

# The Power of Evidence and Data to Advance an Equitable Economic Recovery

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*An Implementation Guide  
for the 2020 OMB  
Transition Team*



August 2020

 **RESULTS**  
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**FOR AMERICA**

# Table of Contents

- I. Introduction.....3**
- II. Evidence-Based Policymaking in the Current Federal Landscape.....4**
  - Evidence-Building Tools..... 5
  - Using Evidence in Policymaking..... 5
  - Using Evidence to Advance Equity.....7
- III. Prioritizing Evidence and Data Within a Transformative Economic Recovery Package.....8**
  - Lessons Learned From ARRA.....8
  - Economic Recovery Implementation Team Led by OMB.....10
  - Evidence-Based Implementation of an Economic Recovery Package.....11
    - Workforce and Higher Education.....12
    - Caregiving and Early Childhood Education.....13
    - Housing.....14
    - Support for People Re-Entering the Workforce.....14
- IV. Promoting Innovation, Continuous Improvement, and Scaling Proven Solutions Through Strategic Evidence Building Plans.....15**
  - Administrative Actions and Coordination.....16
  - Legislative Pathways.....17
- V. Questions To Ask During Agency Review.....18**
  - Building Evidence of What Works..... 19
  - Investing in What Works.....19
- VI. Conclusion.....19**

# I. Introduction

As the United States continues to struggle with unprecedented economic, health, and social justice crises, the next administration must be prepared to pursue and achieve bold reforms. The very idea of “recovery” has taken on new breadth, depth, and urgency. During the coming period of national recovery, our country has an opportunity to not only repair damage, but to be bolder and more ambitious than ever before by investing in high-impact, results-driven initiatives to advance economic mobility.

The COVID-19 pandemic has had devastating and disproportionate impacts on the very communities that struggled most before the crisis. Communities of color and low-income communities uniquely bear the burden of complex health and economic harms that have been exacerbated by COVID-19. Meanwhile, there is greater urgency to ensure racial justice and equitable economic mobility for communities of color. Fortunately, unprecedented levels of evidence and data provide the tools to increase the speed and effectiveness of government reforms to advance those goals.

Whenever America has faced a crisis, transformational leaders have stepped forward to rebuild our country better than before. The Great Depression brought a New Deal that created the foundational safety net of social security and unemployment insurance as well as essential labor rights. The Civil Rights Movement made possible the Great Society programs, which included bold new interventions to expand economic mobility. These programs, among others, created the evidence base underlying our current thinking on key drivers to create thriving communities of opportunity.

Current discussions on critical topics from universal pre-kindergarten to criminal justice reform are rooted in evidence and data that we started gathering decades ago. Building on this legacy, we've developed a wealth of knowledge about how to promote mobility and equity in the most inclusive, effective, and efficient ways. As the next administration seeks to fundamentally change the way America promotes economic mobility and equity, grounding its agenda in evidence and data will maximize effectiveness and help ensure the durability of key reforms.

This memo outlines how the White House Office of Management and Budget (OMB) can most effectively help the next administration develop, implement, and scale economic mobility policies and programs through an evidence-based and data-driven approach. This is not a white paper of new policy proposals. Rather, this is an implementation guide to help an administration work with Congress to use the tools required to improve government effectiveness and bring economic prosperity to Americans that have been left behind, particularly in communities of color. Specifically, this implementation guide:

- Describes evidence-based policymaking in the current federal landscape;
- Proposes how OMB can best prioritize evidence and data within a transformative economic recovery package in early 2021;
- Outlines how OMB can promote innovation, continuous improvement, and the replication of proven solutions through strategic evidence building plans; and
- Offers questions the transition team should embed in agency reviews.

## II. Evidence-Based Policymaking in the Current Federal Landscape

The principle behind evidence-based policymaking is important: by using the best currently available evidence and data, policymakers can develop policies and direct funding in a way that improves outcomes as quickly as possible for the American people. Policymakers also should adopt a “continuous-learning” approach, using widespread experimentation and evaluation not only to identify effective interventions but to improve government investments over time and thereby address U.S. social problems in an ever more effective manner.

The past few years have seen dramatic shifts toward better incorporation of evidence and data in policymaking processes. Since 2015, Congress has passed landmark bipartisan legislation that is helping to identify and invest in what works in K–12 education ([Every Student Succeeds Act](#)), foster care ([Family First Prevention Services Act](#)), juvenile justice ([Juvenile Justice Reform Act](#)), and opioid prevention, treatment, and care ([SUPPORT for Patients and Communities Act](#)). Congressional leaders also took a major step forward in measuring and improving the impact of federal government programs with the [Foundations for Evidence-based Policymaking Act](#), known as the Evidence Act, signed into law in 2019.

The Evidence Act marks a major milestone in requiring federal agencies to evaluate the impact of their programs; scale the use of data, evidence, and evaluation in the policymaking process; and increase public access to federally held data. Notably, the law also requires OMB to build better evidence in its core operations. Specifically, the law:

- Requires all 24 federal agencies covered by the [Chief Financial Officers \(CFO\) Act](#) to include evidence-based policymaking in strategic planning;
- Mandates [agency learning agendas](#) and evaluation plans as part of annual performance plans, along with the designation of a career, senior agency employee as the Evaluation Officer;
- Establishes standards for evidence building and statistical evaluation, as well as requiring agencies to complete a [capacity assessment](#) of their statistics, evaluation, research, and analysis efforts; and
- Requires the designation of a Chief Data Officer and the creation of open data plans to enable researchers and policymakers to better explore multidimensional solutions to difficult social problems.

While the Evidence Act lays important groundwork for increasing the use of evidence-based policymaking, more action is required to ensure federal agencies build and use evidence and data to inform their fiscal and policy decisions. In particular, the Evidence Act cannot achieve its intended objectives if state and local governments are not brought in as partners in identifying key research questions and carrying out the analytics and evaluation activities to learn what works for different communities. To date, federal implementation of the Evidence Act has focused heavily on evaluations that will be carried out at the federal level with federally held data, with little stakeholder engagement or participant feedback.

However, federal agencies also need to prioritize helping local governments promote innovation, continuous learning, and the scaling of proven solutions. While increasing evidence capacity across levels of government can lead to improved economic mobility and increased equity, the federal government, and OMB in particular, has a unique role to play in better building and using evidence.

## Evidence-Building Tools

Evidence can move as quickly as the world is changing; a commitment to evidence does not have to mean forgoing speed for a plodding approach. Real-time analysis can help a program be more successful and applying different evidence tools at different stages is key. These tools can increasingly help government officials promote innovation, continuous improvement, and the scaling of proven solutions:

- **Performance Metrics:** Key performance indicators (KPIs) and other forms of data collection that measure short term outputs and illuminate areas of progress and improvement on a regular basis;
- **Rapid Cycle Tools:** Real-time evaluation tools spanning A/B testing (randomized experiments with two variants), quasi-experiments (e.g., matched comparison groups, times series design), machine learning, and rapid cycle evaluation that measure initial effectiveness and identify promising emerging practices to implement and replicate; and
- **Randomized Controlled Trials (RCTs):** Well-designed and implemented RCTs can determine whether an intervention produces a statistically significant and positive, meaningful impact on desired outcomes for a target population. By incorporating a control group, RCTs are uniquely designed to answer questions about how outcomes would differ in the absence of the intervention.

In addition, participant feedback mechanisms should be built into all programs to provide more immediate data on the experience of impacted communities as well as the program's reach and operations – something America could desperately use right now, in the context of large but uneven and inequitable economic relief measures. For example, the Census Bureau's weekly [Household Pulse Survey](#) has been a useful, if imperfect, real-time dataset revealing how the COVID-19 crisis is impacting families across the country.

## Using Evidence in Policymaking

Evidence is a critical tool to achieve the best results. Strategies for using evidence in policymaking and funding allocations include the following:

- **Evidence Definitions:** Incorporating the following three definitions of evidence of effectiveness into federal fiscal and policy decisions can help ensure that taxpayer dollars are invested effectively and efficiently by promoting innovation, continuous improvement, and scaling of proven solutions:
  - o **Strong Evidence:** Interventions shown in well-conducted RCTs, carried out in

typical community settings, to produce sizable, sustained effects on important outcomes. This category requires replication – specifically, the demonstration of such effects in two or more RCTs conducted in different implementation sites, or, alternatively, in one large multi-site RCT.

- o **Promising Evidence:** Interventions that have been evaluated in RCTs or rigorous quasi-experimental studies, and found to have positive effects that are sizable, but not yet conclusive (e.g., due to only short-term follow-up, a single-site study design, well-matched comparison groups but not randomization, or effects that fall short of statistical significance).
  - o **Preliminary Evidence:** Interventions that have evidence based on a reasonable hypothesis and supported by credible research findings, including where possible an assessment of participant views to better understand the confidence a community has in the impact of the government investment. Such evidence suggests the intervention may be an especially strong candidate for further research but does not yet provide confidence that the program would produce important effects if implemented in new settings.
- **Tiered-Evidence Funding Frameworks for Grants:** Using the evidence definitions above, tiered-evidence funding frameworks can be used in government social programs to provide different sized grants to help develop and implement innovative pilots that have preliminary evidence; refine and rigorously evaluate interventions and strategies that have promising evidence; and scale up only those interventions that have strong evidence of meaningful impacts on important outcomes. This framework ensures that grant amounts are commensurate with a proposed intervention's level of evidence, directing more dollars towards interventions that have demonstrated evidence of effectiveness.
  - **Formula and Entitlement Program Innovation:** Using the following approaches can encourage innovation in formula grant programs and entitlement programs to further deepen their impact:
    - o **Waiver Demonstrations:** Waiver demonstrations are used in major entitlement programs such as Medicaid, child welfare, and federal student aid, as well as some formula grant programs. They allow jurisdictions or providers to modify existing program rules to test new approaches to achieving program goals. When coupled with strong evaluations, waiver demonstrations can be used to build evidence about what works, for whom, and under what conditions. By including a strong cost analysis, they can also identify interventions that lead to cost savings and a return on investment for taxpayers.
    - o **Evidence Set-Asides:** Setting aside a certain percentage of formula grant funds for interventions with evidence of effectiveness is another tool to increase the impact of federal funds. For example, the Every Student Succeeds Act (ESSA) requires state education agencies to set aside at least seven percent of their ESSA Title I, Part A funds (representing \$1.1 billion in FY19) for interventions that meet the law's three highest levels of evidence.

## Using Evidence to Advance Equity

Equity and inclusion must be at the forefront of fiscal and policy decisions. While data and evaluations can sometimes mistakenly reinforce biases, government decision-makers who have access to more and better information—and who are trained to navigate the nuance and possible bias in this information—can use data to identify disparate racial outcomes, understand the core problems, and target resources to solutions that work to close gaps. A drive toward building and using evidence and data can expand opportunity and inclusion. At the most basic level, federal, state, and local governments must be able to measure, using disaggregated data with strong privacy protections, whether government investments are having the intended effect, closing racial gaps, and accelerating economic opportunity.

A good example of how rigorous evidence can open economic opportunities is the Accelerated Study in Associate Programs (ASAP) program developed by the City University of New York (CUNY). Recognizing the many barriers that community college students face in graduating on time, ASAP provides academic, personal, and financial support to low-income students to help them earn an associate's degree within three years. ASAP was first rigorously evaluated in New York City, with a sample of low-income community college students that were 44% Hispanic, 34% Black, and all were either eligible for a Pell grant or had family income below 200% of the federal poverty level. A [well-conducted RCT](#) found, at six-year follow-up, that ASAP increased college graduation rates by 10 percentage points (relative to the control group's rate of 41%) – thus demonstrating meaningful gains for this low-income, largely minority student population. Furthermore, a [second \(replication\) RCT](#) of ASAP carried out in Ohio has also reported large impacts on college graduation rates.

A strong example of applying an equity lens to evidence-based policymaking is King County, Washington's [Best Starts for Kids](#) initiative. In re-evaluating its approach to procurement and delivering health and human services for children and families, [King County](#) engaged human service providers, service recipients, and community groups. The county gathered feedback, identified community-defined objectives for improvement, and established outcome goals for each contract. It also invested in technical assistance and capacity building to break down barriers to applying for government contracts. [Data dashboards](#) and qualitative feedback loops ensured that adjustments could be made during implementation that helped providers meet their outcome goals. At the same time, the initiative preferenced evidence-based interventions and incorporated evaluation to build new evidence about innovative approaches. The results were a more diverse provider network, a shift in program focus to early intervention services, enhanced use of data in decision-making, and – most importantly – [improved outcomes for a diverse array of children](#) and families. In 2019, for example, 76% of children ages 0–5 served showed progress in using appropriate behaviors to meet their needs, 75% showed progress in acquiring and using new knowledge and skills, and 74% showed progress in positive social/emotional skills and relationships. Best Starts for Kids shows the important role that participant feedback can have in designing programs and developing outcome goals that meet the needs identified by individual communities. A logical next step for this type of innovative approach is to continue to build evidence of effectiveness, including conducting an RCT when ready, so that it can be continuously improved.

# III. Prioritizing Evidence and Data Within a Transformative Economic Recovery Package

The next administration must work together with Congress to pass a transformative economic recovery package that creates millions of jobs while promoting economic mobility and equity for working families throughout our country. Successfully implementing the largest recovery effort since the New Deal in an expedited time frame will require an ability and willingness to shift resources quickly. Lessons can be learned from the 2009 American Recovery and Reinvestment Act (ARRA). OMB should use its convening function to ensure that the next economic recovery package is developed and implemented with speed, agility, and demonstrable impact.

## Lessons Learned From ARRA

Implementing with speed while minimizing error and fraud is paramount for any economic recovery package. By these measures, ARRA was a success. The Obama Administration achieved its goal of spending [70%](#) (\$551 billion) of the \$787 billion package by September 30, 2010, just 18 months after the enactment of ARRA. The Recovery Accountability and Transparency Board conducted nearly [3,200 audits](#) and made recommendations for better use of funds totaling \$8 billion (approximately 1%) of the overall ARRA appropriations. The Congressional Budget Office (CBO) found that at its peak, during the third quarter of 2010, over [3.6 million](#) people owed their jobs to ARRA.

An Obama Administration [evaluative report of ARRA](#) in 2011 highlighted the following: (1) results-driven competition produced better results; (2) sophisticated data management tools produced faster results; and (3) interagency collaboration worked. For example, HUD's data management and accountability platform distributed funding to ARRA programs up to 4.8 times faster than their non-Recovery equivalents. And, the Departments of Defense and Veterans Affairs collaborated with the Department of Health and Human Services to exchange information and worked with hospitals in the network to better coordinate care for veterans.

Speed and fraud prevention should once again be a central focus for economic recovery in 2021. Just as critical is a dogged commitment to demonstrable results and a willingness to course correct during implementation as our nation's challenges are greater now than they were in 2009. The following lessons from members of the ARRA Implementation Office can help guide implementation for a new multi-trillion dollar recovery investment:

### **1. Support innovation, continuous improvement, and the replication of proven solutions.**

ARRA created the most evidence-based federal education program in history – the Investing in Innovation (i3) program – which provided \$650 million to grantees based on their evidence of effectiveness using a tiered-evidence funding framework. In developing and implementing the next recovery package, OMB should identify opportunities to prioritize evidence to help ensure taxpayer dollars are invested as effectively and efficiently as possible while supporting innovation, continuous improvement, and scaling proven solutions. The definition of "evidence of effectiveness"



(as described in Section II of this memo) can guide the design of evidence-building strategies that can be tailored to the wide range of programs included in the recovery package. The federal government must be willing to innovate and look for ways to replicate impactful approaches.

- 2. Focus on the massive operational challenges.** The administration cannot underestimate the operational strain federal agencies undergo during these extraordinary times. For example, two COVID-19 relief laws directed HHS to distribute a combined [\\$175 billion](#) to help health care providers address the financial strain caused by the pandemic. The Health Resources and Services Administration (HRSA) is charged with [distributing the funds](#) even though they currently manage only \$10 billion annually and have little operating experience in fee-for-service reimbursements. Helping agencies do their jobs differently while solving problems in real-time is key. The Recovery Implementation Office had a helpful 24-hour rule whereby they aimed to solve a problem or create a joint plan to resolve the issue within 24 hours of an agency or local government presenting it.
- 3. Collect the right evidence and data and clearly visualize results.** It is difficult to understand the impact of interventions if the evidence and data for managing performance are not collected and tracked on clear dashboards. This lesson is important both for allocating funds based on evidence and internal project management but also for transparently displaying and communicating results to the American public. The evidence and data cannot just be about the speed of money going out the door. The implementation team must also be collecting evidence and data that provides a ground-level view of what is working and what is not so Americans can understand the benefits that these federal funds are delivering to their community and how the federal government is going to fix programs that are not working well. A significant part of this effort must include feedback from the communities being served.
- 4. Bake in accountability at all levels of program implementation.** The creation of an external oversight body, such as the Recovery Accountability and Transparency Board (RATB) and the Pandemic Response Accountability Committee (PRAC), is necessary but insufficient. Public accountability must be built into the fabric of every program's culture. This function should not be outsourced to oversight bodies. OMB authorized states to use [0.5% of their ARRA stimulus funding](#) for administration and reporting systems to track the effective use of funds. For example, Connecticut used part of these funds to pay for the state's Chief Data Officer who coordinated improved data use in the state. Any new stimulus package should include similar transparency provisions.
- 5. Install strong leadership teams at every implementing agency.** Leadership matters, not only from the President, but also within every agency. The 29 agencies implementing ARRA programs had 29 different internal organizing structures. As a result, the quality of management plans and attention to implementation details varied by agency. The most successful agencies created well-managed senior leadership teams reporting directly to the Secretary or Deputy Secretary. For example, Secretary Chu at the Department of Energy built an implementation team led by a strong senior advisor who helped the agency successfully implement over 5,000 projects funded with over \$35 billion in ARRA appropriations.

# Economic Recovery Implementation Team Led by OMB

Applying lessons from ARRA, the next administration should call on OMB to lead an economic recovery implementation team in early 2021 tasked with ensuring (1) innovation and continuous improvement is supported and proven solutions are scaled; (2) recovery funds are spent with speed and impact; (3) data is captured and analyzed to enable evidence-informed decisions to be made quickly at the federal, state, and local level; (4) accountability is owned at every level of implementation; and (5) racial equity is central to program development and implementation.

- **Leadership, Staffing, and Racial Equity:** Leadership from the top is critical, and the President must demonstrate hands-on engagement. The implementation team should be led by a senior official who carries the titles of Senior Advisor to the OMB Director and Assistant to the President (ARRA Coordinator Ed DeSeve carried three titles, including Senior Advisor to the President for Recovery Implementation, Assistant to the Vice President, and Senior Advisor to the OMB Director). The team should include political appointees, OMB career staff, and detailees from major implementing agencies. Dedicated staff within the implementation team focused on racial equity will be critical to identify instances where existing government practices are creating disparate racial outcomes and develop new strategies for closing these racial gaps. The racial equity-centered results-based accountability framework developed by the [Government Alliance on Race and Equity](#) could serve as a useful model for this work.
- **Core OMB Competencies to Strengthen and Leverage:** The mandate for this team will be ambitious and vital to ensuring that one of the greatest public investments in American history achieves its economic mobility and equity goals. OMB is in the best position to leverage its core competencies to lead an implementation effort across the federal government, and implementation team members should be hired and selected as detailees from other agencies based on their demonstrated expertise in the areas below. OMB should implement a training agenda in early 2021, under the direction of the Executive Associate Director, which has historically led OMB's evidence-based policymaking efforts. The agenda should emphasize these competencies to help facilitate high-impact economic recovery implementation.
  - **Evidence:** The implementation team needs people with experience with the evidence definitions and evidence-building tools described in Section II of this memo. Identifying people with a track record of experimenting, identifying goals and evaluating based on those goals, and learning will be required on the team. Since the thrust of many of the recovery programs will be providing quick financial relief to individuals, businesses, and state and local governments, this team will need to identify a range of creative strategies for embedding a data and evidence focus into program implementation wherever possible. It will be critical to implement programs in an agile way so that the administration can expand on successes and either improve or terminate failures during implementation.
  - **Data Management:** Beyond basic skills in collecting, analyzing, and sharing data, the implementation team needs expertise in linking data across a decentralized federal, state, and local infrastructure. OMB should work with federal statistical agencies to create a secure integration platform, similar to the [National Secure](#)

[Data Service](#), using its administrative authority. If further legislation is required to answer key questions with linked data, OMB should work with Congress to enact the legislative authorities needed as well as the privacy protections necessary to safeguard individuals' data. Independent organizations, such as the [Data Foundation](#) and [USA Facts](#) can serve as helpful resources in this data linkage effort.

- **Implementing Agency Leadership:** As COOs for their agencies, the Deputy Secretaries for agencies charged with distributing economic recovery funds should own implementation. A senior advisor (assistant secretary level) reporting directly to the Deputy Secretary should lead the recovery effort at each agency. Working within the existing agency structure, the senior advisor would lead a small team in the Deputy's office who would work directly with the existing agency infrastructure, including Assistant Secretaries for Policy, Management, and Budget in addition to the Evaluation Officer, Statistical Official, Chief Data Officer, and Performance Improvement Officer. The senior advisor would be charged with elevating problems quickly as they arise throughout implementation, and the Deputy Secretary would solve these challenges with the implementation leadership through the weekly committee calls and the monthly Deputy Committee meetings.
- **Coordination and Support for State and Local Entities:** The implementation team must embrace their state and local government colleagues as full partners by establishing strong working relationships and ensuring that accountability is owned at the local level. States were responsible for delivering over [one-third of ARRA funds](#), including programs such as Community Development Block Grants (CDBGs) and Transportation Investment Generating Economic Recovery (TIGER) Grants. Building on the ARRA precedent of authorizing states to use [0.5% of their stimulus funding](#) for a centralized administrative costs, OMB should set aside an additional 0.5% during the next recovery package to ensure that state and local government partners have the capacity to evaluate their government-funded investments – in alignment with each relevant federal agency's evidence-building plans.

## Evidence-Based Implementation of an Economic Recovery Package

As each pillar of the economic recovery package is implemented, the implementation team should be looking for evidence-based solutions to achieve the targeted goals. A [recent study](#) by NORC at the University of Chicago found that 92% of Americans think that policymakers should seek the best evidence and data available when making decisions. Importantly, these results were consistent across party lines: A full 94 percent of Democrats and 92 percent of Republicans supported the notion that politicians should make decisions with the best data and evidence.

Moreover, the [2020 Democratic Party Platform](#) supports evidence-based policymaking, noting "to ensure that federal funds are invested as effectively and efficiently as possible, the federal government should be using the best available evidence when making budget

and spending decisions... Democrats support the widespread use of strategies to promote evidence-based policymaking, including more robust evaluations of tax expenditures and allocating funds for program evaluation, to help ensure the American people are receiving the most productive, efficient services from our federal government."

For all of these reasons and more, we recommend incorporating the evidence definitions and evidence-building tools described in Section II in the 2021 recovery package to help meet the higher education, workforce, caregiving, early childhood education, housing, and re-entry policy goals highlighted below:

## **WORKFORCE AND HIGHER EDUCATION**

- **Policy Goal: To create and expand community college workforce training programs and invest in community-based and proven organizations that help women and people of color access high-quality training and job opportunities.**

### *Examples of Evidence-Based Interventions*

- The City University of New York's [Accelerated Study in Associate Programs](#) (ASAP) is a comprehensive community college program that provides academic, personal, and financial support to low-income college students who need remedial education, with the goal of increasing college graduation rates. A [well-conducted RCT](#) found that ASAP increased college graduation rates by 10 percentage points at six-year follow-up. (Strong Evidence)
- [Per Scholas](#) provides employment and training to low-income workers focused on the information technology sector. [Two well-conducted RCTs](#) found that Per Scholas increased average earnings by 20%–30%, or \$4,000–\$6,000, two to six years after random assignment. (Strong Evidence)
- [Project Quest](#) offers tuition subsidies and support to low-income San Antonio residents for pursuing high-demand community college degrees. A [well-conducted RCT](#) found that Project Quest increased average earnings by \$5,000 per year, nine years after random assignment. (Promising Evidence)
- Nevada's Reemployment and Eligibility Assessment (REA) is a mandatory program for Unemployment Insurance (UI) claimants, which provides an in-person review of their UI eligibility, and personalized reemployment services. A [well-conducted RCT](#) found that REA increased earnings by \$2,988 per claimant, increased the employment rate by four percentage points, and generated net savings to the UI system of \$765 per claimant 18 to 26 months after random assignment. (Promising Evidence)

## **CAREGIVING AND EARLY CHILDHOOD EDUCATION**

- **Policy Goal: To provide all 3- and 4-year-olds access to free, high-quality pre-kindergarten and invest in wraparound services for parents.**

### *Examples of Evidence-Based Interventions*

- Project Upgrade's Breakthrough to Literacy intervention was designed to improve the language and pre-literacy skills of low-income preschoolers in Miami-Dade County child care centers. An RCT of [Breakthrough to Literacy](#) found that four years after the end of the intervention (i.e., spring of 2nd grade), the intervention moved the average child from the 50th to the 67th percentile in reading and from the 50th to the 61st percentile in math (Preliminary Evidence due to study limitations such as sample attrition).
- [Montessori](#) preschools provide a flexible education curriculum in multi-age classrooms, providing children with freedom to choose which educational activities they engage in and whether they work alone or with peers. A [well-conducted RCT](#) of two public Montessori preschools in Connecticut found, at three-year follow-up (i.e., the end of kindergarten), that these preschools moved the average child from the 50th to the 66th percentile on a standardized measure of math and literacy outcomes. (Promising Evidence)
- [Nurse-Family Partnership](#) is funded in part by the federal [Maternal Infant and Early Childhood Home Visiting](#) (MIECHV) program, which supports evidence-based home visiting programs across the country. It is a nurse home visitation program for first-time mothers – mostly low-income and unmarried – during their pregnancy and children's infancy. Well-conducted RCTs have found: (i) reductions in child abuse/neglect and injuries (20%– 50%); (ii) reduction in mothers' subsequent births (10%–20%) during their late teens and early twenties; and (iii) improvement in cognitive/educational outcomes for children of the most at-risk mothers (e.g., six percentile point increase in elementary school reading/math achievement). (Strong Evidence)
- Head Start and Early Head Start, the largest federal programs that provide comprehensive early childhood development services to low-income children from birth to five-years old, could also be an important element of expanding early childhood care, especially by incorporating evidence-building definitions and tools into a renewed Head Start Act.

## **HOUSING**

- **Policy Goal: To bolster programs that improve housing affordability for renters.**

### *Examples of Evidence-Based Interventions*

- [Critical Time Intervention](#) (CTI) is a case management program to prevent recurrent homelessness in people with severe mental illness leaving shelters, hospitals, or other institutions. [Two well-conducted RCTs](#) found that CTI led to a 60% reduction in the likelihood of homelessness 18 months after random assignment. (Strong Evidence)
- [Housing First](#) is a housing placement and services program for homeless individuals with serious mental health issues, which prioritizes placing them in stable housing through rental subsidies before then providing additional case management assistance. A [well-conducted RCT](#) in Canada found that Housing First doubled the percentage of individuals who were stably housed, from 30% in the control group to 60% in the Housing First group, at the two-year follow-up. (Promising Evidence)

## **SUPPORT FOR PEOPLE RE-ENTERING THE WORKFORCE**

- **Policy Goal: To bolster programs that provide a pathway for people re-entering the workforce, including formerly incarcerated persons.**

### *Examples of Evidence-Based Interventions*

- The [Center for Employment Opportunities](#) (CEO) offers a life skills course, followed by placement into a transitional job and post-placement services at a cost of \$4,800 per participant. CEO increased employment by 24.5 percentage points in the first year, however, there were no differences in any employment outcomes for the participants in years two and three, according to [MDRC's 2012 RCT](#). (Preliminary Evidence)
- [Goodwill's Transitions San Francisco](#) offers an assessment, two weeks of job-readiness training, and placement into subsidized jobs, costing about \$8,460 per participant. A [well-conducted RCT](#) found that Goodwill's Transitions program increased earnings by \$2,160 in the last year of a 45-month follow-up. (Preliminary Evidence)

## IV. Promoting Innovation, Continuous Improvement, and Scaling Proven Solutions Through Strategic Evidence Building Plans

To meet the needs of the moment, any effort to invest in economic recovery must include making big gains in our largest federal programs, including major entitlement programs. Building on the prioritization of evidence and data within the administration's economic recovery package in early 2021, OMB has an opportunity to prioritize evidence and data to promote innovation, continuous improvement, and the scaling of proven efforts through the strategic use of evidence. OMB's management arm is already invested in working with agencies on evidence collection that can point to areas of improvement during program funding and implementation. Working at its best, OMB has the existing mandate and touchpoints to lead an administration's impact agenda to help deliver on promised results. And independent groups, such as the [National Academy of Public Administration \(NAPA\)](#), are working on structural recommendations to enhance the way OMB performs those and other critical functions.

Beginning in 2021, OMB should prepare a comprehensive Strategic Evidence Building Plan that leverages provisions in the Evidence Act to promote innovation, support continuous improvement, and scale proven solutions across programs – from small grant programs to larger interventions and programs, both within agencies focused on serving individuals and families (such as nutrition programs) as well as agencies charged with spurring economic growth, improving infrastructure, and supporting businesses. By including both administrative actions that could be implemented without congressional approval and legislative options to cement more structural changes, the Strategic Evidence Building Plan would cover a variety of political scenarios while embedding evidence-based policymaking into the longer term culture of the federal government.

Centering this Strategic Evidence Building Plan at OMB would allow the agency to take advantage of its unique position at the nexus of budget, policy, and performance across the federal government. As the Partnership for Public Service wrote in its 2016 presidential transition guide, [From Decisions to Results](#), "[b]esides its budget responsibilities, OMB can and should be doing more as a facilitator, a collaborator, and a convener to embed greater use of evidence-based decision making at the agencies to reduce barriers to innovation and spur experimentation with new ideas for better governance and to enable greater interagency and intergovernmental coordination."

Raj Chetty's work on economic mobility provides an illustrative example of the kind of impact OMB could have by creating an explicit plan to build and use evidence through the federal government's data infrastructure, policy levers, and spending power. Specifically, Chetty's [Opportunity Atlas research](#) shows the power of using data and evidence to identify effective economic interventions. Through a unique data sharing agreement (facilitated by the U.S. Treasury Department), his research used millions of IRS records to pinpoint key factors related to economic mobility. Based on this data, Chetty worked with local governments to design more effective affordable housing policies that provided vouchers to high-opportunity areas. For example, the [King County, Washington](#) housing intervention increased the fraction of families who moved to high-upward-mobility areas to 53% in

the treatment group as compared to 15% in the control group. Chetty's work shows how expanding access to government data can build new evidence that has the power to transform policy at all levels of government to improve lives.

The OMB-led Strategic Evidence Building Plan should inform the administration's budget submission by including the following administrative and legislative recommendations that would help advance economic mobility and equity at the pace and scale our country needs and make our federal government more effective and efficient.

## Administrative Actions and Coordination

Through administrative actions and coordination, OMB can create the infrastructure with which to make better evidence-based decisions without the necessity of congressional action, including:

- **Set Aside Funds to Support Learning and Evaluations:** Increase the government's evidence-generating capacity by directing agencies to use their existing administrative authority to set aside no less than 1% of discretionary competitive grant program funds for evidence-building, which includes evaluations, data systems, and capacity building.
- **Define and Prioritize Evidence of Effectiveness:** Make the federal government more effective and efficient by defining and prioritizing evidence of effectiveness in all discretionary competitive grant programs as described in Section II of this memo.
- **Create Impact Funds for State and Local Government Partnerships:** Ensure focused and dedicated funding for evaluations of economic mobility efforts by directing the largest federal social services agencies to create new State and Local Government Impact Funds that help city, county, and state governments build their data, evidence-building, and evaluation capacity aligned with each agency's own evidence-buildings plans.
- **Establish a Racial Equity Accountability Training Fund:** Engage community voices to define priority problems and desired outcomes by providing training and technical assistance funding to local governments that want to prioritize racial equity in their operations and close racial gaps in outcomes. Working with community-based partners and their relevant federal agency partners, local governments would build strategic plans, such as this one in [King County, Washington](#), to use evidence and data to deliver better results and promote racial equity in their community.
- **Strengthen Evidence Building with Service Providers:** Build the evidence-base and improve understanding of how to scale what works by prioritizing funding in the President's budget for tiered-evidence programs like the Department of Education's [Education Innovation & Research](#) initiative and the Corporation for National and Community Service's [Social Innovation Fund](#), as well as creating other programs that promote innovation, continuous improvement, and scaling of proven solutions in key federal agencies. Evaluation capacity also should be built by issuing regulations for competitive and noncompetitive grant programs that require grant recipients to



participate in agency-led evaluations as a condition of receiving funding. In entitlement and formula programs, waiver demonstrations should require a rigorous evaluation to assess the impact of the program changes, including cost savings or return on investment if these are measurable.

- **Support Research and Development Projects that Increase Shared Prosperity:** Support partnerships between federal social services agencies that currently lack sufficient science and technology capacity and agencies with expertise and excess capacity like the National Science Foundation (NSF) and use flexible hiring authorities to recruit people with expertise in science, technology, and innovation (such as human-centered design, data science, machine learning, and open innovation) to apply that expertise to our nation's most pressing social challenges.
- **Bolster Evidence Act Implementation:** Support aggressive implementation of the Evidence Act by ensuring that agencies incorporate findings from learning agendas, information from agency capacity assessments, and other evidence into the agency strategic plans due in February 2022 in order to inform future budget requests.

## Legislative Pathways

Since new federal legislation is likely necessary to be able to define and prioritize evidence within the largest federal grant programs, the next administration should work with Congressional leaders to implement the following priorities in the federal budget:

- **Increase Evaluation, Oversight, and Transparency of Tax Expenditures:** Conduct more and better evaluations of tax expenditures by expanding the capacity of federal government agencies to undertake such evaluations. [Tax expenditures](#), spending-like subsidies and special preferences given to individuals or corporations embedded in the tax code (e.g., differential tax rates), cost taxpayers roughly as much as domestic discretionary programs, yet receive very little scrutiny from government evaluators. Many large tax expenditures have existed for decades with limited oversight, despite independent research often finding them to be inefficient at achieving their purported goals. The next administration should start by directing funding evaluations by policy offices within the Executive Branch, namely by the Office of Tax Policy (OTP) within the Treasury Department, to evaluate tax expenditures. OMB can assist by managing cooperation among OTP and other agencies as well as working with Congress to identify a set of tax expenditures to be evaluated.
- **Create Economic Mobility Tiered-Evidence Funds:** Promote innovation, continuous improvement, and the scaling of proven interventions across economic mobility issue areas by: (1) creating a new Economic Mobility Scaling Fund at the U.S. Treasury Department that only funds programs and interventions with the strongest evidence of effectiveness in advancing economic mobility and (2) creating new and funding existing tiered-evidence programs at the Departments of Education, Labor, Housing, and HHS that would both grow the body of evidence that exists about what works and scale programs demonstrated to work to achieve the administration's policy commitments in these areas.

- **Support State and Local Governments to Increase the Impact of Federal Investments:** Create incentives in formula funded or block grant programs to spend dollars in a new and equitable way by inserting into any new authorizations for block grant programs the requirement that state and local governments invest at least 5% of their funds in interventions meeting the highest level of evidence. This percentage should increase in future years. This set-aside approach was used by Congress in ESSA, and [Nevada](#) is a successful example of how a state took advantage of this federal approach to improve the impact of both federal and state dollars.
- **Develop Bipartisan Evidence Act II with Congress:** Develop legislation that implements the other recommendations that were unanimously approved by the bipartisan [Commission on Evidence-based Policymaking](#). The Evidence Act provided an important initial foundation for growing the evidence and data capacity of federal agencies. A bipartisan Evidence Act II that implements the remainder of the commission's recommendations, especially the [National Secure Data Service](#), would further build this foundational capacity and provide an important example of bipartisan agreement in the first year of a new administration.
- **Increase the Capacity of Federal Agencies to Harness Evidence and Data to Advance Economic Mobility:** Build the culture, talent, and skills within federal social service agencies to use evidence and data while respecting and investing in career development for civil servants. Use flexible hiring authorities to recruit people with expertise in science, technology, and innovation (such as human-centered design, data science, machine learning, and open innovation) to apply that expertise to our nation's most pressing challenges.

A federal government-wide Strategic Evidence Building Plan will take time to develop. Some of these administrative and legislative measures will help get better results in the near term, while others will take a while to build the evidence needed for real impact. By prioritizing these recommendations during its first year, the next administration has the opportunity to learn from the innovative policies it will be implementing through the economic recovery package and create long-lasting impact from those lessons.

## V. Questions To Ask During Agency Review

During the 78 days between the 2020 election and the 2021 inauguration, the winner of the presidential election will have an opportunity to send agency review teams into each of the federal agencies to review policies and processes. The work of these teams will help shape the tone and priorities for the next four years, and the transition team should include at least one landing team member dedicated to this evidence and data agenda on each agency team. The following questions should be included in each agency review team's mandate to ensure the next administration is prepared to accelerate economic mobility through evidence and data.

- **Building Evidence of What Works**

- Which agency divisions/staff are primarily devoted to evaluations to help the agency's programs find ways to do better? How many FTEs?
- How is the agency currently funding its evaluation work and what percentage, if any, of its discretionary program funding does the agency currently set aside to support evaluations to improve the impact and cost-effectiveness of its programs?
- How is the agency coordinating internally and with external stakeholders to implement the requirements of the Evidence Act, including developing a learning agenda, evaluation plan, and capacity assessment? Additionally, what sources of funds is the agency using to support its Evidence Act implementation work?
- How is the agency ensuring that its largest programs are building evidence of what works so big gains can be realized over the next four years?
- What process does the agency use to solicit participant feedback?

- **Investing in What Works**

- Which of the agency's grant programs, both discretionary and formula, define and prioritize evidence when allocating funds, and what is the definition of evidence being used for each program?
- Which of the agency's grant programs, both discretionary and formula, are not defining and prioritizing evidence of effectiveness when allocating funds and why?
- Which of the agency's grant programs, both discretionary and formula, need a new authorization in order for the agency to be able to define and prioritize evidence of effectiveness, comparative effectiveness, and comparative cost-effectiveness, and which do not?

## VI. Conclusion

The challenges and uncertainties that await the next administration are enormous. As our country moves beyond immediate COVID-19 relief, we must launch into a recovery effort that focuses on advancing economic mobility as a top priority. This is the greatest opportunity to transform our nation's economic and social framework since the New Deal, and we have to ensure the investments we are making will provide fair and equitable opportunity while advancing racial equity in real and measurable ways. Policy plans outlined today might need to look very different in January 2021 to meet the gravity of the moment. But whatever the policy agenda and legislative landscape look like, implementing economic recovery in an evidence-based and data-driven manner will help get better near-term results for the people across the country while investing in long-term prosperity and opportunity.

# Acknowledgements

Results for America appreciates the valuable guidance provided by its OMB Transition Advisory Committee. The Committee includes the following individuals: **Heather Higginbottom**, former Deputy Director, White House Office of Management and Budget; **Heather Boushey**, former Senior Economist, Joint Economic Committee, U.S. Congress; **Xavier de Souza Briggs**, former Program Associate Director, White House Office of Management and Budget; **Barbara Chow**, former Program Associate Director, White House Office of Management and Budget; **Martha Coven**, former Program Associate Director, White House Office of Management and Budget; **Michael Deich**, former Senior Advisor to the Director, White House Office of Management and Budget; **Robert Gordon**, former Acting Deputy Director, White House Office of Management and Budget; **Ben Harris**, former Chief Economist and Economic Advisor to the Vice President; **Julian Harris**, former Associate Director for Health Programs, White House Office of Management and Budget; **Dana J. Hyde**, former Program Associate Director, White House Office of Management and Budget; **Jacob Liebenluft**, former Acting Deputy Director, White House National Economic Council; **Jeff Liebman**, former Acting Deputy Director, White House Office of Management and Budget; **Andrew Mayock**, former Deputy Director for Management, White House Office of Management and Budget; **Tara McGuinness**, former Senior Advisor and Executive Director, Community Solutions Task Force, White House Office of Management and Budget; **Carlos Monje**, former Assistant Secretary of Policy at the U.S. Department of Transportation and former Special Assistant to the President and Chief of Staff, White House Domestic Policy Council; **Sharon Parrott**, former Program Associate Director, White House Office of Management and Budget; **Mike Pyle**, former Special Assistant to the President for Economic Policy, White House; **Dan Tangherlini**, former Administrator, General Services Administration; **Max Yoeli**, Policy Advisor, former Treasury Secretary Jack Lew.

Results for America would also like to acknowledge the invaluable assistance provided by the following individuals: **Frank DiGiammarino**, former director, White House Recovery Implementation Office; **Andrew Feldman**, former Special Advisor, Evidence Team, White House Office of Management and Budget; **Nick Hart**, Former Senior Analyst and Special Assistant, White House Office of Management and Budget; **Adi Kumar**, former Deputy Assistant to the Vice President and Senior Advisor to the Chief of Staff; **Shelley Metzenbaum**, former Associate Director, Performance and Personnel Management, White House Office of Management and Budget; **Robert Shea**, former Associate Director, White House Office of Management and Budget; and **Kathy Stack**, former Deputy Associate Director for Education, Income Maintenance, and Labor, White House Office of Management and Budget.

A special thank you is due to **Ed Meier**, former Co-Executive Director of the Clinton-Kaine Transition Team, and **Myles Mann**.

The views expressed herein are those of Results for America and do not necessarily reflect the views of those listed in this acknowledgements section, other organizational partners, or funders.

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*An Implementation Guide for the 2020 OMB Transition Team*



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