statement Finance Minister Floyd Laughren (1991) described the mandate of the newly created Treasury Board as

the development of budget planning that looks beyond a single year and the introduction of an expenditure review and evaluation process that integrates the policy priorities of Government into allocation decision. (p. 16)

One of the key mechanisms was program review, a process that attempted to integrate policy, fiscal, and political priorities. The criteria for program review were:

- contribution to economic renewal and job creation, the preservation of jobs and services, and the contribution to equity objectives

- the impact on clients and staff
- stakeholders' views and regional impacts
- cross-ministry impacts and effects on other levels of government (Kaufman, 1996, p. 90)

The government used three different program review models during the seven review exercises undertaken between 1991 and 1995.

The first of these models was the most ambitious. The 1992 *Ontario Fiscal Outlook* described it as an examination of the province's current base expenditures to see "whether they are achieving their intended objectives and whether funds are being spent efficiently" (Ministry of Finance, p. 22). This model receded into the background as the fiscal crises deepened.

The second model featured the Corporate Review Committee of deputy ministers. In 1992 the committee was given four weeks to find savings of \$1 billion through a review of major spending areas such as transfers to hospitals and schools as well as public-sector pensions.

The third model featured ministry expenditure targets as part of the Expenditure Control Plan. The Expenditure Control Plan was a one-month process ending with a meeting of cabinet and all deputy ministers designed to find savings of \$2.4 billion.

Kaufman (1996) sees the process as being "transformed from an original model of in-depth review and reform based largely within ministries to a more centrally co-ordinated exercise in expenditure control" (p. 93). Officials with whom I spoke at the time referred to the latter two models as approaches involving quick-and-dirty needs assessments. The idea was that these assessments would result in a redesigned problem with a small target population. The expected savings would become the results to be achieved.

There is some recent information that suggests we may be integrating program review approaches with other initiatives introduced by the Progressive Conservative government. In March 2000 cabinet approved a new, formal program review policy that applied to all ministries. The policy involves both base budget reviews and policy-based reviews. Some elements of the policy, such as a concern to assure the government of continued program effectiveness, suggest a possible role for evaluation research. The review process can in-

volve assessments leading to more cost-effective program options, extensive needs assessment analyses, and refocusing of programs.

At this stage it is too early to tell if this will lead to greater use of program evaluation. Because the policy is driven by concerns of cost neutrality and program affordability, it may result in exercises similar to those described by Kaufman. On the other hand, it might encourage greater use of evaluation in ministries' expenditure management and decision-making processes.

PHASE 3: PERFORMANCE MEASUREMENT AND ACCOUNTABILITY

Following the election of the Progressive Conservative government in 1995, Mr. Harris established the Financial Review Commission with a mandate to advise the government on ways of improving Ontario's financial management, thereby making financial reporting easier to understand and strengthening accountability. Among other things, the commission recommended the preparation of annual business plans that would outline goals and priorities, explain targets for assessing effective performance and outline how progress toward them would be measured, and report on progress towards the established goals and explain reasons for changes in the plans. This notion of accountability for results led to four major initiatives: the accountability directive, the alternative service delivery framework, business planning and performance measurers, and the performance management system.

The Accountability Directive

The September 1997 *Directive on Accountability* issued by Management Board states (p. 3) that three key elements are required for effective accountability:

1. Defining expectations and managing consistent action
2. Reporting on and monitoring performance
3. Taking actions based on results

In defining performance expectations, the directive states that one should "set out the measures by which performance will be evaluated including performance standards or service levels to be achieved" (p. 4). In reporting on and monitoring performance, the document claims that one should "have processes to report on performance, review performance against expectations and take corrective action when required ... including the right to conduct independent audits."

Performance measures should be “valid, timely, cost-effective, consistent and accurate to demonstrate the achievement of intended results.” Taking action means that “based on reported information, each party should have a clear understanding of the consequences of meeting, or not meeting, performance expectations” (p. 5).

The Alternative Service Delivery Framework

The *Alternative Service Delivery Framework* (Management Board Secretariat, 1999) that was revised in September 1999 supplements the accountability directive. That document argues that “accountability must focus on clearly defined expectations and results while allowing flexibility in the process for achieving those results” (p. 9). It establishes a range of possible arrangements from privatization (low government involvement) to direct delivery of services (high government involvement). For four of the seven arrangements — partnerships, external purchase of service, devolution, and direct delivery — results accountability applied. For the three others — privatization, franchising/licensing, and agencies — somewhat different accountability mechanisms apply.

Business Planning and Performance Measures

Business plans have been key elements both in defining expectations and in reporting. First issued in 1996, they have evolved somewhat over time, but follow a common format that includes:

1. A vision and mission statement links to government priorities
2. A description of core business(es) linked to the vision statement
3. Performance measures for each core business
4. Key strategies for delivery of core businesses

The draft *Business Planning and Allocations Directive* (Management Board Secretariat, 2000) suggests that the objectives of the business plans include improved accountability for measuring and achieving results, ongoing improvements, and enhanced service quality.

A key element of the business plans is performance measures. They should assess effectiveness (how well the desired results are achieved, in terms of quantity or quality); efficiency (how well resources are used — how much output is produced per unit of input); and customer service (how well clients’ or customers’ needs and ex-

pectations are satisfied) (p. 5). The secretariat argues that performance measures serve three basic purposes: they serve as an accountability tool; enable informed decision-making by cabinet (core business measures) and management (program measures) and on staff performance (individual performance measures); and drive change and lead to continuous improvement (p. 8). In developing these various measures and targets, ministries are expected to benchmark or compare themselves with other jurisdictions or the private sector. Examples of this approach can be found in the *1999–2000 Business Plan* of the Ministry of Community and Social Services.

In some cases, funding is linked directly to performance measures. One recent example is that of Ontario's community colleges. In 1996 the provincial auditor recommended the development of performance indicators for colleges and public reporting of them. The Ministry of Education and Training engaged in an extensive consultation process from which two goals — excellence and accountability — emerged. Five key performance indicators were developed: graduate employment, graduate satisfaction, employer satisfaction, student satisfaction, and graduation rates. The first three indicators are linked to funding, and the funding effects will be phased in over three years beginning in 2000–2001. When fully implemented, each key performance indicator will affect up to 2% of the value of each college's operating grant.

The Performance Measurement System

This initiative resulted from recommendations of a Premier's Advisory Committee on Deputy Minister and Senior Management Compensation. It "is an annual process through which annual objectives

Table 1
Key Performance Indicators, Ministry of Community and Social Services 1999–2000

Core Business: Income and Employment Supports

Goals/Outcomes	Measures	Targets/Standards	1999–2000 Commitments
Recipients of Ontario Works achieve self-reliance and return to work	Number of people receiving social assistance (Ontario Works) is reduced	Continue to increase self-reliance by reducing welfare dependency by 4% in 1999–2000	Ontario Works caseload is decreased by 4%

Goals/Outcomes	Measures	Targets/Standards	1999–2000 Commitments
<p>Recipients of Ontario Works are actively preparing to return to work</p>	<p>Number of people participating in Ontario Works activities</p>	<p>100% of Ontario Works eligible participants participate in Ontario Works activities by 2000–2001</p>	<p>85% of eligible Ontario Works participants participate in Ontario Works activities</p> <p>15% of eligible participants receive a community placement opportunity.</p>
<p>Employment supports help people with disabilities find and maintain employment</p>	<p>Number of individuals receiving supports that become employed or become able to complete major steps toward competitive employment</p>	<p>By the year 2000, 12,000 people with disabilities will receive supports to employment (an increase of approximately 25% over Vocational Rehabilitation Service activity)</p> <p>Will establish a baseline for future targets in 1999–2000</p>	<p>Begin to collect baseline data on clients receiving employment supports, including: # of people who receive employment supports; % of those completing the employment plan who (i) find employment; (ii) undertake self-directed activities toward competitive employment</p>
<p>Reduced fraud and misuse of the social assistance system</p>	<p>Number of cases with reduced or terminated assistance due to review of referrals from all sources including information sharing, hotline, and local referrals</p>	<p>Continue to crack down on welfare fraud and misuse by reducing or terminating financial assistance for approximately 12,000 to 15,000 cases</p>	<p>Reducing or terminating financial assistance for approximately 12,000 to 15,000 cases through a continued crackdown on fraud and misuse</p>
<p>People on social assistance receive child support from the non-custodial parent</p>	<p>An increase in the number of parents on social assistance who receive child support</p>	<p>A standard target will be established based on the 1997–1998 data for the proportion of single-parent cases with child support orders/agreements</p>	<p>Analyze data to develop a baseline in 1999–2000. By Feb. 2000, commitment target will be set for 2000/2001</p>

for senior managers are set, performance evaluated, and compensation determined” (Program Management and Estimates Division, 2000, p. 10). It is part of the effort to change the culture of the Ontario public service to a result-based one. The key performance objectives are specified in the ministries’ business plans and are refined in divisional and branch plans. The view is that a “pay-for-performance” approach (Program Management and Estimates Division, 2000, p. 10) will enhance public servants’ accountability. Further, the performance management system reflects the values outlined in the three other initiatives discussed above.

DISCUSSION

The picture that emerges thus far is of a transition from the creation of an evaluation policy in the late 1980s similar to that of the federal government, to limbo under the NDP government (apart from the initial program review model), to the current emphasis on accountability and performance measurement. The notion that program evaluation has been reduced to performance measurement by the later half of the 1990s is overly simplistic. The responses of officials to a number of questions help to illustrate a more complex situation.

There is no common understanding of what *program evaluation* means in the Government of Ontario, despite the existence of a formal policy and definition since 1988. One official described evaluation as an element of the broader concept of performance measurement. Approximately one half of the remaining respondents equated performance measurement with program evaluation. The other half expressed the view that evaluation was the broader concept and that performance measurement was one form of evaluative activity. Of this group, two indicated that the current emphasis in their ministries was performance measurement and accountability, but that outcome/impact evaluation was ongoing. One respondent indicated that his ministry was resisting the push to performance measurement that he felt was at the expense of other evaluation approaches. He argued that the entire gamut of evaluation approaches existed in, and were supported by, the ministry.

A second question asked whether the evaluation function reported to finance and administration branches or to the policy branches within the ministry. Officials from three of the ministries stated that evaluation reports fed into both branches. Two other respondents claimed that the major reporting line was to an administration/finance

branch. One official developed the argument that operational/financial evaluation activity logically reported to the finance/administration branch of the ministry, but program, policy, and impact/outcome evaluations tended to feed into the policy processes of the ministry.

A third question asked whether the focus of most of the evaluation research in the ministry was operational, policy, or accountability. Again, responses were varied. Officials in two ministries reported that evaluation concerns were primarily operation and accountability focused. Only one respondent indicated that policy effectiveness was the primary focus of evaluation studies undertaken by his ministry. The others stated that all three considerations applied. Two of the officials specifically mentioned that the current, more visible emphasis was accountability, but evaluation activity was ongoing and reflected operational and policy concerns.

The respondents also provided answers to questions concerning the role of the Office of the Provincial Auditor and Management Board Secretariat. All of them agreed that the role of the provincial auditor was very influential. They mentioned particularly the pressure (“push” was the word used most frequently) from that office for ministries to develop appropriate accountability/performance measurement systems. In two cases, respondents noted that specific initiatives had been undertaken after the provincial auditor suggested them in one of his annual reports. All respondents agreed that Management Board Secretariat was playing a major role. They noted the business planning requirements and accountability directive specifically. Over half of the officials noted that Management Board had issued the policy and that it was monitoring compliance. Two officials complained that Management Board failed to understand the evaluation needs of their operations and that this situation had made matters more difficult for them.

CONCLUSION

Despite the unanimous agreement of the officials with whom I spoke that evaluation activity in the Ontario public service is on the rise, several issues confront the interested observer of the current situation.

1. For all intents and purposes, the policy on activity review is defunct. Those ministries that have a history of outcome/impact evaluation continue the practice. Others are less likely to do so.

2. Both the Office of the Provincial Auditor and Management Board Secretariat focus almost exclusively on performance measurement and accountability. Ministries have no choice but to comply, regardless of their own views of the weaknesses of performance measurement.
3. Several officials told me that there has been a loss of evaluation capacity resulting from the departure of several skilled evaluators from the Ontario public service in the 1990s. One result is a greater dependence on performance measures that are, at least superficially, easier to establish and understand than other, more complex, evaluation approaches. This loss of people with evaluation skills creates a greater dependence on external contractors. The advantage of alleged objectivity is offset frequently by the loss of knowledge of the ministry, its stakeholders, and the evolution of the issues at hand.
4. The lack of a common understanding of what *evaluation* means is a serious problem. This lack of consensus is surprising given that an official definition has existed since 1988. This may reflect a failure to inculcate an evaluation culture within the Ontario public service over the past decade. The lack of a shared understanding of *evaluation* makes communication difficult, even internally. It reflects the fact that ministries have had, and continue to have, different commitments to the evaluation of their operations, programs, and policies since the days of the Committee on Government Productivity reports and recommendations of the early 1970s.
5. This variation raises another issue regarding the development of a culture of “results accountability” within the Ontario public service. One long-serving official in a ministry that is publicly very committed to performance measurement and public reporting told me that, in his experience, very few of his colleagues think in terms other than activities. The notions of outputs and intermediate and ultimate outcomes are foreign to their thinking. Clearly, if he is correct, a lengthy period of encouragement, direction, and training will be required if this is to change. Management Board Secretariat will have to continue and perhaps even strengthen its role if it is to eliminate lip-service compliance with its directives. For the secretariat to take such action, strong consistent support from the elected government is required. Ontario history since 1986 has demon-

strated that a consistent evaluation message has not existed. A stronger presence for Management Board Secretariat, with its business planning, performance measurement, and accountability message, may make it more difficult for ministries to expand and enhance their evaluation capacity in approaches other than those encouraged by the secretariat.

Following the work of the Committee on Government Productivity, management by results, with its results, abstracts, and other performance information documentation, became the official philosophy of the Ontario public service. The fact that there is still not a results-oriented culture in the Ontario public service and that current initiatives are seen by many as new suggests that one should not assume a long-term impact for these initiatives. Management Board requirements under the current government for business planning, performance measurement, and accountability do require ongoing monitoring of programs, including outputs and outcome. The information generated by such systems may result in decisions to examine programs that appear to be in some difficulty by means of formal program evaluation. The decision to link individual performance indicators to managers' compensation may facilitate the desired transformation.

The evolution of evaluation policy and practice in the Government of Ontario is an interesting process. Perhaps one lesson stands out. In those ministries and agencies with a history of commitment to evaluation, regardless of changing signals from various governments and other sources, solid evaluation research continues. In those ministries and agencies without such commitment, external pressure generates shifts in the types of evaluation activity undertaken. What will be interesting for this observer is the possibility that the system-wide efforts in results accountability might encourage a greater number of ministries and agencies to develop a more comprehensive and robust evaluation capacity, and subsequently a greater commitment to the full range of evaluation tools and uses.

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