

**Statement of Jon Baron
President, Coalition for Evidence-Based Policy**

**House Budget Committee Hearing on Progress in the War on Poverty
July 31, 2013**

Chairman Ryan, Ranking Member Van Hollen, and Members of the Budget Committee:

I appreciate the opportunity to testify on progress in the War on Poverty. As brief background, the Coalition for Evidence-Based Policy is a nonprofit, nonpartisan organization, established in 2001. We work with federal officials to increase the effectiveness of government social spending through rigorous evidence about “what works,” and the core ideas we have advanced have helped shape evidence-based reforms enacted into law and policy during both the Bush and Obama Administrations. We are not affiliated with any programs or program models, and have no financial interest in any of the policy ideas we support, so we serve as a neutral, independent resource to policy officials on evidence-based programs. Our work is funded primarily by national philanthropic foundations.

Overview: *The current budget climate offers an excellent opportunity to rethink government social spending, and transform it into a truly effective enterprise. Despite a myriad of new programs and spending over the past 40 years, the system has produced little improvement in key measures of economic and social well-being for millions of Americans. There is a different way forward, focused on increasing the effectiveness of existing funds through rigorous evidence about “what works.” Such an approach could be the basis for a new, bipartisan War on Poverty that really succeeds.*

I. Problem: Government programs set up to address important social problems often fall short by funding strategies/practices (“interventions”) that are not effective.

When evaluated in scientifically rigorous studies, social interventions in K-12 education, job training, crime prevention, and other areas are often found to produce weak or no positive effects on the intended outcomes. Interventions that produce sizable, sustained improvement in people’s lives do exist – I provide concrete examples below – but they tend to be the exception. As discussed in section IV of my testimony, this pattern of findings – a few highly-effective approaches amidst many that are ineffective – occurs in diverse areas of social spending, as well as other fields where rigorous studies have been conducted, such as medicine and business.

II. Why It Matters: Improving social spending is critically needed. The United States has failed to make significant progress in key areas such as –

- **Poverty:** The U.S. poverty rate – now at 15% – reached its low in 1973. It has shown little change (whether by official or alternative National Academy measures) since the 1970s.¹
- **K-12 education:** Reading and math achievement of 17-year-olds – the end product of our K-12 education system – is virtually unchanged over the past 40 years, according to official measures,² despite a 90% increase in public spending per student (adjusted for inflation).³

III. A Way Forward: Well-conducted randomized controlled trials – widely considered the most credible evaluation method – have identified a few highly-effective social interventions.

These interventions are backed by well-conducted randomized trials, carried out in typical community settings, showing sizable, sustained effects on important life outcomes. Although rare, their very

existence suggests that a concerted effort to grow the number of proven interventions, and spur their widespread use, could fundamentally improve the lives of millions of Americans. Illustrative examples include:

A. Certain work-focused welfare reform strategies: shown to increase participants' employment and earnings 20-50%, and produce net government savings of \$1,700 to \$6,000 per person.

In the 1980s and 1990s, government, foundations, and leading researchers sponsored or carried out a large number of randomized controlled trials of state and local welfare reforms. Three major reform efforts – two in California, one in Oregon – were found especially effective. Focused on moving welfare recipients quickly into the workforce through short-term job-search assistance and training (as opposed to longer-term remedial education), the initiatives produced gains in participants' employment and earnings of 20-50%. Remarkably, they also produced net savings to the government, in reduced welfare and food stamps, of \$1,700 to \$6,000 per person.⁴

These findings helped build political consensus for the strong work requirements in the 1996 welfare reform act, and shape many of the work-first state-level reforms that followed. The scientific rigor of the findings were critical to their policy impact.⁵

B. Nurse home visitation for low-income, first-time mothers: shown to reduce child maltreatment by 20-50% and, for most at-risk children, increase educational outcomes (e.g., 8% higher GPA).

The Nurse-Family Partnership (NFP) is one of the main program models funded by HHS's Maternal, Infant, and Early Childhood Home Visiting program. NFP has been shown in three well-conducted randomized trials to produce major improvements in participants' life outcomes, such as: (i) 20-50% reductions in child abuse/neglect and injuries; (ii) 10-20% reductions in mothers' subsequent births during their late teens and early twenties; and (iii) sizable improvements in cognitive and educational outcomes for children of the most at-risk mothers (e.g., 8% higher reading and math grade point averages in grade 1-6).

In addition to these benefits, newly-published reports from the ongoing trial in Memphis, Tennessee show, 12 years after the women gave birth, a \$1,113 reduction in annual government spending per woman on welfare, food stamps, and Medicaid during the 12 years. As a result, the total discounted government savings over the 12 years (\$13,350) more than offset the program's cost (\$12,493).⁶

C. H&R Block college financial aid application assistance for low/moderate income students: shown to increase college enrollment and persistence by 29% over a 3½-4 year period.

This was an inexpensive program, administered by H&R Block, that provided low and moderate income families with streamlined personal assistance in completing the college financial aid application form for their dependent children near college age. The program, evaluated in a rigorous, multi-site randomized controlled trial in Ohio and North Carolina, was found to increase college attendance and persistence (at least two consecutive years) by a remarkable 29% over a 3½ to 4 year period, compared to the control group.⁷

D. Reemployment and Eligibility Assessments, an innovation in the Unemployment Insurance (UI) system: shown to produce UI savings and increase UI claimants' earnings as much as 18%.

In 2009, the Department of Labor launched a four-state randomized trial of the Reemployment and Eligibility Assessment (REA) program for UI claimants.⁸ The program includes a mandatory in-person review of the claimant's eligibility for UI, and personalized job-search and other

reemployment assistance. Over a 12-18 month period, the study found: (i) \$180 in net government savings per claimant from reduced UI payments; (ii) especially large savings in Nevada – \$604 per claimant – possibly due to distinctive features of Nevada’s REA program that could be replicated elsewhere; and (iii) an increase in job earnings of \$2,600 (18%) per claimant in Nevada – the one site that obtained a reliable estimate of the effect on earnings. (The study also found a smaller – 5% – increase in earnings in Florida over a 12-month period, but the study’s analysis suggests this finding may not be reliable.⁹)

These results suggest that nationwide implementation of REA for all eligible UI claimants could produce \$1.5 billion in net government savings per year,¹⁰ while increasing workers’ earnings. If the larger Nevada effects could be reproduced nationally, the savings might be as high as \$5 billion per year,¹¹ and the increase in workers’ earnings could be substantial.

IV. To identify enough of these interventions to generate broad-based gains in government effectiveness requires strategic trial-and-error – i.e., rigorously testing many promising approaches to identify the few that are effective.

Rigorous evaluations, by measuring programs’ true effect on objectively important outcomes such as workforce earnings, college attendance, teen pregnancy, and child maltreatment, are able to distinguish those that produce sizable effects from those that do not. Such studies have identified a few interventions that are truly effective – such as those described above – but these are exceptions that have emerged from testing a much larger pool. Most, including those thought promising based on initial studies, are found to produce few or no effects – underscoring the need to test many. This is true not only in social spending, but in other fields where rigorous evaluations have been carried out. For example:

- **Education:** Of the 90 interventions evaluated in randomized trials commissioned by the Institute of Education Sciences (IES) since 2002, approximately 90% were found to have weak or no positive effects.¹²
- **Employment/training:** Of the 13 interventions evaluated in Department of Labor randomized trials that have reported results since 1992, about 75% were found to have found weak or no positive effects.¹³
- **Medicine:** Reviews have found that 50-80% of positive results in initial (“phase II”) clinical studies are overturned in subsequent, more definitive randomized trials (“phase III”).¹⁴
- **Business:** Of 13,000 randomized trials of new products/strategies conducted by Google and Microsoft, 80-90% have reportedly found no significant effects.¹⁵

V. The current pace of rigorous testing is far too slow to build a meaningful number of proven-effective interventions to address our major social problems. Of the thousands of ongoing and newly-initiated program activities in federal, state, and local social spending each year, only a small fraction are ever evaluated in a credible way to see if they work. For example, based on our careful monitoring of the literature, the federal government commissions randomized evaluations of only 1-2 dozen such program activities each year.

VI. We therefore urge a bipartisan Congressional initiative to reinvent U.S. social spending based on evidence about “what works,” through steps such as the following:

- A. Authorize and encourage the agencies to make maximum use of waivers from federal law and regulation to incentivize the building of credible evidence.**

1. **“Waiver-evaluations” were deployed with great success in 1980s/90s welfare reform, making a critical contribution to the body of welfare-to-work evidence discussed above.**

Specifically, in the years leading up to the 1996 welfare reform act – through both Republican and Democratic Administrations – OMB and HHS had in place a waiver-evaluation policy, under which HHS waived certain provisions of federal law and regulation to allow states to test new welfare reform strategies, but only if the states agreed to evaluate their reforms in rigorous (usually randomized) studies.

This policy directly resulted in more than 20 large-scale randomized controlled trials that tested an important and diverse set of reforms, and thereby helped build the influential body of welfare-to-work evidence discussed above. The reforms that were tested include, for example, mandatory job search and employment activities (e.g., Vermont); employment subsidies for welfare recipients who left welfare for full-time work (e.g., New York, Minnesota); time limits on welfare (e.g., Florida, Connecticut); “family cap” policies designed to discourage additional births among women on welfare (e.g., Arkansas, New Jersey); and various combinations of the above reforms.

2. **We encourage the Committee to advance a similar waiver-evaluation approach across the broad range of federal social spending, designed to:**
 - a. **Stimulate state/local program innovations that (i) improve participant outcomes without added cost, or (ii) produce budget savings without loss of program effectiveness; and**
 - b. **Require rigorous – preferably randomized – evaluations to determine which of these innovations really work.**

For some programs, this would require legislation to expand the program’s waiver authority and/or tie that authority to a requirement for rigorous evaluations wherever feasible. Other programs already have sufficient authority, and Congress could encourage them to use it more widely and strategically to stimulate state/local innovation and evidence-building.

3. **The Budget Committee could provide the key impetus for such an effort – e.g., in its direction to House committees as part of the Budget Resolution.** We would be pleased to work with the Committee, if helpful, to explore these or other steps to stimulate innovation and evidence-building in social spending.

- B. **For interventions meeting the highest evidence standards for proven effectiveness, authorize federal agencies to use administrative action to spur their wide adoption with existing funds** (while ensuring close adherence to the proven approach). Such administrative action might include, for example, re-allocating a small percentage of the agency’s appropriated money to fund state/local implementation of the proven intervention(s).

1. **The reason: Federal social programs generally do not have the statutory authority to use evidence of effectiveness as a key criterion for allocating program funds.** (An important, but still relatively small, exception is the set of “tiered evidence” initiative that Congress has enacted in recent years, described below.)
2. **Because of this, proven-effective interventions such as those described above may never be funded for wider implementation without a new act of Congress.** For example, Reemployment and Eligibility Assessments and H&R Block college aid application assistance, described above, may never be widely implemented unless Congress steps in to

change the authorizing legislation for the UI program (in the case of Reemployment and Eligibility Assessments¹⁶) or the Postsecondary Education programs of the Department of Education (in the case of the H&R Block intervention).

3. **Thus, where definitive evidence of effectiveness exists, we believe agencies should be able to put it into practice, so as to improve people's lives and/or produce taxpayer savings.**

C. Embed evidence-based funding criteria into the authorizing language of federal social programs, drawing, for example, on the "tiered evidence" initiatives enacted in recent years.

1. **In a few instances, Congress has enacted initiatives in which evidence of effectiveness is a main factor determining which activities get funded.** An example is HHS's Early Childhood Home Visiting Program, begun as a pilot under President Bush and expanded by President Obama. This HHS program and the six other recently-enacted evidence-based programs all have a "tiered" funding structure, in which (i) the biggest grants – in the top tier – are awarded to interventions with strong evidence of effectiveness (such as the Nurse-Family Partnership, in the case of the HHS program) to fund their large-scale implementation; and (ii) smaller grants – in the lower tiers – are awarded to innovative programs with preliminary or moderate evidence, coupled with a requirement for a rigorous evaluation to determine whether they really work. If found effective, they can move into the top tier; if not, their funds are redirected to other, more promising efforts.
2. **Congress could fundamentally shift the social spending landscape by incorporating such evidence criteria into billion-dollar federal programs, rather than just a few isolated initiatives.** Doing so would create a powerful new incentive for the development, rigorous evaluation and – if effective – dissemination of new program strategies and models. It would catalyze evidence-driven improvements in a social spending system that has fallen well short of its objectives.

VII. Conclusion: Evidence-based policy offers a demonstrated path to more effective, less expensive government. We believe it could provide the basis for a bipartisan effort to reinvent U.S. social spending, so as to greatly increase its effectiveness in improving people's lives.

References

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- ¹ Carmen DeNavas-Walt, Bernadette D. Proctor, and Jessica C. Smith, U.S. Census Bureau, Current Population Reports, P60-243, *Income, Poverty, and Health Insurance Coverage in the United States: 2011*, U.S. Government Printing Office, Washington, DC, 2012. U.S. Census Bureau, [Official and National Academy of Sciences \(NAS\) Based Poverty Rates: 1999 to 2010](#), 2011. Kathleen Short, U.S. Census Bureau, HHES Division, *Estimating Resources for Poverty Measurement, 1993 – 2003*, 2005. Panel on Poverty and Family Assistance, National Academy of Sciences, *Measuring Poverty: A New Approach*, 1995, pp. 31-36.
- ² *The Nation's Report Card: Trends in Academic Progress 2012*, National Center for Education Statistics, Institute of Education Sciences, U.S. Department of Education, Washington, D.C. (NCES 2013 456), 2013.
- ³ Cornman, S.Q., and A.M. Noel, *Revenues and Expenditures for Public Elementary and Secondary School Districts: School Year 2008–09 (Fiscal Year 2009)* (NCES 2012-313). U.S. Department of Education. Washington, DC: National Center for Education Statistics, 2011. Richard H. Barr, *Revenues and Expenditures for Public Elementary and Secondary Education, 1973-74* (NCES-76-140). U.S. Department of Health, Education & Welfare, National Institute of Education. Washington, DC: National Center for Education Statistics, 1976.
- ⁴ These are 2012 dollars. Examples include: (i) the Riverside Greater Avenues for Independence (GAIN) Program (Stephen Freedman, Daniel Friedlander, Winston Lin, and Amanda Schweder, *The GAIN Evaluation: Five-Year Impacts on Employment, Earnings, and AFDC Receipt*, Working Paper 96.1, MDRC, July 1996; James Riccio, Daniel Friedlander, and Stephen Freedman, *GAIN: Benefits, Costs, and Three-Year Impacts of a Welfare-to-Work Program*, MDRC, September 1994); (ii) Los Angeles Jobs-First GAIN (Stephen Freedman, Jean Tansey Knab, Lisa A. Gennetian, and David Navarro, *The Los Angeles Jobs-First GAIN Evaluation: Final Report on a Work First Program in a Major Urban Center*, MDRC, June 2000); and (iii) Portland Job Opportunities and Basic Skills (JOBS) Training Program (Susan Scrivener, Gayle Hamilton, Mary Farrell, Stephen Freedman, Daniel Friedlander, Marisa Mitchell, Jodi Nudelman, Christine Schwartz, *National Evaluation of Welfare-to-Work Strategies: Implementation, Participation Patterns, Costs, and Two-Year Impacts of the Portland (Oregon) Welfare-to-Work Program*, MDRC, May 1998; Gayle Hamilton, Stephen Freedman, Lisa Gennetian, Charles Michalopoulos, Johanna Walter, Diana Adams-Ciardullo, Anna Gassman-Pines, Sharon McGroder, Martha Zaslow, Jennifer Brooks, Surjeet Ahluwalia, Electra Small, and Bryan Ricchetti, *National Evaluation of Welfare-to-Work Strategies: How Effective Are Different Welfare-to-Work Approaches? Five-Year Adult and Child Impacts for Eleven Programs*, MDRC and Child Trends, December 2001).
- ⁵ Ron Haskins, "What Works Is Work: Welfare Reform and Poverty Reduction," *Northwestern Journal of Law and Social Policy*, vol. 4, no. 1, 2009, pp. 29-60. Ron Haskins, in *Rigorous Evidence: The Key To Progress Against Crime and Substance Abuse? Lessons From Welfare, Medicine, and Other Fields*, Proceedings of a National Policy Forum Sponsored by the U.S. Department of Justice and Coalition for Evidence-Based Policy, June 14, 2004, pp. 30-36. Judith M. Gueron, "Building Evidence: What It Takes and What It Yields," *Research on Social Work Practice*, vol. 17, no. 1, January 2007, pp. 134-142.
- ⁶ A summary of the evidence on NFP, including citations to the original study reports, is [linked here](#).
- ⁷ Bettinger, Eric P., Bridget Terry Long, Philip Oreopoulos, and Lisa Sanbonmatsu. "The Role of Application Assistance and Information in College Decisions: Results from the H&R Block FAFSA Experiment," *Quarterly Journal of Economics*, August 2012, vol. 127, no. 3, pp. 1205-1242.
- ⁸ Eileen Poe Yamagata, Jacob Benus, Nicholas Bill, Hugh Carrington, Marios Michaelides, and Ted Shen, *Impact of the Reemployment and Eligibility Assessment Initiative*, Impaq International, June 2011. Marios Michaelides, Eileen Poe-Yamagata, Jacob Benus, and Dharmendra Tirumalasetti, *Impact of the Reemployment Eligibility Initiative In Nevada*, Impaq International, January 2012.
- ⁹ The study measured the program's effect on job earnings in the Florida site, and found that it produced a statistically-significant \$476 increase in earnings per claimant over a 12-month follow-up period, roughly offsetting

claimants' loss in UI benefits. However, this was a regression-adjusted effect on earnings; the unadjusted effect was near zero and not statistically significant. Because the effect differed under these two different estimation approaches, we believe the positive findings for earnings in Florida are best viewed as tentative, and need corroboration in future studies before being accepted as valid.

¹⁰ The \$1.5 billion in net savings is calculated by multiplying the savings per claimant (\$180) by the number of claimants potentially eligible for REA nationwide. We estimate that there are 7.8 million such claimants in the United States, based on (i) Department of Labor data showing a total of 19.4 million UI claims filed in 2012, and (ii) the study's finding that, on average, about 40% of UI claimants met the REA eligibility requirements in the states participating in the study. A per-claimant savings of \$180 multiplied by 7.8 million claimants totals roughly \$1.5 billion.

¹¹ Because of the initial positive findings in Nevada, the researchers conducted a longer-term follow-up, which found that the program produced \$672 in per-person net savings during the 20-26 months after random assignment. We estimated national savings of \$5 billion by multiplying \$672 (in per-person net savings) by 7.8 million (the number of claimants nationwide that we estimate are eligible for REA, as described in the previous endnote).

¹² Coalition for Evidence-Based Policy, *Randomized Controlled Trials Commissioned by the Institute of Education Sciences Since 2002: How Many Found Positive Versus Weak or No Effects*, July 2013, [linked here](#).

¹³ This is based on a count of results from the Department of Labor randomized trials that have reported results since 1992, as identified through the Department's research database ([link](#)). We are preparing a short summary of these findings, to be released in the next few weeks.

¹⁴ Ioannidis 2005, Zia et. al., 2005, Chan et. al., 2008 (see footnote 6 for full citations).

¹⁵ Jim Manzi, *Uncontrolled: The Surprising Payoff of Trial-and-Error for Business, Politics, and Society*, Perseus Books Group, New York, 2012, pp. 128 and 142. Jim Manzi, *Science, Knowledge, and Freedom*, presentation at Harvard University's Program on Constitutional Government, December 2012, linked [here](#).

¹⁶ The REA program is currently implemented in 42 states but, due to limited program funding, only serves a small percentage of UI claimants who are eligible for REA in those states. For example, in the four states that participated in the REA randomized trial, the program served an average of about 10% of REA-eligible claimants. See Yamagata et. al., 2011 (endnote 5), page 16.

Committee on the Budget
 Witness Disclosure Requirement – “Truth in Testimony”
 Required by House Rule XI, Clause 2(g)

Your Name: *Jon Baron*

1. Will you be representing a federal, State, or local government entity? (If the answer is yes please contact the committee).

Yes

No

X

2. Please list any federal grants or contracts (including subgrants or subcontracts) which you have received since October 1, 2008:

The nonprofit Coalition for Evidence-Based Policy, of which I am president, has received a few small federal contracts since October 2008, as detailed under question 6. I have not received any federal grants or contracts other than these.

3. Will you be representing an entity other than a government entity?

Yes

No

X

4. Other than yourself, please list what entity or entities you will be representing:

Coalition for Evidence-Based Policy (a nonprofit, nonpartisan organization).

5. Please list any offices or elected positions held and/or briefly describe your representational capacity with each of the entities you listed in response to question 4:

I am the president of the Coalition for Evidence-Based Policy.

I do not hold an office or elected position.

6. Please list any federal grants or contracts (including subgrants or subcontracts) received by the entities you listed in response to question 4 since October 1, 2008, including the source and amount of each grant or contract:

The Coalition's funding comes primarily from philanthropic foundations (e.g., the MacArthur Foundation, the William T. Grant Foundation). We have received a few modest federal funding awards since 2008, as follows:

The Coalition currently has a purchase order from the Department of Labor, entitled: Increasing the Effectiveness of ETA Activities Through Peer Review of Research Products and Relevant Staff Training (DOLB111A21723, awarded June 2011 for up to \$50,000 per year over three years).

The Coalition received a prior purchase order from the Department of Labor, entitled: Peer Review of ETA-Sponsored Research Demonstrations and Evaluations (DOLB101A21379, awarded January 2010 for up to \$59,136).

The Coalition received a \$3000 subcontract from Abt Associates in 2010, to conduct an independent review of the draft evaluation report for the federal Youth Corps program. Abt was a contractor to the federal Corporation for National and Community Service for this project.

7. Are there parent organizations, subsidiaries, or partnerships to the entities you disclosed in response to question number 4 that you will not be representing? If so, please list:	Yes	No X
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Signature: Jim Baron Date: 1/30/2013

Please attach this sheet to your written testimony.