Arnold Ventures

A Proposal to Focus Social Spending on Proven, High-Impact Programs:
The "Funding Match for Evidence" Demonstration

The proposed Funding Match for Evidence demonstration would provide an opportunity for states and localities to qualify for additional federal match funding if they dedicate some of their existing funds from federal, state, and other sources to the expansion of programs and practices ("interventions") meeting high evidence standards. As detailed below, this becomes a vehicle to replicate and scale proven interventions with sizable impacts on education, earnings, and other important life outcomes.

The opportunity: A small but growing body of social interventions have been rigorously shown to produce sizable, sustained effects on important life outcomes. Illustrative examples, with sizable effects replicated in two or more high-quality randomized controlled trials (RCTs), include:

- Accelerated Study in Associate Programs (ASAP) – a comprehensive community college program for low-income students, increased the rate of degree completion by 11 percentage points eight years after study entry.
- Nevada's Reemployment and Eligibility Assessment (REA) Program – a brief, low-cost program for unemployment insurance claimants, increased earnings by 15 percent over the three years after study entry and produced net savings to the government.
- Per Scholas Job Training – a program providing information technology training to low-income workers, increased annual earnings by 20 percent, or $6,300, six years after study entry.
- LifeSkills Training – a low-cost, middle-school substance abuse prevention program, reduced rates of smoking, drunkenness, and marijuana use by 10-30 percent by end of 12th grade.
- KIPP public charter schools – increased reading and math achievement of low-income elementary and middle school students by 5-10 percentile points two to three years after study entry, and increased college enrollment by 6 percentage points.

The challenge: Such highly-effective interventions are the exception; surprisingly few rigorously-evaluated social interventions are found to produce the hoped-for effects. For example, over the past 40 years, the federal government has commissioned 13 large RCTs to evaluate Congressionally-authorized programs such as the Job Training Partnership Act, Upward Bound for disadvantaged high school students, and Abstinence Education. Eleven of the 13 RCTs found that the programs produced small or no effects on the key targeted outcomes, versus a control group that received usual community services.[1] More generally, 80 percent or more of high-quality RCTs of social interventions have found that people receiving the intervention do little or no better over time than people who don't.[2,3,4]

The same pattern applies in medicine: Only a fraction of prospective medical treatments, when evaluated in definitive RCTs, are found to produce the hoped-for effects on health or survival. For example, only about 14 percent of pharmaceutical drugs that enter the drug development process are ultimately found effective in a conclusive ("phase 3") RCT and approved for marketing by the Food and Drug Administration (FDA).[5] Moreover, reviews in various fields of medicine have found that 50 to 80 percent of positive results in initial clinical studies are reversed in subsequent, more definitive RCTs.[6]

Yet medicine has made amazing progress in improving health because of mechanisms, such as FDA's drug licensing process, for identifying exceptional interventions that work and putting them into use. Congress enacted legislation in 1962 that, as implemented by the FDA, required the effectiveness of any new pharmaceutical drug to be demonstrated in high-quality RCTs before the FDA would license it for market.[7] This policy change created a highly-efficient mechanism for the development, rigorous

testing, and – only if effective – widespread use of new medical treatments. It was a turning point in medicine.[8] Since that time, RCTs required by the FDA or funded by the National Institutes of Health or other agencies have produced the conclusive evidence of effectiveness behind most major medical advances, including highly-effective treatments for hypertension, high cholesterol, HIV/AIDS, and childhood leukemia and many other cancers, as well as numerous vaccines (e.g., measles, hepatitis B).

By contrast, most large federal social programs disburse funds to state/local activities through a formula or other mechanism that pays little or no heed to which activities are effective. This is true, for example, of federal programs like Title I at the Department of Education, Head Start, the Workforce Innovation and Opportunity Act programs, and Community Development Block Grants. By design, such programs allocate large streams of money to state and local agencies – sometimes through a funding formula, sometimes through competition – to support a wide range of interventions. Rigorous evidence about which interventions are effective has, at best, a nominal role in what gets funded.[1]

The problem with this approach is that social interventions with weak or no effects may receive support in perpetuity under these funding streams, whereas highly-effective interventions – such as those described above – are not prioritized for funding and may never receive support.

The proposal: Establish a "Funding Match for Evidence" demonstration program at the Departments of Education, HHS, and Labor, aimed at focusing social spending on proven-effective interventions. We propose total demonstration funding across the three agencies of $150 million per year over five years.[2]

Under the demonstration, each agency would –

1. **Select, through an expert review process, 3-4 interventions in their mission area with the strongest evidence of sizable, sustained effects on important life outcomes**, and which are feasible to scale up based on intervention cost and other factors. A limit of 3-4 interventions per agency is designed to ensure that the demonstration focuses on truly-effective interventions, and avoids the dilution of evidence standards that has hampered the success of some other federal evidence-based initiatives.[9, 10]

2. **Competitively award matching funds to state and local organizations that dedicate some of their existing funds from large federal social programs and other sources to the expansion of one of the agency's selected interventions.** Most large federal programs, such as Title I and the other examples above, allow state and local flexibility in how program funds are spent.[3] The demonstration, by offering supplemental funding, seeks to incentivize state and local entities to focus funds they receive from such federal programs – as well as state, local, and philanthropic sources – on scaling the selected interventions.[4]

   The matching award would fund intervention delivery, as well as technical assistance to (i) ensure faithful implementation of the intervention's components, and (ii) help awardees repurpose funds from other sources to meet their commitment under the demonstration.

3. **Allocate a percentage of its demonstration funds to administer the effort, including sponsoring randomized evaluations of the funded projects where feasible** – to hopefully confirm that the interventions remain effective when implemented at scale.

Ultimate goal: To (i) demonstrate a viable model for focusing social spending on evidence-based interventions, analogous to that used successfully in medicine; and (ii) show that the sizable effects of these interventions can be reproduced at scale, improving the lives of many thousands of people.

References:

[1] Some of these programs, such as Title I, encourage or require funding recipients to use evidence-based interventions. However, their standards for "evidence based" are very low and encompass interventions with weak evidence (e.g., from correlational studies) that is often reversed in subsequent, more rigorous evaluations.

[2] We propose that the following offices within the Departments of Education, HHS, and Labor lead their Department's agency-wide implementation of the demonstration program, given these offices' institutional expertise in rigorous evidence and evaluation: Institute of Education Sciences (Education), Administration for Children and Families (HHS), and Chief Evaluation Office (Labor). We propose demonstration funding across the three agencies (Education, HHS, and Labor) of $150 million per year over five years, or $750 million total. This would enable the three agencies to make a total of approximately 10-12 grants averaging $60 million each, and provide the agencies with sufficient funds to pay for evaluations of the funded projects and cover their other costs of administering the demonstration.

[3] In appropriate cases, the federal agency might provide grantees a waiver from certain programmatic requirements of these large federal programs, to ensure grantees have the flexibility to apply funds from these programs toward the scale-up of the selected interventions.

[4] We do not specify details of the matching process, such as the matching rate of demonstration funds versus other funds (e.g., 1:1 or a different ratio) or the type of state and local funds that would qualify (e.g., cash, dedicated staff). We suggest that federal officials determine these parameters after consultation with appropriate stakeholders, including state and local officials, intervention providers, and others.

Arnold Ventures is a nonpartisan philanthropic organization that receives no financial benefit from any social program or intervention.