



Montgomery County Government

MONTGOMERY COUNTY COUNCIL
OFFICE OF LEGISLATIVE OVERSIGHT

REPORT #82-6

OCTOBER 5, 1982

TITLE

A Critique of the Office of Management and Budget's Evaluation of
the County Executive's 1979 Reorganization.

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I. SUMMARY AND MAJOR RECOMMENDATIONS

1. The Office of Management and Budget (OMB) has evaluated the County Executive's 1979 Reorganization as required by the implementing legislation. The report to the County Council reviewed the changes to all the departments and offices affected by the reorganization except OMB and concluded that the reorganization has generally been a success. OMB's major findings were that the reorganization had improved efficiency, effectiveness, and employee morale. It recommended several additional evaluations and studies, and some specific operational and organization changes.

2. The Office of Legislative Oversight (OLO) review of the Reorganization Evaluation indicates that some of the study's conclusions and recommendations are not adequately supported by the analysis. The major finding of OLO is that OMB has overstated the success of the reorganization. OLO believes that the OMB evaluation reveals a mixed set of results; in most departments and offices it has been beneficial, but there are noticeable problems in others. Although the report well documents the changes that have taken place as a result of the reorganization, it does not constitute a full blown program evaluation, and therefore has not completely fulfilled the intent of the Council.

3. The OMB evaluation of the 1979 Reorganization does not assess OMB itself. Since creation of OMB was one of the major organizational changes undertaken, conclusions about the overall success of the reorganization cannot be based solely on the findings of the OMB evaluation. Pursuant to the requirements of the reorganization legislation, OLO is currently conducting an evaluation of OMB. That study will provide the appropriate context for an overall assessment of the reorganization.

4. The major recommendations of this review are that the Executive branch should:

- .undertake the follow-up evaluations recommended by OMB;
- .consider implementation of most of the other recommendations, and report back to the Council on the status of such efforts; and
- .improve the management controls and procedures governing the conduct of Executive branch program evaluations.

II. AUTHORITY, SCOPE AND METHODOLOGY

1. Authority. In accordance with the provisions of Section 2-11A of the Montgomery County Code 1972, as amended, OMB has conducted an evaluation of the departments, offices and agencies created by that Act,

with the exception of OMB itself. OLO has reviewed that evaluation report and provides the comments below, under the authority of Council Resolution #9-1459, subject: FY 82 Work Program of the Office of Legislative.

2. Scope. This report to the County Council is limited to reviewing the reorganization evaluation conducted by OMB. It comments upon the extent to which the OMB study has fulfilled the statutory requirements, the quality and depth of the analysis, the techniques and methodology used in the evaluation and some ancillary issues. This report does not attempt to independently evaluate the success of the 1979 Reorganization nor to develop alternative recommendations with regard to the departments and offices evaluated by OMB.

3. Methodology. In preparing this critique, OLO has relied exclusively upon a review of the subject report and related documentation, including the employee opinion survey conducted by the University of Maryland for OMB, the FY 83 Budget prepared by OMB, and various annual reports prepared by county offices. OLO provided OMB with an opportunity for review and comment on a draft copy of this critique.

III. SUMMARY AND OVERALL ASSESSMENT OF THE EVALUATION REPORT

1. Introduction. The evaluation of the reorganization is the first such study conducted by the Analysis and Evaluation Section of OMB. This initial effort demonstrates the potential usefulness of an executive branch program evaluation capability. OLO is concerned, however, with the scope and quality of the analysis. Although the OMB report fulfills the statutory requirement that "...the County Executive shall cause to have evaluations made of the departments, offices and agencies..." created in the reorganization, it fails to critically analyze the changes that have occurred.

Since this program evaluation is OMB's first, OLO has reviewed the study in particular detail. The intention of this critique is as much to provide assistance to OMB in further developing their program evaluation capabilities, as it is to fulfill OLO's responsibility to advise the Council on the status of such Executive branch activities. In addition to this report to the Council, OLO is providing OMB with extensive comments about specific technical aspects of the evaluation report. OLO believes that enhancement of Executive branch evaluation capabilities will substantially contribute to improving the performance of County Government.

2. Summary of OMB Evaluation Report. The OMB report evaluates the effects of the 1979 Reorganization on the departments and offices that were created or changed (except for OMB) and makes a series of recommendations. The report covers the Department of Animal Control and Humane Treatment, Office of Consumer Affairs (Weights and Measures), Office of Economic Development, Department of Environmental Protection, Department of Finance (Materials Management), Department of Health (Licensure and Regulatory Services), Department of Housing and Community Development, Office of Landlord-Tenant Affairs, Department of

Transportation (Equipment Management). OMB relied primarily upon interviews of county personnel and some outside individuals for data. It also conducted an opinion survey of county employees affected by the reorganization.

The primary conclusion of the OMB study is that "...generally the reorganization is viewed by the evaluation team and those interviewed as a positive action that has resulted in more government efficiencies and effectiveness and, in most cases, increased employee morale." Specific recommendations are included for about half of the reorganized departments and offices, and there are several general recommendations, which include the need for continued management development efforts, a review of county inspection programs and the use of inspectors, and additional future evaluations of several reorganized agencies.

3. Overall Assessment. The OMB report is primarily a discussion of the changes in the County government that have taken place in conjunction with implementation of the executive branch reorganization. It focuses on the internal impacts of the reorganization, such as the effects on employee morale and changes in departmental functions. The report does not, however, assess the results of the reorganization in terms of its effects on County programs and activities.

OMB appears to have thoroughly documented the changes resulting from the executive reorganization. Despite these efforts, the evaluation methodology is deficient in a number of respects. The quality and depth of the analysis are also somewhat lacking. The OMB evaluation reaches questionable conclusions, makes recommendations without adequate support, and does not consider all issues. OMB has also failed to fulfill all the statutory requirements pertaining to the transmittal and public release of the report.

Although OMB's overall conclusion that the reorganization has proven beneficial may be valid, their evaluation does not justify that finding. Indeed, the review of this evaluation by OLO finds that, based on the evidence developed by OMB for its report, the reorganization has produced a mixed set of results.

IV. DETAILED DISCUSSION AND CRITIQUE

Fulfillment of Statutory Requirements

1. General. The OMB study is not a program evaluation of the reorganization. It is more accurately characterized as a descriptive report of the changes that have been undertaken since December 1979. As a result, this report does not fully meet the minimum evaluation criteria established by Section 2-11A, which greatly reduces the usefulness of OMB's conclusions and recommendations.

2. Statutory Requirements. Section 2-11A specifically requires that:

"Such evaluations will include, but not necessarily be limited to:

- (1) The validity of the original goals, objectives and performance criteria stated as the rationale for creation of the department, office or agency, to the extent that they reflect the intent and purposes envisioned by the county council.
- (2) The effectiveness with which these goals, objectives and performance criteria have been accomplished.
- (3) The efficiency with which the department, office or agency has operated.
- (4) An assessment of other activities and consequences not specifically anticipated at the time the department, office or agency was created.
- (5) Recommended changes in the goals, objectives, performance criteria, programs and operating procedures of the department, office or agency, which would, in the opinion of the evaluators, improve the ability of the department, office or agency to meet its intended purpose in an effective and efficient manner."

OLO's review of the OMB report indicates that these requirements have been inadequately addressed.

3. Report Organization. From the format of the report, it is difficult to determine whether, in conducting the study, OMB explicitly addressed the statutory evaluation criteria. The report is organized by agency and includes an evaluation section for each. None of the evaluations systematically considers the evaluation criteria. Each is organized differently; and there is no consistent pattern. The individual agency evaluations typically only indirectly address the issues specified in the statute. Many of the apparent problems with the evaluation would have been resolved had OMB developed a more highly structured and systematic presentation of its analysis and discussion.

4. Evaluation of Original Rationale. OMB did not fulfill the first requirement to evaluate the validity of the original rationale for undertaking the reorganization. Although the report discusses the overall goals of the reorganization and generally identifies the specific intended purposes for each particular organizational element, it fails to reassess those objectives, even when problems pertaining to the original rationale have been uncovered.

Such a reassessment will not necessarily result in reconsidering the initial rationale. Certain goals and objectives have near universal acceptance, such as improving the productivity and effectiveness of government, and are not likely to be reconsidered. Nevertheless, many of the specific purposes that were cited for particular organizational changes can reasonably be questioned. The failure to reexamine the

original goals and objectives is especially problematic when problems have been uncovered in programs or departments affected by the reorganization. This failure is particularly evident in the evaluations of the Departments of Environmental Protection (DEP) and Animal Control and Humane Treatment.

The OMB report notes that problems in DEP have been attributed to the new combination of planning and operating functions, but it does not discuss the validity of the original rationale, which was to charge DEP's orientation from being a regulatory agency (with only operational responsibilities) to being an environmentalist agency (with planning responsibility as well). Similarly, the evaluation reveals that reorganization of Animal Control has not improved the stray dog problem, but the report does not explore the possible influence on the new department's priorities of proximity to the Humane Society.

5. Evaluation of Effectiveness and Efficiency. The reorganization evaluation generally attempts to address the closely related issues of effectiveness and efficiency, the second and third evaluation criteria expressly required by the statute. It does not, however, systematically assess the performance of the reorganized agencies using these criteria. Performance measures are used sporadically and inconsistently. The evaluation sometimes neglects to examine all relevant functions in assessing the agency's performance.

OMB has been engaged for several years in the development of a full spectrum of performance indicators for use in the budget allocation process. It tabulates and publishes extensive data on agency performance, which include measures of workload, output, efficiency and effectiveness. Although this system of performance indicators is not completely developed, and data is not collected for all indicators, many measures of agency performance are currently available.

The evaluation acknowledges the development of performance indicators, but makes little use of them in evaluating the efficiency and effectiveness of the reorganized agencies. The OMB report indicates that because the use of performance indicators is a recent development, it is difficult to assess the performance of reorganized agencies on that basis. In discussion, OMB has further explained that it does not have great confidence in the validity of performance data from the period prior to the reorganization. OLO believes that there is some value in using even unrefined performance indicators are useful. Such statistical data can indicate gross trends and supplement interview and survey data. It can help validate or raise questions about findings based on other data sources.

Many of the available measures are not used in evaluating the efficiency and effectiveness of agencies. OMB fails to discuss why only certain available data is used, or to specify the limitations on that data. Furthermore, performance data cited in the evaluation report is often inconsistent with corresponding data in the budget documents.

There are shortcomings in the use of performance data in many chapters. The Office of Economic Development Section does not consider many of the indicators published in the budget, and the data in the evaluation on the number of information requests is inconsistent with the corresponding data in the budget. The workload data in the Health Department chapter, for example, is inconsistent with the performance indicators in the budget. The DEP evaluation does not include even a single quantitative performance measure, although about two dozen different statistics are collected and tabulated in the budget. Although the discussion of the Materials Management function in the Finance Department identifies various accomplishments and actions being taken to reduce costs, it includes no estimate of any cost savings that have been or will be realized, nor does it identify the overall magnitude of county expenditures and the potential for savings in this area.

6. Other Activities and Consequences. Although the evaluation does not identify any problems as such, there are a number of instances in which it points out activities and consequences related to the reorganization that were not specifically anticipated at the time that the department or office was reorganized. As with other evaluation criteria, the report also fails to systematically assess the success of the reorganization in this regard. The evaluation does not make an affirmative statement that no unanticipated consequences have been identified in the departments and offices where it does not discuss any such problems and other activities. Thus, it is difficult to determine, without conducting an independent evaluation, whether OMB had done an adequate job of identifying and discussing these other activities and unanticipated consequences.

7. OMB Recommendations. The evaluation report includes specific recommendations to improve the programs and operating procedures in five of the nine departments and offices that were studied. It also makes a number of general recommendations, which call for certain additional evaluations and reviews, as well as county efforts in the areas of management development and mobile home inspection. It does not, however, make any recommendations for changes in the goals, objectives and performance criteria of any of the departments and offices, nor for the overall reorganization.

Quality and Depth of Analysis

1. General. The OMB analysis is generally adequate in terms of how the purpose of the reorganization evaluation was defined. The report states at the beginning that the purpose is to analyze "...the impact of the 1979 Reorganization Act on departments that were created and affected by it...." OMB has done precisely what it set out to do; the evaluation focuses on changes to department operations and functions.

OLO believes that the issue should have been defined somewhat differently, in a manner that is more in accord with the statutory requirements for the evaluation set out in the earlier part of this section and that corresponds more closely with original rationale for undertaking the reorganization effort. To fulfill the intent of the Council, OMB should have performed a "program" evaluation. The purpose

of such a program evaluation should have been to assess the effect of the reorganization on the County's programs and activities, and to determine the degree to which the results are consistent with the intent of the reorganization.

2. Thoroughness of Analysis. In terms of the overall evaluation of the reorganization and the assessment of specific departments and offices, the analysis is generally superficial, sometimes lacking altogether, and is not an adequate basis on which to reach any conclusions or make recommendations. Programs are typically defined primarily in terms of the functions and operations that have changed as a result of the reorganization. Objectives are presented in broad terms; they are not generally sufficiently well defined to formulate specific measures of success. Certain issues that were discussed extensively in the report appear to be only tangential to the reorganization. Problems that are identified in the reorganized departments frequently receive only a mention without any assessment of the causes or consequences. When constraints or outside factors are identified, there is little effort made to isolate or account for their effects.

OMB has identified numerous instances in which the reorganized departments have made accomplishments related to controlling the costs of government and improving productivity and effectiveness. The analysis of cost savings accomplishments is generally lacking. It is difficult to determine from the OMB evaluation whether the various accomplishments are genuine and verifiable or simply departmental hyperbole, how significant the cost savings are, whether other costs have been incurred as a result of the changes. The OMB report does not make any attempt to determine the extent to which the various accomplishments are attributable directly to the reorganization.

There are various examples of these analytical shortcomings throughout the report. The discussion of the materials management function delineates and reviews the new cost savings responsibilities of the Finance Department; however, it does not evaluate this element of the reorganization in terms of how materials management has actually reduced costs. The evaluation of Equipment Management is primarily a collection of assertions and anecdotal data, without any critical assessment. It simply repeats DOT's examples of accomplishments without any analysis. There is no data to support some claims. Fuel savings data varies greatly in the level of detail and examples are not comparable. The evaluation of equipment management does not present the full range of division activities, nor does it explore the interrelationships among various functions.

3. Reliability and Usefulness of OMB Conclusions and Recommendations.

a) General. The conclusions and recommendations of the evaluation generally reflect the data presented in the report. The deficiencies in the analysis, which were noted in the prior section, are also evident, however, and tend to undermine the reliability and usefulness of the conclusions and recommendations. There are a number of occasions where the data, while not inconsistent with the OMB findings,

can readily be reinterpreted in a very different manner. Certain recommendations are also not well supported by analysis of the problems.

b) Survey of Employee Opinion. Any interpretation of the survey results is problematic, due to questions about the methodology used, which are discussed in a following section. Nevertheless, the report's assertion that the employee survey "...generally supports the findings of the OMB evaluation team...." that the "...reorganization is viewed...as a positive action that has resulted in more [emphasis added] government efficiencies and effectiveness and, in most cases, increased [emphasis added] employee morale...." is a questionable reading of the data. Overall, according to the opinion survey conducted by the University of Maryland, only 42% of employees thought that the reorganization had improved their department. Similarly, only 44% thought that they were providing more public assistance and only 42% thought that their job effectiveness had increased. Generally, about one-third of employees believes that the reorganization had not changed their situations, while nearly one-fourth thought that things were worse as a result. These results do not really support the findings of the evaluation.

The results by department are more revealing, however, than the overall tabulation. The reorganization appears an unqualified success in three offices - Economic Development, Landlord-Tenant Affairs, and Equipment Maintenance. Results in Housing and Community Development are also generally positive, although 73% of the respondents from that department indicated that the reorganization could be improved (the highest such results among all offices and departments). Data from the Department of Animal Control is mixed, while the results from Health and Environmental Protection are generally negative. Data for the Office of Consumer Affairs was not tabulated separately and no employees were surveyed in the Finance Department.

The survey of employee opinion suggests that the reorganization has had mixed results. It has improved organizational and employee performance in some agencies and failed to do so in others. Although in only a few situations has the majority of employees seen the reorganization as actually causing or exacerbating problems, in many cases the consensus is that the reorganization has not improved operations and increased employee morale.

c) Cost of Government. The general conclusions include a discussion and data indicating the success of the reorganization in reducing the personnel complement, thereby holding down the cost of government. Although a detailed chart of changes in personnel and budget levels is included, indicating present and former organizational levels, there is no systematic discussion, either in the departmental chapters or in the conclusion, that fully explains how the net reduction in personnel was accomplished. The absence of such an explanation makes it difficult to determine the extent to which the personnel savings are truly attributable to efficiencies resulting from the reorganization and not due to reductions in service.

d) Materiels Management. The discussion of the materiels management function generally concludes that substantial progress has been made toward implementing the consultant's recommendations and other County objectives. The only criticism included is that progress has not been as rapid as intended, and no explanation is given of the extent of or reasons for the reduced pace of activity. The evaluation indicates that the accomplishments in automating inventory control, purchasing through MCPS, and undertaking a space management program have been accomplished through a series of departmental and interdepartmental activities, without the creation of a separate materiels management division. Yet, the evaluation recommends that the materiels management function be established as part of the Department of Finance by expanding the Purchasing Division. It is unclear from the report why this function cannot continue being handled as it is being handled currently, without increases in the Finance Department staff.

e) Inspectors. The report raises a number of important questions about the operation and effectiveness of various County inspection programs. It suggests that an interdepartmental review be conducted of such programs and the role of inspectors. This recommendation appears to be well-supported by evidence in the report concerning the number of inspectors in various program areas, varying levels of backlog and the seasonal nature of certain types of inspections. One related issue the report did not address, however, is the loss of flexibility in the utilization of inspectors as a result of reorganization. Any future study of inspection programs should address the trade-offs between inspector specialization and management flexibility.

f) Animal Control. The recommended public education program to deal with the stray dog problem was proposed without an analysis of the nature of the problem nor consideration of the capability of the Department to implement such efforts. The evaluation also recommends that the Department terminate its efforts to deal with wild animal complaints and leave the problem exclusively with the responsible State agency, the Department of Natural Resources (DNR). This recommendation potentially reflects a reduction in service to the public since the evaluation notes that DNR may not be able to respond. The study did not consider the possibility of a cooperative effort between the County and the State or of an expanded role for the Humane Society in this regard.

g) Economic Development. The evaluation simply notes that the Agricultural development function is receiving less attention in the reorganized agency and recommends that the County study the feasibility of moving that responsibility to another agency. It fails to discuss why agriculture is receiving reduced attention, nor to analyze the extent to which its role fits in with or conflicts with the other responsibilities of Economic Development. A feasibility study of additional reorganization appears premature in the absence of such analysis.

Evaluation Methodology

1. General. The report introduction provides an overview of the methodology used to conduct the evaluation. OMB examined all agencies affected by the reorganization not just the offices and departments created by the law. It was primarily based on interviews conducted with operating and management personnel, as well as selected outside individuals. An opinion survey of employees affected by the reorganization was conducted by the University of Maryland. The evaluation also considered budget documents and other information and statistics supplied by the departments. It was conducted with reference to the program audit standards established by the U. S. General Accounting Office.

2. Use of data. The evaluation admittedly relies heavily on interview data. As a result, most of the evaluation is based on assertions made by departmental directors or other personnel, which are not always backed up with corroborating, independent data, such as performance statistics, survey data, or outside interviews. Certain sections, particularly Consumer Affairs, Economic Development, and Landlord-Tenant Affairs, appear well-supported by the results of outside interviews. Other evaluations, for example DEP, are characterized by a series of charges and counter-charges about departmental problems, with little use of independent information. In general, the evaluation failed to use the survey data by departments to confirm the interview data.

3. Employee Survey. The opinion survey included much interesting data about the attitudes of the affected employees toward the reorganization. As indicated earlier, the primary conclusion to draw from the survey is that the reorganization appears to have been quite successful in some departments and questionable in others. The pattern of employee responses is quite consistent among the two groups of departments. Nevertheless, there are methodological problems with the survey that reduce confidence in the results.

The report indicates that there was nearly a 70% response rate to the questionnaire, which is an excellent rate. However, 45% of those responding were identified as managers, which appears to be a high proportion. The report does not explain this result, which could be the result either of a bias among respondents (managers feeling more compelled to respond) or a particularly broad definition of management personnel. In certain cases, this distinction might have significance in interpreting the results; for example, all of the respondents from the Equipment Management Section of DOT were identified as managers and their responses were highly positive.

The questionnaire itself may also have affected the answers. The questions were phrased in a biased way that may have encouraged affirmative responses. Questions should have been phrased in a neutral voice, for example:

"How would you rate the quality of your working environment?"

instead of the following phrasing consistently used in the questionnaire:

"How improved would you say your working environment is?"

4. Agency Comments. A program evaluation should be conducted in an open and above-board manner, in which all interested and affected parties can contribute to the results; in contrast to a criminal investigation, where secrecy is often critical to uncovering evidence. It appears that OMB contacted and interviewed all department and office directors in the course of conducting this evaluation, and that all affected agencies had the opportunity to submit performance data and other information. The report does not indicate, however, whether agency heads and other affected individuals had the opportunity to review the evaluation in draft to provide comments and factual corrections before the report was transmitted to the Council. OMB has informed OLO that such an opportunity was provided and that the authors incorporated all corrections and comments upon which there was agreement.

OLO believes that an opportunity for comment is an important element of a program evaluation, especially when there are critical comments and observations, as is the case for several departments in the OMB conducted evaluation. The OMB report should have expressly indicated that it was subject to such a review. Furthermore, in the event that there were any significant dissenting comments from the affected agencies, the evaluation should at least acknowledge the comments on which there was no agreement.

Ancillary Matters

1. Cost of the Reorganization. The original reorganization proposal prepared by the County Executive estimated that the cost of the reorganization in FY 80 would be approximately \$75,000 for relocation and miscellaneous expenses, and that there would be no additional funds necessary for salaries in either FY 80 or FY 81. It appears from the discussion of changes in the personnel complement that there were no additional expenditures on salaries attributable to the reorganization. The evaluation did not, however, follow up on the original estimate of relocation and miscellaneous expenses to determine what was the actual direct cost of the reorganization. In addition, the physical relocation of certain reorganized agencies undoubtedly resulted in some short term loss of productivity, as agencies were unable to provide their normal level of service during the moving period. These indirect costs should have been estimated as well. Although the direct and indirect costs of implementing the reorganization may well be significantly less than the long-term changes in productivity resulting from the reorganization, the costs of implementation should be included in any overall assessment of the net benefits from reorganization.

2. Transmittal of the Evaluation Report. The Chief Administrative Officer, by a memorandum dated July 7, 1982, transmitted the OMB Reorganization Evaluation to the Council President. The transmittal and

receipt of the report was not strictly in accordance with the requirements of Section 2-11A(c) of the Montgomery County Code, 1972, as amended. The statute requires that, prior to public release of the evaluation report, the Council must determine within fifteen days of receipt whether any part of the report should not be made public. The CAO transmitted the report to the Council without acknowledgement of that provision and, consequently, the report was not given any special handling. As with all ordinary transmittals to the Council, it was logged in and became available to the public at that time.

Although OMB apparently was unaware of the specific statutory provision at the time of transmittal, after consultation with the County Attorney's Office, their position is that the report was not yet officially released when transmitted to the Council. It does not appear that the report was actually released to the press or public during the 15 day statutory waiting period, nor does it appear that any information in the report is confidential. Although the issue is moot at this time, the ultimate responsibility for insuring that specific statutory requirements pertaining to the preparation, transmittal, or release of a report to the Council must remain with the agency or organization responsible for preparing that report.

V. CONCLUSIONS

1. The OMB Reorganization Evaluation report has not fulfilled the intent of the Council that the Executive critically assess the success of the changes that were undertaken in the county government. The primary reason is that the OMB study was not designed as a program evaluation. It did not do an adequate job of reexamining the validity of the original rationale for the reorganization nor of analyzing the performance of the reorganized elements of the government in accordance with the requirements of the implementing legislation.

2. There is a great deal of descriptive information documenting the changes that have occurred in the county government due to the reorganization and identifying problem areas. As such, the evaluation is a useful status report on the progress of the reorganized agencies in adapting to their new organizational settings and changed missions.

3. Many of the particular recommendations appear sound, notably the calls for future follow-up evaluations of the Departments of Environmental Protection and Health (Licensure and Regulatory Services) and the proposal for an overall review of inspection programs. Some specific recommendations, however, are not adequately supported by analysis and discussion of the problems.

4. The overall conclusion in the OMB evaluation that the reorganization has been "...a positive action that has resulted in more government efficiencies and effectiveness and, in most cases, increased employee morale...." may be valid, but is not well-supported by the evaluation report. It appears that the reorganization has had mixed results. Although the majority of affected departments and offices appear to have benefitted from the reorganization, significant problems

have been identified in three departments (Animal Control and Humane Treatment, Environmental Protection, Health). Some of these problems have been longstanding and were left unresolved by the reorganization; others, however, appear to have been caused or exacerbated by the series of organizational changes.

VI. RECOMMENDATIONS

1. OMB should proceed with the follow-up evaluations indicated for the Departments of Environmental Protection and Health (Licensure and Regulatory Services) and should submit these evaluations to the County Council by the end of FY 83.

2. The County Executive should review the other OMB recommendations, determine whether there is adequate justification for implementing them, and report to the County Council within a year on the status of the recommendations. The report should indicate which recommendations have been adopted, which recommendations are in the process of or are planned for implementation and the anticipated date by which they will be in effect, and which recommendations are not being adopted and the reason why not. In the cases of specific questionable recommendations (Animal Control, Economic Development, Materials Management), the County Executive should also address the concerns raised in this report.

3. The Executive branch should improve the management controls and procedures governing the conduct of program evaluations to ensure that future studies are methodologically sound, fully meet all statutory requirements, and adequately support the conclusions and recommendations.

4. The County Council should, in all future requests for evaluations, clearly indicate the responsibility of the reporting agency in fulfilling all statutory requirements and procedures pertinent to the preparation, transmittal and release of the report.

VII. AGENCY/DEPARTMENT COMMENTS AND OLO RESPONSE

MEMORANDUM

September 22, 1982

TO: Andrew Mansinne, Director, Office of Legislative Oversight

FROM: Robert W. Wilson, Chief Administrative Officer

SUBJECT: Response to Office of Legislative Oversight Report 82-6, A Critique of OMB's Evaluation of the 1979 Reorganization

We have received and reviewed your response to the Executive Branch evaluation of the 1979 reorganization of County Government. In general, we accept your summary and agree with your major recommendations.

The OMB evaluation found that the reorganization is generally successful. The OLO report suggests that this finding may be overstated based on the available data from the OMB report. In essence, the difference is one of degree. Because the results were hard to quantify, a more precise assessment than "generally successful" cannot be made.

In its review OLO chose to focus heavily on a critique of the report itself, and OLO has made many constructive suggestions on evaluation procedures which will benefit OMB in the future.

OLO has expressed the opinion that the evaluation should have been performed as a program evaluation to assess the impact of the reorganization on County programs and activities affected (page 6, paragraph 4). The approach taken by OMB was not designed to assess overall effectiveness. The evaluation was an assessment of the impact and consequences of the changes on the organizations and departments created and affected by the 1979 reorganization. The reorganization legislation does not specifically indicate the type of approach to be taken, but both approaches represent legitimate perspectives for conducting the evaluation.

Although the parameters of the evaluation were provided in the report, we agree with OLO that a more specific and detailed statement indicating the approach and limitations for the conduct of the evaluation would have helped to avoid misunderstandings. The suggestion will be kept in mind for future evaluations.

OMB was able to devote approximately one half work year to the evaluation. The analysis contemplated by OLO is estimated to have required several workyears of effort. Moreover, the analysis proposed by OLO, in our judgment, would not have yielded significantly greater insight to the effect of the reorganization, though it might have yielded improved insight into the performance of individual programs.

Although OLO is correct in stating that a full scale evaluation of the affected departments' programs was not provided, the OMB report does identify the improvements and problems arising from the reorganization. Since performance data for the period prior to 1979 is scarce and of questionable reliability, a comparison of strengths and weaknesses of individual programs between 1979 and 1982 was not feasible.

OLO contends in its critique that the available statistical data would have allowed for a more quantitative approach to evaluating the performance of the reorganized departments (page 5, paragraph 3). Certainly the use of valid and verifiable quantitative data is an important part of an evaluation effort. However, OMB identified no performance data sources which would provide the basis for a reliable comparison of the performance of affected departments before and after the reorganization. The ongoing effort to develop and implement meaningful performance indicators is only beginning to provide the basis for effective analysis of program performance.

In many cases, the data was non-verifiable or non-existent. OLO stated in its critique that the statistics that were available would be useful for identifying gross trends (page 5, paragraph 3). However, OMB believes that the suspect nature of the statistical data could have caused misleading

conclusions rather than provide any reliable indications of trends. Because of the weakness of the performance indicators prior to the reorganization, the statistics were not used. Regretably, there was no information provided by OLO which supports the contention that these statistics are reliable and, therefore, usable for a comparative analysis.

The greatest number of questions raised by OLO were regarding the integration of functions in DEP and the Health Department. OMB pointed out in its report that more time was needed for these elements of the reorganization to mesh and recommended final evaluations be conducted at a later date. Interim reports, however, were provided noting identified problems and concerns.

Among the more useful thoughts in OLO's critique of OMB's approach to the evaluation was that the report's structure could have been improved so that the discussion of each department addressed sequentially each of Council's evaluation criteria. While most points were covered, the report's organization does not help the reader focus on the issues. OMB has agreed to work with OLO to adopt an evaluation format for future work which will assure greater ease of readability. The improved coordination between the two agencies on procedure and formatting should lead to substantially improved products in the future.

