Embedding Evidence and Evaluation in Economic Recovery Legislation

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Summary

The COVID-19 pandemic has had devastating impacts on communities across the country. Tens of millions of people lost jobs and millions of school children have fallen behind. To help people recover from the effects of the pandemic, the next administration should invest in proven solutions by working with Congress to embed evaluation and evidence-building into forthcoming economic stimulus legislation, strengthening the foundation for an equitable and efficient recovery.

The Paycheck Protection Program, which was created by the CARES Act, provides a good illustration of the importance of evaluation. To date, the program has distributed more than $525 billion to help businesses retain their employees in the face of pandemic-related interruptions. However, we don't know basic details about who received these benefits and whether they went to communities that were most in need, let alone whether the program was effective at lowering unemployment. Requiring the Small Business Administration to evaluate the effectiveness of the program as well as report basic data and demographic information on who received the funds would have been hugely beneficial in helping policymakers and taxpayers determine whether the PPP's $500+ billion cost was worth it.

The CARES Act also authorized billions of dollars in new education spending, but did not require that the money be spent on proven interventions to help students get back on track, despite the fact that there is abundant information available on evidence-based approaches to addressing learning loss, tutoring, and remote learning. As such, the CARES Act missed an opportunity to use evaluation and evidence to ensure that federal education dollars were delivering impact for students.

To address these issues, the new administration and Congress should ensure that any forthcoming economic stimulus legislation include provisions requiring commitments to build new evidence and utilize existing evidence. Specifically, the administration should establish a task force coordinated by the National Economic Council to: 1) work with agencies and Congress to set aside a portion of recovery resources (up to 1%) for evaluation and evidence-building, based in part on agency learning agendas created in response to the Evidence Act; 2) create a National Economic Mobility Innovation Fund at the U.S. Department of the Treasury; (3) empower the Office of Evaluation Services (OES) within the General Services Administration (GSA) to help agencies develop evaluation and evidence-building capacity; and (4) create Excellence in What Works in Economic Mobility Awards. These strategies, which we are collectively calling a "Stimulus Evaluation Act," should be integrated into current and future economic recovery efforts.

Challenge and Opportunity

While helping America to recover from the economic and health effects of the COVID-19 pandemic, the Federal Government has an unprecedented opportunity to increase the evidence base for effective policy delivery and development because of three key factors.

First is the government's responsibility to ensure that economic stimulus funds are spent efficiently. To guarantee that taxpayers get a return on their investment, a portion of the funds should be allocated toward building rigorous evidence about what works. That evidence about effectiveness should then be used to prioritize how public dollars are allocated.

Second is the fact that there is strong public support for this approach of evidence-based policymaking. A poll conducted in March 2019 by NORC at the University of Chicago found that 89% of Americans believe policymakers should use evidence when making decisions, and 84% of Americans support investing one penny of every federal dollar to determine if the other ninety-nine cents are being spent effectively.

Third, the Federal Government has a unique opportunity to use short-term economic stimulus legislation funds to deliver results for the long term by helping federal agencies learn about what works. Thanks to the Foundations for Evidence-based Policymaking Act (Evidence Act), agencies are developing learning agendas. These learning agendas, which identify each agency's key research questions, provide a roadmap for how stimulus legislation funds could be spent in order to increase the Federal Government's foundational knowledge about improving outcomes.

Plan of Action

To best leverage data and evidence in stimulus legislation, the Administration should work with Congress through a taskforce or recovery working group coordinated by the National Economic Council to fund what works and stimulate the economy by setting aside 1% (or one penny of every dollar) of stimulus funds from federal agencies' competitive grant programs. This would strengthen the grant programs' evaluation capacity, conduct program evaluations, and provide support and technical assistance to grantees on building their evaluation capacity. When allocating funds, agencies should direct recipients to prioritize rigorous evidence-building and piloting[1] in roll-out and program design, including through multi-site trials—and randomization wherever feasible—and subsequent evaluation. Thirteen of the 31 largest federal competitive grant programs at seven of the largest federal human services agencies[2] already use evidence of effectiveness when allocating funds and can provide models. Policies like this create the demand, which then drives the supply of evidence.[3]

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[1] As discussed in Colleen V. Chien, Rigorous Policy Pilots 104 Iowa Law. Rev 2313 (2019)

[2] Results for America, 2020, "Invest in What Works Federal Standard of Excellence," https://2020.results4america.org/.

[3] Results for America 2020, supra note 1.

Although rigorous evaluations should be the gold standard for prioritizing funding, especially in areas which already have rich evidence about the effectiveness of programs and interventions, they are not the only form of evidence. Sometimes federal programs are developed to address issues for which little or no evidence on effective solutions exists. Thus, these evaluation funds should be used to support robust evidence building in several ways: 1) for national evaluations of federal programs to build evidence about what works; 2) for capacity building among grantees so they can conduct and use evaluations in real time to improve their programs; 3) for increasing federal agencies' capacity to ensure they have the staff and expertise to support a robust evidence-building and evaluation program.

To accomplish these goals, the next administration in partnership with Congress should:

1. <u>Create a National Economic Mobility Innovation Fund</u> to accelerate innovation and scale proven practices for advancing economic mobility in a post-COVID recovery. This Fund, modeled on the successful Social Innovation Fund operated by the Corporation for National and Community Service, would be housed in the U.S. Department of the Treasury and apply a "pilot, test, scale" model to interventions and strategies to efficiently advance economic mobility across issue areas, states, and communities. Currently, evidence-building and evaluation activities for such programs tend to be ad hoc and unevenly applied across federal and state governments. The proposed Fund would create a central location to build evidence about what works, for whom, and under what circumstances to accelerate economic mobility, as well as to scale those activities which have already been proven by rigorous evidence to deliver results. The Fund would be accompanied by an evidence toolkit for policymakers at all levels of government on best practices for building evidence of economic mobility; the toolkit would be created through a cross-agency effort involving the social services agencies most often involved in funding economic mobility programs, such as the U.S. Department of Education, the U.S. Department of Health and Human Services (specifically within the Administration for Children and Families and the Administration for Community Living), and the U.S. Department of Housing and Urban Development. To help city, county, and state governments apply a standardized approach to evaluation, supported by agency funds, we recommend creating State and Local Government Economic Mobility Evaluation Funds at each of these agencies using a portion of the 1% evaluation funding recommended above.

2. <u>Build Capacity for Evaluation and Evidence-Building Within Federal Agencies Delivering Stimulus Funding.</u> For example, the Administration could expand the mission and funding of the Office of Evaluation Services (OES) within the General Services Administration (GSA)—which has a track record of carrying out evaluations with agencies—to provide expertise, services, and training for evaluation and evidence-building stimulus legislation work. This could include supporting the recovery by: a) creating and deploying "What Works in Recovery Teams" to help federal social services agencies advance their

economic mobility efforts, and b) facilitating partnerships between social services agencies that have urgent need and academic, nonprofit, and independent groups with evaluation capacity. The OES can also create partnerships with agencies like the National Science Foundation (NSF) to create privacy-protecting evaluation platforms and the Department of Education (Ed) to develop tools for building skills in evaluation and evidence.

3. <u>**Reward Agencies that Innovate to Accelerate Economic Mobility**</u> through prizes and other market-shaping approaches to accelerate the development of science and technology-enabled interventions that promote economic and social opportunity; for example, "[White House What Works in Economic Mobility Prizes](#)."[4]

Conclusion

The Federal Government should seize the opportunity presented by the current moment to leverage data, evidence and evaluation to drive results for the American people, particularly those hardest hit by the current crisis. This can be accomplished by embedding funds for evaluation and evidence in stimulus legislation, launching an Innovation Fund at the Treasury Department, boosting evaluation capacity at OES, and recognizing excellence through prizes. Taken together, these approaches will enable the next administration to ensure that evidence of what works is used to help the country recover.

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[4] Results for America. 2020. 2020 Playbook: 17 Ways the Next President Can Accelerate Economic Mobility Using Evidence and Data

Frequently Asked Questions

Why now?

We must act now because of the unprecedented need for effective stimulus legislation combined with unparalleled opportunity to increase the evidence base for effective policy and service delivery. The imperative for large economic stimulus legislation, overwhelming public support for evidence-based policymaking, and the learning agendas created by the Evidence Act together present a unique, once-in-a-generation opportunity.

How would a Stimulus Evaluation Act be deployed and how much would it cost?

Implementing these provisions would not necessarily cost additional money. Agencies deploying stimulus funds in the form of services and grants would simply be required to set aside a portion (up to 1%) of these funds for evaluation, improvement, and evidence building, including by documenting its stimulus activities and roll-out details for researchers conducting evaluations. The U.S. Department of the Treasury would house and administer the National Economic Mobility Innovation Fund, this could also be funded using the agency-earmarked evaluation funds. With its mission of "[d]eliver[ing] value and savings in real estate, acquisition, technology, and other mission-support services across government," the Office of Evaluation Sciences (OES) within the General Services Administration (GSA) would partner with relevant agency offices to develop cross-agency evaluation infrastructure and support the evaluation provisions of a Stimulus Act, which could be paid for out of the general fund or agency funds. The White House or other administrative agency would administer the "Excellence in What Works in Economic Mobility Awards," which may not require a cash prize.

How would a Stimulus Evaluation Act define evidence?

The Act would define three types of evidence forming a hierarchy of authority:
- **Strong Evidence:** Interventions shown in well-conducted randomized control trials (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.
- **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).
- **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.

What are other evidence-building tools that could be supported through a Stimulus Evaluation Act?

Evidence can move as quickly as the world is changing; a commitment to evidence does not have to mean forgoing speed. Real-time analysis can help a program be more successful, and applying different evidence tools at different stages is crucial. The following 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;
- **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.

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 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.

What was the impact of the 2009 American Recovery and Reinvestment Act (ARRA) stimulus and how was evaluation carried out?

Though the level and timing of stimulus funds from the Evaluation of the American Recovery and Reinvestment Act (ARRA) of 2009 was largely based on need, the allocation of these funds varied geographically according to factors such as the number of federal highway miles. This allowed researchers to estimate the impact of the stimulus legislation, finding that ARRA spending in its first year yielded about eight jobs per million dollars spent, or $125,000 per job.
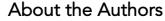
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What government experiences does this proposal build on?

This proposal marries the existing mandate of the 2018 Evidence Act to a future stimulus bill's deployment of billions of federal dollars to rebuild. The expansion of agency capacity for evaluation through GSA builds on the successful experience of OES conducting over 70 evaluations in a dozen agencies in the last four years. The suggested National Economic Mobility Innovation Fund is modeled on the successful Social Innovation Fund previously operated by the Corporation for National and Community Service, and the prizes are modeled on previous White House innovation prizes.

About the Authors

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