



Statement before the Senate Finance Committee
On “Can Evidence Based Practices Improve Outcomes for Vulnerable Individuals
and Families?”

Following the Evidence to Better Policy: How Evidence-Based Policymaking Helped Poor New Yorkers

Robert Doar

Morgridge Fellow in Poverty Studies

American Enterprise Institute

Senior Fellow

Results for America

May 10, 2016

The American Enterprise Institute for Public Policy Research (AEI) is a nonpartisan, nonprofit, 501(c)(3) educational organization and does not take institutional positions on any issues. The views expressed in this testimony are those of the author.

Chairman Hatch, Ranking Member Wyden, and other distinguished members of the committee, thank you for the opportunity to testify today on how the use of evidence-based policy can improve our safety net and help low-income Americans move up.

In my 18 years of experience in New York City and New York State administering many of our nation's major safety net programs, we were determined to achieve progress in the fight against poverty. Results mattered much more than intentions. In both New York and here in Washington, I have found that conservatives and liberals may have different ideas for helping low-income Americans, but we all share a desire to enact policies that actually succeed in reducing poverty.

At a time when government resources are limited, it is more important than ever to make sure the programs we do fund are effective and achieve results. Relying on evidence when making decisions on how to use government funds can lead to better policy and better outcomes for Americans.

Evidence-based policymaking entails compiling strong evidence about what works and what doesn't, using administrative data systems more effectively, and ending failing programs, while scaling up successful ones. During my time in government, I've been a part of a number of efforts that modeled this approach. Today, I will share the lessons learned in those experiences as well as highlight areas where policymakers could do a better job bringing these principles to bear.

I. Conducting Rigorous Evaluations

In order to pursue evidence-based policymaking, we must first build the evidence around practices, policies, and programs. Often, this requires randomized controlled trials (RCTs) that randomly assign participants into a treatment group that receives the intervention or a control group and tracks their results over time. This type of evaluation helps researchers mitigate selection bias and conduct impact analyses of government initiatives that can compare the program's outcomes to a counterfactual without the intervention.

In New York City, we performed rigorous evaluations of over 30 new initiatives as a part of Mayor Bloomberg's Center for Economic Opportunity. These experiments ranged from increasing the earned-income tax credit for childless workers (Paycheck Plus) to a city office dedicated to educating low-income residents on managing their finances. But one in particular received a lot of attention, the first conditional-cash transfer program in the developed world. The program—Family Rewards—provided cash payments to individuals who took positive actions, such as going to the doctor or ensuring their children regularly attended school.

New York City leadership was excited about the potential of this program, but we lacked solid evidence of whether or not it would actually work. In order to find out, Gordon Berlin and MDRC conducted the evaluation of the experiment. Overall, the results showed the program was

not successful. While participants saw lower poverty levels as a result of the program, most of the income gains came from the transfers themselves, not from increased earnings. And once the program ended, the treatment group's incomes were not substantially different from the control group. We were also disappointed to see that these incentives did not significantly change the behavior of participants in the vast majority of the outcomes incentivized in the program.¹

It was not surprising that a program that gave people cash transfers increased the amount of cash participants received. But a major objective of the program was to reduce intergenerational poverty by encouraging human capital investments and positive behavior change. Importantly, when the program did not have the positive impact we were hoping for, Mayor Bloomberg phased out the program. This does not mean that the experiment itself failed. Rather than business-as-usual, indefinite spending with unknown results, we avoided sinking resources into expanding a program citywide that would not meet our expectations. In addition, we also learned important lessons that have informed new, similar experiments in other cities across the country.

Throughout the country and the federal government, there should be a similar effort to rigorously evaluate new and existing programs and policies whenever possible. The Commission on Evidence-Based Policymaking, established by the recent Ryan-Murray bill, is an excellent step in the right direction. The commission will reduce barriers for researchers, support the creation of more helpful data sets to answer key policy questions, and facilitate the use of RCTs for compiling evidence across the country.

An important new report from the National Academy of Sciences, "Advancing the Power of Economic Evidence to Inform Investments in Children, Youth, and Families," recommends that government agencies document the extent to which existing funding is supporting programs backed by evidence. While that report focuses on best practices around economic evidence, such as cost-benefit analysis, it notes that such methods rely on intervention impact evaluations. Preferably, cost-benefit analysis should be based on evaluations that use an RCT or a quasi-experimental method that can reasonably support causal inference. However, as the report notes, often this data does not exist due to "previous inattention to what might be required for later evaluations."² Federal lawmakers and the new Commission of Evidence-Based Policymaking should take steps to encourage proper attention to rigorous evaluations, improve access to needed data, and promulgate best practices.

As a senior fellow at Results for America and a member of the new Evidence-Based Policymaking Collaborative (which brings together scholars from a range of think tanks), in the coming months I will be a part of efforts to celebrate successes in using evidence and publish

¹ James Riccio et al., "Conditional Cash Transfers in New York City: The Continuing Story of the Opportunity NYC-Family Rewards Demonstration," MDRC, September 2013, http://www.mdrc.org/sites/default/files/Conditional_Cash_Transfers_FR%202-18-16.pdf.

² Eugene Steuerle and Leigh Miles Jackson, eds., *Advancing the Power of Economic Evidence to Inform Investments in Children, Youth, and Families* (Washington, DC: The National Academies Press, 2016).

briefs on new tools that can help bridge the divide between program administrators and researchers.

II. Scaling Up Successful Programs

Just as programs failing to show results must be ended, programs backed by rigorous evaluations should see more resources channeled their way. This does not have to necessarily mean more government spending overall. Instead, policymakers should make a consistent effort to shift the resources we decide we are willing to commit to these areas away from ineffective programs and toward ones that are evidence-based.

One program that has been subject to rigorous evaluations and consistently delivered a positive impact on outcomes was the Nurse-Family Partnership (NFP). Created by Dr. David Olds, the initiative connects registered nurses with first-time, low-income mothers during pregnancy and the early years of the child's life. While the woman is pregnant, the home visits provide guidance on diet and substance abuse and other choices that can affect the health of the child. After the birth, nurses can teach the mothers about the importance of child-parent interaction for the development of the child and help the mothers better care for themselves as well.

Critically, Dr. Olds and his colleagues conducted three RCTs in different places to evaluate the program and followed up with participants in the study regularly for decades. They found that it generated long-lasting benefits for both mothers and their children. Participating children saw improved cognitive development and reported fewer behavioral problems, and their mothers saw reduced mortality and relied less on public benefits.³ A RAND Corporation study estimated the program returned \$5.70 in social benefits for every dollar invested in the high-risk population.⁴

Once the Nurse-Family Partnership model had developed this strong evidence base, it warranted being adopted on a large scale. In New York City, a small public-private partnership NFP initiative was piloted in 2003, but Mayor Bloomberg's Center for Economic Opportunity, of which I was a part, made scaling up the program a priority. The program grew by 383 percent between 2007 and 2011.⁵ And our program made a significant impact: children in the program

³ David Olds et al., "Effect of Home Visiting by Nurses on Maternal and Child Mortality: Results from a 2-Decade Follow-Up of a Randomized Clinical Trial," *JAMA Pediatrics* 168, no. 9 (September 2014); John Eckenrode et al., "Long-Term Effects of Prenatal and Infancy Nurse Home Visitation on the Life Course of Youths: 19-Year Follow Up of a Randomized Trial," *Archives of Pediatrics & Adolescent Medicine* 164, no. 1 (January 2010); David Olds et al., "Effects of Nurse Home-Visiting on Maternal Life Course and Child Development: Age 6 Follow-up Results of a Randomized Trial," *Pediatrics* 114, no. 6 (December 2004); and David Olds et al., "Effects of Home Visits by Paraprofessionals and by Nurses: Age 4 Follow-Up Results of a Randomized Trial," *Pediatrics* 114, no. 6 (December 2004).

⁴ Lynn Karoly, Rebecca Kilburn, and Jill Cannon, *Early Childhood Interventions: Proven Results, Future Promise* (Washington, DC: RAND Corporation, 2005),

http://www.rand.org/content/dam/rand/pubs/monographs/2005/RAND_MG341.pdf.

⁵ Altman Foundation, "Fund for Public Health in New York/Nurse-Family Partnership," http://www.altmanfoundation.org/our_approach/program_highlights/fund-for-public-health/.

are 16 percentage points more likely to be current with their immunizations at 24 months, and teenage mothers in the program are 15 percentage points more likely to attain a high school diploma or GED.⁶

Policymakers across the country should take similar steps to expand programs that rigorous evaluations show are affecting outcomes. This has implications for federal policymakers. For instance, in the AEI-Brookings report on poverty and opportunity, our bipartisan group agreed to continue federal support of the Maternal, Infant, and Early Childhood Home Visiting (MIECHV) program, which funds home-visiting programs (including NFPs) and allocates 75 percent of its grant dollars to evidence-backed programs.⁷ And we called upon states—who allocate around a billion dollars annually to similar programs—to explicitly tie more of their funding to evidence-based models.⁸ However, this principle should not be limited to home-visiting initiatives. From work programs to child nutrition interventions, only practices with a proven track record of results should be expanded.

Other approaches, such as performance-based contracting, can ensure that government dollars are being directed toward programs that work. In New York City, vendors who contracted with the Human Resources Administration were placed on a 100 percent performance-based payment structure that compensated service providers for helping an individual gain employment. Contractors were only paid for job placements where they could demonstrate that the client had retained the job for at least 30 days. Not only did this incentivize vendors to improve their performance, it ensured that taxpayer dollars went only to contractors when they delivered the outcome we were looking for—a job for the recipient of assistance.

In a recent paper, my AEI colleague Kevin Corinth proposes using performance-based contracting to help alleviate homelessness. His plan involves measuring the performance of specific service providers in helping their clients avoid sleeping on the streets, make mental health gains, and stay out of prison. Then, service providers with consistently better performance, after adjusting for the vulnerability of their clients, should receive more clients and more government funding.⁹

⁶ Ibid.

⁷ AEI-Brookings Working Group on Poverty and Opportunity, *Opportunity, Responsibility, and Security: A Consensus Plan for Reducing Poverty and Restoring the American Dream*, American Enterprise Institute and Brookings Institution, 2015, <http://www.aei.org/publication/opportunity-responsibility-and-security/>.

⁸ Pew Center on the States, “States and the New Federal Home Visiting Initiative: An Assessment from the Starting Line,” Pew Charitable Trusts, August 2011, <http://www.pewtrusts.org/en/research-and-analysis/reports/2011/08/24/states-and-the-new-federal-home-visiting-initiative-an-assessment-from-the-starting-line>.

⁹ Kevin Corinth, “Pay for Performance: A New Solution for Vulnerable Homeless Adults,” *AEI Economic Perspectives*, April 2016, <http://www.aei.org/publication/pay-for-performance-a-new-solution-for-vulnerable-homeless/>.

Similarly, pay-for-success models, also known as Social Impact Bonds, allow innovative social programs to receive upfront funding from private investors, and if they meet an agreed-to metric of success, only then will government compensate investors. This approach has tremendous potential but will also come with administrative challenges and has only been used in a handful of trials in the United States.

One challenge in particular is finding governments willing to pay for specific outcomes. For example, the Nurse-Family Partnership, which is part of a pay-for-success project in South Carolina, can drive savings to health, child welfare, and other systems – but getting any single system to backstop repayment for the program is a barrier. Bipartisan legislation – in the form of the Social Impact Partnership Act (SIPA) sponsored by Sens. Hatch and Bennet and Reps. Young and Delaney – could help to solve that problem by setting aside federal resources to help state and localities pay for better outcomes and incentivize collective savings across multiple layers of government. Further, SIPA requires rigorous evaluations of new pay-for-success projects ensuring that that we will continue to learn more about what works and bolster the evidence base for social interventions.

Finally, we should continue to build infrastructure that helps policymakers at all levels of government advance evidence-based reforms. The Education Department’s What Works Clearinghouse, which reviews and summarizes recent scientific evidence on the effectiveness of certain practices, has been a tremendous resource for state and local leaders. I have called for the Administration for Children and Families to create a similar hub for research on evidence-based practices that help TANF recipients find employment.¹⁰ All federal agencies should pursue a similar approach.

Results for America recently released their 2016 Invest in What Works Index, which highlights the extent to which specific agencies and departments are currently building the infrastructure necessary to be able to use data and evidence in budget, policy, and management decisions.¹¹ The index shows the important work already being done to incorporate evidence into policy at the federal level, as well as places where improvement is necessary.

III. Harnessing Administrative Data

To build the evidence base around policy ideas, researchers need high-quality data. Policymakers cannot make informed decisions without a clear picture of what is happening in our safety net programs. Both of those objectives are complicated by the fact that there are inherent flaws in our primary tool for collecting information about these programs: government survey data. Dr.

¹⁰ Robert Doar, Angela Rachidi, and Maura Corrigan, “Comments on the House Ways and Means TANF Reauthorization Discussion Draft,” statement to the Subcommittee on Human Resources, Committee on Ways and Means, US House of Representatives, July 24, 2015.

¹¹ Results for America, “2016 Federal Invest in What Works Index,” April 18, 2016, <http://results4america.org/policy-hub/2016-federal-invest-works-index/>.

Bruce Meyer of the University of Chicago has documented in several studies that misreporting of income and benefit receipt are common in surveys. In one recent study that matched state administrative records to Census Bureau survey data, he and a coauthor found that the Current Population Survey missed program receipt for 40 percent of SNAP recipients and 60 percent of TANF and General Assistance recipients.¹²

However, administrative data is important because it provides not only more accurate information, but also enables new ways of evaluating policies and practices. For instance, RCTs are often expensive and time-consuming, particularly if they require longitudinal follow-up. After separating participants into the treatment and control groups and administering the treatment, researchers must then keep up with the participants for years, tracking their life outcomes through surveys. But not all experiments need to be so costly. An alternative is to use administrative data for low-cost RCTs that are fairly easy to administer for states and localities.

Consider a hypothetical example of how this technique could be used to test a job training program. Researchers administer the program through an RCT, but instead of having to stay in touch with thousands of participants, they could simply compare the treatment group with the control group in outcomes that administrative data already tracks. In evaluating a job training program's impact, determining whether its participants receive higher earnings, depend less on government assistance, or are more likely to pay owed child support can likely show whether it is effective or not. To illustrate just how cost-effective this approach can be, the Coalition for Evidence-Based Policymaking held a competition for designing and conducting a low-cost RCT, and all three winners had a total cost of less than \$200,000.¹³ While not every evaluation can be done this affordably, efforts should be made to encourage this important tool, which can radically expand our evidence base for many programs and interventions at all levels of government.

Similar in concept is what has been termed “rapid-cycle evaluation.” Rapid-cycle evaluation is intended to quickly study a new program or program change using rigorous methods. It is designed to help policymakers make tough decisions about the best way to implement programs and whether reforms and tweaks make sense without waiting years for the results of an evaluation. Evaluators work closely with program administrators to test new strategies and quickly provide results so that decisions can be made.

In New York City, we performed a number of rapid-cycle evaluations. We piloted a Child Support Enforcement initiative that invited noncustodial parents to an initial meeting at the

¹² Bruce Meyer and Nikolas Mittag, “Using Linked Survey and Administrative Data to Better Measure Income: Implications for Poverty, Program Effectiveness and Holes in the Safety Net,” *AEI Economics Working Paper Series* (2015), <https://www.aei.org/publication/using-linked-survey-and-administrative-data-to-better-measure-income-implications-for-poverty-program-effectiveness-and-holes-in-the-safety-net/>.

¹³ Coalition for Evidence-Based Policy, “Low-Cost RCT Competition,” <http://coalition4evidence.org/low-cost-rct-competition/>.

Customer Service Center in hopes that we could increase the number of orders established by trying to reach an agreement in a friendlier environment than a courtroom. We tested incorporating different messages into the SNAP online application that behavioral economics evidence suggested would improve accuracy and honesty from applicants. All involved a randomly assigned treatment and control group, and we used administrative data to compare outcomes across groups.

The uses of this technique are limitless for administrators. From studying whether a reminder phone call improves client attendance at meetings to piloting new approaches for educating recipients about healthy behaviors, rapid-cycle testing allows policymakers to constantly improve existing programs.

But evidence-based strategies shouldn't end once programs have proven effective through rigorous evaluations. Administrative data should also be used for ongoing performance monitoring. Data-driven oversight can improve program performance by holding managers accountable for delivering results. In New York City, we used a performance management system called "JobStat," modeled after the CrimeStat initiative undertaken by the NYPD.

Every local welfare office, or "job center" as we called them, was issued a monthly report card that compared their performance on a number of measures, such as job placements, to what they did the previous month and what has happened in other offices. Managers heard a very clear message from the administration as to which measures we were interested in and what goals we expected them to meet. We met with each manager every month to hear how they were doing and, sometimes, to press them on why they weren't doing better.

This process engrained a culture of focusing on outcomes and learning from others who were having success – values central to the evidence-based policymaking approach. Throughout government agencies at all levels, administrators should be expected to develop similar cultures that emulate the principles of evidence-based policymaking in the day-to-day functioning of the bureaucracy.

IV. Conclusion

Evidence-based policymaking should not be a partisan issue. Liberals and conservatives are interested first and foremost in results, and we all agree that the government dollars we already spend fighting poverty should be used in ways that deliver the biggest impact. While all policymakers believe their decisions are backed by evidence, evidence-based policymaking is about following a specific process. New and existing programs must be evaluated in a way that establishes impact over a counterfactual; programs that rigorous evaluations show to be effective should be scaled up, while initiatives failing to have success must be phased out; and administrative data should be used to make it easier to conduct evaluations and to enable incremental improvements in program administration.

I know from personal experience that program administrators are always looking for new research that can help them do their jobs better. Federal policymakers should encourage, enable, and remove barriers to conducting evidence-based policymaking at all levels of government.