

Is Moneyball Government the Next Big Thing?

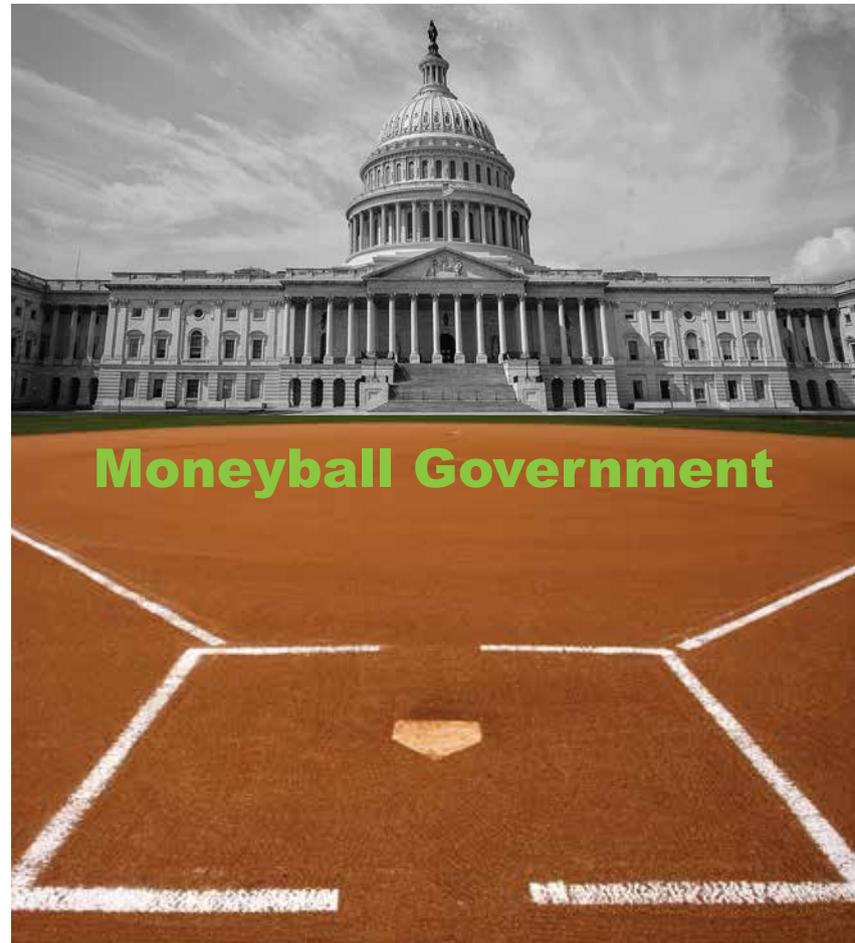
By John M. Kamensky

In early December 2013, I attended a sold-out conference on performance measurement. It wasn't the typical government crowd. The conference was filled with attendees from nonprofits and foundations, all dedicated to figuring out what works and putting their money toward programs with the most promise. In a ballroom abuzz with enthusiasm, I was particularly impressed with the sophisticated conversations on advancing evidence-based program decisions.

This enthusiasm goes beyond the nonprofit and public sector. The private sector uses the term “business analytics” to describe the use of statistics to inform business decisions. Over the last few years, a critical mass of stakeholders has quietly worked to build evidence-based decision-making into government as well. The media is calling this moneyball government, after the 2003 best-selling book by Michael Lewis on creating a winning baseball team through the astute use of statistics. The common goal is to use performance data, evidence, and program evaluation to reframe budget and program decisions in ways that reflect the value being created, not just the dollars being spent.

For example, a recent *Washington Post* article highlights the Department of Education's Even Start program, created in 1988 to help youths from disadvantaged families do better in school. By 2004 the program was spending \$248 million. Program evaluation studies from more than a decade ago found no evidence that Even Start succeeded, so President Bush, and then President Obama, recommended abolishing it. The program currently is unfunded.

At the local level, the New York City school system set out in 2010 to reduce chronic absenteeism, creating a task force that brought together a dozen city agencies and over 20 community-based and nonprofit organizations to identify and expand strategies for keeping students in school. According to a study by the nonprofit America Achieves, the task force pioneered a new approach to collecting and analyzing real-time attendance data and evaluating different intervention



techniques in 100 schools. The task force identified successful approaches such as providing in-school mentors. Students with these mentors spent more than 80,000 additional days in school compared to students without a mentor.

What's Driving the Push to Use Evidence?

A number of forces drive advocacy, political, and program leaders to use performance information, evidence, and program evaluation in government programs.



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What does a “Moneyball” Government Do?

Governments that use the Moneyball approach:

- Focus on outcomes and lives changed, rather than simply compliance and numbers served;
- Drive limited taxpayer dollars to solutions that use evidence and data to get better results;
- Use data and evidence to continuously improve quality and impact, while also reducing duplication and cutting red tape that can strangle new ideas;
- Invest in and scale innovations that will make greater, faster progress on challenges facing young people, families and their communities;
- Direct public dollars away from policies, practices and programs that don’t work; and
- Invest in communities that are collaborating and using data and evidence to achieve significant community-wide impact.

Source: *Moneyball for Government*,
<http://moneyballforgov.com/the-solution>

More data. There is more administrative and other data available for analysis within and across agencies. Greater access to data, and greater ability to make sense of both structured and unstructured data, are raising interest among decision-makers.

More analytics. There are more sophisticated approaches to analysis (e.g., not just focusing on the average, but on granular data interpretation). Stories in the popular media (for example, Michael Lewis’ book and movie, *Moneyball*, and Nate Silver’s book, *The Signal and the Noise*) and increased use of analytics and rapid experimentation in the private sector (for example, Jim Manzi’s book, *Uncontrolled*), have raised the attention of public sector decision-makers.

More interest. Congress and local political leaders are more open to supporting investments in program evaluation and data analytics, even in an era of tight budgets. Significantly, there is corresponding increased interest among federal agencies, which are seeing greater value in performance and evaluation processes.

More incentives. Encouraging pilots at the state and local levels, and in Britain, are attracting the interest of policy-makers facing tough austerity tradeoffs and looking for ways to creatively invest in programs that make a difference, while identifying programs that do not work.

More leadership. At the federal level, various OMB leaders over the past decade have consistently championed using evidence and evaluation in budget decision-making. For example, then-OMB Director Peter Orszag, a major proponent, issued directives to agencies to promote the use of evidence and evaluation. Current OMB Director Sylvia Burwell has led several large philanthropic foundations that used evidence and results as key criteria for distributing their funds, so she too is an advocate. At the local level, mayors across the country have provided leadership, including New York City’s Michael Bloomberg, San Antonio’s Julian Castro, and Baltimore’s Stephanie Rawlings-Blake, among others.

Building an Evidence-Based Culture in Government

Steps are underway to build a foundation for evidence-based thinking in the federal government as well as state and local governments.

Step 1: Build Agency-Level Capacity for Evaluation and Data Analytics. Agencies are building the infrastructure necessary to conduct evaluations and analyze data and evidence. For example, they are creating learning networks of evaluators from across the government to share best practices, including developing common evidence standards and spreading effective procurement practices. There

Examples of Evidence-Based Initiatives

So, what are federal agencies, states, and localities actually doing? An increasing variety of activities—often called “what works” initiatives—are underway or planned, with the common denominator being decisions based on evidence.

FEDERAL EXAMPLE Tiered-Evidence Grants

A number of federal agencies are piloting the use of tiered evidence grants in a dozen different policy areas, including social services, transportation, workforce development, education, and foreign aid. Under this approach, the distribution of more than \$2 billion in grants is prioritized into three categories:

- *Scale-up grants* fund expansion of practices for which there is already strong evidence. These grants receive the most funding.
- *Validation grants* provide funding to support promising strategies for which there is currently only moderate supporting evidence. These grants receive more limited funding and support for program evaluations.
- *Development grants* provide funding to support “high-potential and relatively untested” practices. These receive the least funding and support for program evaluations.

STATE EXAMPLE Washington State Institute for Public Policy

The Washington State Institute for Public Policy has developed a system for calculating the return on investment from alternative public policy tools. The system is used by the state legislature to help make policy decisions based on performance rather than anecdote. According to the Pew Center for the States, the Institute has developed a unique approach to supporting the policy decisions by the state legislature, which includes:

- Analyzing all available research to systematically identify which programs work and which do not
- Predicting the impact of policy options for Washington State by applying the combined evidence of all sufficiently rigorous national studies to the state’s own data
- Calculating various policy options’ potential return on investment, taking into account both the short and long term and the effect on taxpayers, program participants, and residents

LOCAL EXAMPLE Social Impact Bonds

According to a report by the Center for American Progress, New York City is now piloting the use of social impact bonds, a new financing tool for social programs in which “government agencies contract external organizations to achieve measurable, positive social outcomes on key issues, such as homelessness or juvenile delinquency.” Service providers receive payment from the government upon achievement of agreed-upon results. In August 2012, then-Mayor Michael Bloomberg announced the city’s first impact bond agreement. According to the Center’s report: “The city of New York contracted with MDRC, a nonprofit, nonpartisan social research organization, to reduce the rate of recidivism by at least 10 percent over four years among annual cohorts of about 3,000 young men exiting Rikers Island. The working capital for the intervention—\$9.6 million over four years—is being provided by Goldman Sachs, structured as a loan to MDRC.”



Washington State
Institute for
Public Policy



only have been available through costly long-term tracking surveys. States and localities are leading by example in this area by participating in a foundation-funded initiative called “actionable intelligence for social policy” that links “data from across multiple systems so that researchers and government decision-makers can work together to analyze problems” in ways that safeguard privacy.

Step 4: Create Incentives to Use Evidence. In addition to building technical capabilities, OMB seeks to create incentives for agencies to actually use evidence when making program and funding decisions. One approach is to streamline access to waivers of administrative requirements in exchange for grantee commitments to collect data and conduct analyses. A second approach is to create performance incentives for states and localities to use money from existing formula grants to support evidence-based practices. For example, the mental health block grant program would require states to target at least five percent of their funding to “the most effective evidence-based prevention and treatment approaches,” according to OMB. A third approach is to make matching grants to grant-making intermediaries based on evidence of the effectiveness of the programs to be funded. For example, the \$70 million Social Innovation Fund in the Corporation for National and Community Service makes matching grants to grant-making intermediaries, leveraging as much as \$150 million in non-federal cash grants.

Step 5: Create Agency-Level “What Works” Repositories.

According to OMB, agencies are also expanding their “what works” repositories, such as:

- Department of Education’s What Works Clearinghouse
- Department of Justice’s CrimeSolutions.gov
- Substance Abuse and Mental Health Services Administration’s National Registry of Evidence-Based Programs and Practices
- Department of Labor’s Clearinghouse of Labor Evaluation and Research



Conclusion

Jeffrey Liebman, Harvard professor and an early architect of the evidence-based approach in the Obama administration’s OMB, illustrates the essence of the moneyball government movement. He reflects on his efforts: “fiscal pressures make the need for more-effective government more acute.” He goes on to say the goal is to “produce more value with each dollar the government spends” by reallocating funds from less-effective programs to more-effective programs. He closes by saying “We need to improve performance by setting outcome-focused goals, then using leadership strategies ... to make the changes to systems necessary to achieve those goals.” Liebman is not alone in his assessment, as any number of governors or mayors might have made the same observations. ■