Chapter 7

Making Evidence-Based Funding Decisions

Why This Matters

The ultimate goal of establishing an evaluation policy and conducting evaluations is to drive policy and program change based on evidence of what works. Evidence-based funding decisions are crucial to this change process. But for such decisions to become routine, funding processes must ask for evidence of effectiveness and/or request evaluations.

There is evidence showing that this motivates behavior change: In one state's survey, 97% of legislative and executive branch policymakers reported that having access to program effectiveness data is an important part of their decision-making. But only about half were satisfied with the information they currently have access to.

The impact of billions of dollars is dependent on decision-makers having access to high-quality information on program effectiveness. Changing budget templates, instructions, reports and summaries to include and lift up evidence can provide timely access to this information and route funding to "what works." A 2023 survey of state government decision makers showed that they are 22% more likely to select a proposal with an "evidence-based" label than the same proposal without this label.

This chapter provides strategies, tools and examples to inform the creation of decision-making frameworks that value and seek evidence. To become the new normal, these processes should be embedded in institutional funding practices, acting as a bridge linking evidence of impacts on outcomes and equity to real-world change.

Nevada's Department of Education did just that in recent years, seizing the opportunity presented by the federal Every Student Succeeds Act (ESSA). The Department, which allocates most federal and state grants to school districts and schools across the state, harnessed ESSA's evidence provisions to power change. In just a few years, it became the fastest-improving state in the nation in terms of K-12 student achievement.

Bringing Evidence and Evaluation Details Into Budget Processes

Budget and funding decisions are a great place for an institution to commit to conducting evaluations and using evidence of effectiveness. Consider asking for the evidence basis and evidence-building opportunities throughout the budget development and decision-making process. (You can also consider requiring or incentivizing funding of evidence-based strategies in grant programs.)

Specifically:

Create space for this information on your budget forms, reports, memos and slide decks.

Add a field in budget development forms for proposing evaluations and/or citing evidence from evaluations.

Develop an annual reporting process for departments to identify any new or additional investments in evidence-based initiatives and in impact evaluations.

Establish a system to track your overall investment in evidence-based initiatives, year-over-year.

To drive equitable outcomes, require that evaluation findings are reported by sub-populations.

To effectively build your policy into each budget request, request that agencies provide:

- the current evidence level for the program or activity being proposed.

- a brief description of the evidence. This may include:

  → the program or activity's objectives and theory of change.

  → types of data collected on the program's activities and performance;

  → findings from any evaluation (formal or informal) conducted using that data;

  → any return on investment (or similar metrics) that has been calculated for the program, and calculation details;

  → information about whether the program is based on similar programs in other jurisdictions that have been evaluated and the results of those evaluations, including citations;

  → Citations to relevant research (either internal or external), if available; and

  → If none of the above has occurred to date, how the agency plans to begin collecting and/or evaluating data on the program.

An Array of Evidence-Based Activities

Remember that evidence can support a wide range of activities — not only budgeting decisions, the focus of this chapter. Consider how decision-making processes in the following areas could evolve to seek out and value evidence:

- **Grantmaking/grant solicitations (RFPs, NOFOs, NOFAs)**

- **Strategic planning**

- **Employee training**

- **Program design**

- **Contract/vendor management**

Strategies for Change

When retooling budgeting processes, it's important to think carefully about how funding decisions should or should not be tied to the existence of evidence or evidence-building activities. In an ideal world, established evidence bases or evidence-building activities would exist for all policies and proposed programs. That's a ways off for many organizations — but the budgeting process can help create that future by incentivizing evaluations.
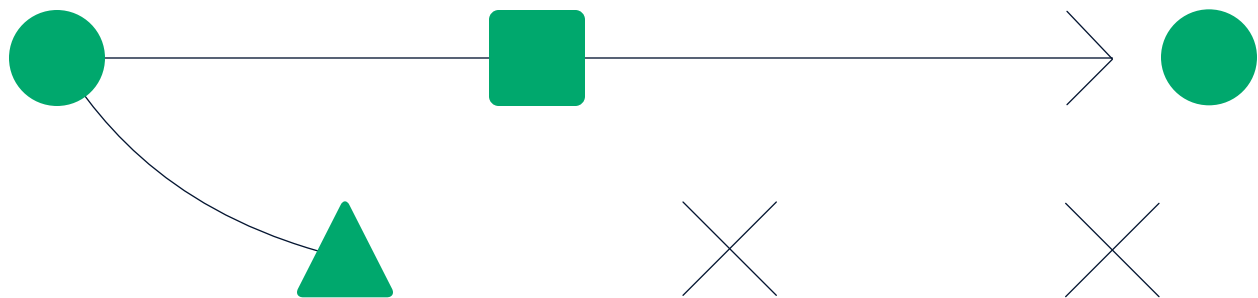
Decide if you want to use funding decision processes to identify, incentivize or require evidence use and evidence building. The strategy you choose will motivate different behaviors. It will likely depend on the organization's evaluation policy, the maturity of its evaluation practices and its change management strategy. The level of internal buy-in to evaluations and evidence-building can also impact which of the following strategies you choose.

Strategy 1
Require evidence-based interventions or programs

Require that funding be given to support evidence-based interventions or programs that include evidence-building activities. This could include:

- having the entire program budget (or grant) go to an evidence-based strategy;

- setting aside a certain portion of funding that will only go to evidence-based strategies; and

- developing and providing a list of evidence-based interventions (based on relevant clearinghouses) to choose from.

Strategy 2

Prefer evidence use through point allocation system

Allocate points to funding requests (or grant applications) that meet chosen evidence definitions or include plans to build evidence. Possible allocation approaches include:

- dedicated base points (e.g., 10 of 100 points are awarded based on evidence of effectiveness)

- bonus points (e.g., up to 15 additional points are awarded based on evidence of effectiveness)

Strategy 3

Encourage evidence use and evidence-building practices

Require that funding request submissions (or grant applications) identify any evidence use and evidence-building activities that support programs in order to encourage these practices.

- Agencies (or grant-seeking organizations) include the information on forms, reports and other funding request-related materials.

- This information is provided to budget decision-makers, who use discretion in how it influences their funding decisions.

A Budget Submission Example From Colorado

In 2021, the State of Colorado set detailed requirements for incorporating evidence into the state budget process. Part of the budget submission template includes the following table, which the Colorado Department of Agriculture completed as part of a submission for funding for its Agricultural Drought and Climate Resilience Office.

Logic Model/ Theory of Change	Colorado Agriculture will adopt more comprehensive practices if proper technical assistance is provided and targeted economic and regulatory incentives are employed.		
Program Objective	Ensure that Colorado Agriculture is prepared, resilient and adaptive.		
Outputs Being Measured	Anticipated, no data yet collected: # of Colorado agricultural businesses that have adopted greenhouse gas reducing practices, the department may offer Y workshops with Z attendance each year. # of incentives adopted by businesses.		
Outcomes Being Measured	Anticipated, baseline not yet established: Greenhouse gases emitted by agribusiness will decline by X% over Y years.		
Cost/Benefit Ratio	N/A		
Evaluations	**Pre-Post**	**Quasi-Experimental Design**	**Randomized Control Trial**
Results of Evaluation	TBD: Our Pre-Evaluation will identify how many tons of CO_2 agriculture in Colorado is producing. In Y years we will measure this output to see if a change has occurred.	N/A	N/A
Continuum Level	Step 1		

Powering Change

A strong evidence base for a policy or program is just a starting point for positive change. To power on-the-ground change, governments need to update processes so that any evidence (or lack thereof) supporting an approach is integrated into funding or other decisions.

Funding decision processes requiring evidence and evaluation-related information can drive change in both directions. Most importantly, they drive real-world change by helping to allocate funding to policies and programs that deliver results, improving the lives of constituents and their communities. But funding processes can also spur important organizational change. By incentivizing evidence and evidence-building activities, they can help build a better governing environment, one in which policies and programs are only funded on the basis of established evidence bases.

That future will take years to build. New funding processes are an essential building block for change.

→ **For endnotes, see the full policy guide here.**

Exercise 7: Build an Evidence-Based Funding Request Framework

Develop your own framework for integrating evidence base and evaluation details into a request process:

Practice Complete the below framework using a currently funded program example.

Adjust What would you keep, what would you change? Keep your organization's evaluation policy and practices in mind as you tweak this framework.

Pilot Select a team or program to test your framework. Make adjustments based on the results and your experience.

Embed Make a plan to incorporate the final framework into the funding request submission and budget process.

Request Framework

Requesting Department or Agency	
Program/Initiative	
Program Objective	
Theory of Change	**Has one been developed or is there a plan to develop one?**
Outcomes Being Measured	
Target Population(s)	

Expected Impact	**Estimated outcome measure in Y period of time with and without the program/ initiative in place**. *Example: In 2026, we estimate that 85% of 3rd graders will be reading at grade level. With this proposal, we expect this outcome measure to increase 3 percentage points to 88%.*
Evidence-Based Strategy	**Does the planned program already have an evidence-base?** *Example: Leveled Literacy for first and second graders.*
Source(s) of Evidence	**Clearinghouses? Individual studies? (with links),** *Example: U.S. Department of Education's What Works Clearinghouse, Tier 1*
Evidence Rating	**Based on your jurisdiction's evidence definition.** *Example: "Evidence-based"*

	If there is no evidence-base:			
Evaluation Plans	**Type of Evaluation**	**Research Partner**	**Equity & Validity Considerations**	**Evaluation Budget**
Community Engagement Plan	**Who will you engage? How, when and for what purpose?**			