

Opportunity for All: Building and Using Evidence to Improve Results

A Roadmap for Growth, Opportunity, and Fiscal Responsibility: The President's Budget provides a roadmap for accelerating economic growth, expanding opportunity for all Americans, and ensuring fiscal responsibility. It invests in infrastructure, job training, preschool, and pro-work tax cuts, while reducing deficits through health, tax, and immigration reform.

Builds on Bipartisan Progress: The Budget adheres to the 2015 spending levels agreed to in the Bipartisan Budget Act and shows the choices the President would make at those levels. But it also shows how to build on this progress to realize the nation's full potential with a fully paid for \$56 billion Opportunity, Growth, and Security Initiative, split evenly between defense and non-defense priorities.

WHAT THE PRESIDENT'S BUDGET DELIVERS:

- **Stronger Growth and Job Creation:**
 - Advanced manufacturing – Invests in American innovation and strengthens our manufacturing base, including a national network of 45 manufacturing institutes.
 - Research and innovation – Supports ground-breaking research to fight disease, protect the environment, and develop new technologies, and makes permanent the R&D Tax Credit.
 - Pro-growth infrastructure – Lays out an ambitious, four-year \$302 billion surface transportation reauthorization proposal paid for with transition revenue from pro-growth business tax reform.
 - Government reform – Promotes government management that delivers improved services that are more effective, efficient, and supportive of economic growth.
- **Opportunity for All:**
 - Tax cuts for working Americans – Doubles the maximum value of the childless worker EITC to build on the EITC's success in encouraging people to enter the workforce and reducing poverty; improves tax benefits that help middle-class and working families pay for child care and college and save for retirement.
 - Preschool for all – Invests in the President's vision of making access to high-quality preschool available to every four-year-old child.
 - Job-driven training – Invests in new efforts to drive greater performance and innovation in workforce training to equip workers with skills that match the needs of employers.
- **Fiscal Responsibility:**
 - Continues historic progress in slowing health care cost growth – Builds on the savings and reforms in the Affordable Care Act with additional measures to strengthen Medicare and Medicaid, slow health care cost growth, and improve the quality of care.
 - Pro-growth tax reform – Curbs inefficient and unfair tax breaks that benefit the wealthiest, and ensures that everyone is paying their fair share.
 - Immigration reform – Supports comprehensive reform of our broken immigration system, which independent economists say will grow our economy and shrink our deficits.
 - Further reduces the deficit and debt – By paying for new investments and tackling our true fiscal challenges, reduces deficits to 1.6 percent of GDP by 2024, and stabilizes debt as a share of the economy by 2015 and puts it on a declining path after that.

Since taking office, the President has emphasized the need to use evidence and rigorous evaluation to improve policy outcomes. The Budget continues this emphasis by investing in generating new knowledge about what works and applying evidence to strengthen program performance and benefit individuals, families and communities.

BUILDING EVIDENCE ABOUT WHAT WORKS

Launching Innovative Pilot Programs and Demonstrations. The Budget includes pilot and demonstration programs that can help determine which strategies lead to better results for taxpayer investments, allowing Federal and State governments to identify the most promising strategies that warrant expansion. For example, the Budget supports:

- New authority and funding for the Social Security Administration, in partnership with other Federal agencies, to test innovative strategies to help people with disabilities remain in the workforce (\$400 million). Early-intervention measures, such as supportive employment services for individuals with mental impairments, targeted incentives for employers to help workers with disabilities remain on the job, and opportunities for States to better coordinate services, have the potential to achieve long-term gains in the employment and the quality of life of people with disabilities. The proposed demonstration authority will help build the evidence base for future program improvements.
- Additional summer electronic benefit pilots for participants in the Supplemental Nutrition Assistance Program (SNAP) (\$30 million). Preliminary results suggest that this approach may be successful at reducing childhood hunger and improving nutrition in the months when school meals are unavailable.
- Criminal justice research, including research and pilot projects focused on developing appropriate responses for youth exposed to violence (\$23 million), and, more broadly, a new multidisciplinary program evaluation and policy analysis capability within the Department of Justice to inform policy options and track and monitor implementation of policy decisions (\$1.7 million).
- Continued implementation of the interagency Promoting Readiness of Minors in SSI (PROMISE) pilot. The pilot, initiated in 2012, is testing interventions that have the potential to improve health, education, and workforce outcomes for youth receiving Supplemental Security Income (SSI).
- Expanded authority for Performance Partnership Pilots to improve outcomes for disconnected youth. The Department of Justice will join the Departments of Labor, Health and Human Services, and Education, and the Corporation for National and Community Service in allowing pilots where States, regions, localities, or Federally-recognized tribes can pool a portion of discretionary funds from multiple Federal programs to more effectively serve disconnected youth while rigorously measuring and tracking cross-program outcomes.

Supporting Outcome-Focused Grant Reforms. Because many Federal dollars flow through competitive and formula grants, grant reforms are an important component of strengthening the use of evidence in Government. Among the most notable advances in grants are “tiered-evidence” or “innovation fund” grant designs that focus resources on practices with strong evidence while also promoting innovation. In a three-tiered grant model, grantees can qualify for the “scale up” tier and

receive the most funding when they have proven evidence of how their proposed approach delivers impact; the “validation” tier and receive less funding if there is emerging evidence but a more robust fact base is still needed; or the “proof of concept” tier and receive the least funding when attempting new models that have high potential but not yet robust fact-based evidence of efficacy. The goal is that, over time, successful interventions move up tiers and are brought to scale as the evidence becomes stronger.

The Budget builds on recent success in driving more discretionary grant dollars to outcome-focused, tiered-evidence approaches. The Budget invests more than \$680 million in discretionary tiered-evidence programs, representing roughly a tripling of funding for these programs relative to 2010, adjusted for inflation. In particular, it increases investment in:

- The Investing in Innovation (i3) program at the Department of Education, which supports potentially transformative education interventions to improve student learning through projects focused on improving instruction, ensuring successful implementation of high quality standards and assessments, and improving low-performing schools. Research and evaluation experts in the Institute of Education Sciences work closely with the i3 program to ensure that the highest-funded projects utilize rigorous research findings and that all projects employ strong evaluation designs to assess their impact. The Budget increases funding for i3 from \$142 million in 2014 to \$165 million in 2015.
- The First in the World fund at the Department of Education, a new program funded for the first time in the 2014 Consolidated Appropriations Act that is part of the President’s agenda to improve college quality while reducing cost. The First in the World fund will support and test promising institutional innovations and practices that have the potential to improve educational outcomes and make college more affordable for students and families. The Budget increases funding for First in the World from \$75 million in 2014 to \$100 million in 2015.
- The Social Innovation Fund (SIF) at the Corporation for National and Community Service which invests in high-impact, evidence-based nonprofits by working through intermediary organizations who then raise additional funds from philanthropy and the private sector. To date, SIF has deployed more than \$175 million in public funds and catalyzed more than \$470 million in non-Federal funding commitments. The Budget maintains the FY14 enacted level of \$70 million including a continuation of the up to 20 percent set-aside to advance Pay for Success strategies.
- The Workforce Innovation Fund (WIF) at the Department of Labor, which helps States and local areas develop and launch innovative approaches to the design and delivery of employment training. The Budget increases funding for the WIF from \$47 million in 2014 to \$60 million in 2015.

Advancing Pay for Success Approaches. With Pay for Success, philanthropic and other private investors provide up-front funding for preventive services, and the Government does not pay unless and until there are results. The Pay for Success model is one way of embedding accountability directly into program design and is particularly well-suited to interventions that produce Government savings, since a portion of those savings could be used to pay for results.

- Over the past two years, the Administration has launched Pay for Success initiatives at the Department of Labor and the Department of Justice, which have funded projects focused on increasing employment and reducing recidivism among formerly incarcerated individuals.
- The Budget provides up to \$382 million for Pay for Success efforts, including up to \$82 million for Pay for Success initiatives at the Departments of Education, Labor, and Justice and the Corporation for National and Community Service in the areas of job training, education, criminal justice, housing, and other areas to promote opportunity and economic mobility.
- It also re-proposes a \$300 million mandatory Treasury Department Pay for Success Incentive Fund to help State and local governments implement Pay for Success approaches that generate savings in Federal Government programs.
- The Budget proposes a new demonstration allowing the Department of Housing and Urban Development (HUD) to use a Pay for Success model to finance energy efficiency retrofits in HUD-assisted housing through reductions in utility costs.

Harnessing Data. As part of the President’s Management Agenda and Open Data Initiative, the Administration continues to seek ways to open up Federal data for private sector innovation and public use, while fully respecting privacy and protecting confidentiality. Along with opening up data sets in areas as diverse as weather forecasting, retirement planning and location-based services, the Administration also is working to help Federal agencies access and utilize existing Federal data to answer important questions about program outcomes and better serve the American public. Many of these efforts are ongoing and involve leveraging existing data, including linking data on program participants to administrative data on earnings, health, or other outcomes. In addition, the Budget funds a number of specific efforts to improve the data available for both Government and private-sector decision-making, including:

- Providing \$11 million to improve and expand Department of Commerce measures of innovation, U.S. foreign direct investment, and small business contribution to GDP. Together these measures will help existing and prospective private sector businesses make critical decisions about factors including location, industry, scope and scale.
- Providing \$5 million to the Census Bureau to improve the supplemental poverty measure to allow for more accurate analysis of poverty programs.
- Doubling funding, to \$70 million, for the Department of Education’s Statewide Longitudinal Data System Grant program to assist school districts in tracking resources at the school level and making allocation decisions based on data, including return on investment metrics.
- Providing \$8 million for more frequent data collection through the Department of Education’s National Postsecondary Student Aid Survey in order to obtain more timely information on the characteristics of students in postsecondary education and how they are financing their education.
- Providing \$6 million for the Workforce Data Quality Initiative, to help States generate better information about the effectiveness of workforce and training programs, and make that information available to consumers.

- Providing \$4 million for a pilot program at the Corporation for National and Community Service to help nonprofits better evaluate their impact and performance by accessing Federal and State administrative data.
- Providing \$5 million for a Youth Data Pilot at the Department of Education that would enhance communities' tracking of multiple outcomes for at-risk youth using existing data sets, by establishing common indicators of youth success, integrating administrative data sources, and developing easy-to-understand scorecards to help drive decision-making.

USING EVIDENCE TO GET BETTER RESULTS

The Administration is committed to developing evidence about how best to address important challenges, but equally committed to acting on the evidence that is already available. Below are a few examples of programs that the Budget proposes to invest in, scale up, or change on the basis of strong evidence.

Ending Homelessness. Chronic homelessness was long considered an intractable problem. But a broad body of research, including rigorous evaluations, demonstrated that permanent supportive housing is more effective at reducing chronic homelessness than traditional approaches, such as transitional housing. By investing in this evidence-based approach, the Administration has made significant progress toward the President's ambitious goals of ending homelessness across the country. Since 2009, veterans' homelessness is down 24 percent and the total number of people experiencing chronic homelessness on a single night is down 16 percent. The Budget continues investments in supportive permanent housing, providing the resources needed to end veterans' homelessness by 2015 and to end chronic homelessness by 2016. The Budget provides \$2.4 billion for Homeless Assistance Grants from the Department of Housing and Urban Development (HUD), \$300 million above the 2014 enacted level. In addition, under the HUD Housing Choice Voucher program, the Budget proposes \$75 million to expand assistance under the VA Supportive Housing (HUD-VASH) program to 10,000 additional homeless veterans.

Improving Youth Outcomes. The Budget invests in evidence-based approaches to improving the education, development, and health of children, including:

- A major investment in early learning, motivated by strong evidence that quality early childhood education leads to significant benefits later in school and into adulthood. As part of that initiative, the Budget invests \$15 billion in mandatory funds over the next 10 years for the Department of Health and Human Services (HHS) to extend the Maternal, Infant, and Early Childhood Home Visiting program and expand evidence-based, voluntary home visiting programs. These programs enable nurses, social workers, and other professionals to connect families to services and educational supports that improve a child's health, development, and ability to learn. Research has found that these programs improve a broad range of outcomes, including school readiness, prevention of child maltreatment, maternal health, parenting, and family economic self-sufficiency.
- Support for changes to the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) food packages that will more closely align WIC benefits with updated nutrition science. A rich body of research has found that WIC's science-based design of food benefit

packages contributes to healthier birth outcomes and improved nutrition for low-income pregnant and postpartum women, infants, and children.

- A new Medicaid demonstration project at HHS to encourage States to provide evidence-based psychosocial interventions to children and youth in foster care. Research suggests that certain evidence-based and evidence-informed psychosocial interventions yield better and longer-lasting outcomes for children and youth than prescribing psychotropic medications. The demonstration will test whether encouraging States to increase access to evidence-based alternatives to treat behavioral and mental health conditions will reduce over-prescription of psychotropic medications and improve outcomes for these young people.
- Continued investment in the Department of Education's School Improvement Grants (SIG). By next year, nearly 40 percent of the Nation's 5,000 lowest achieving schools will be implementing turn-around strategies. Early data indicate significant achievement gains in many of the SIG schools that outpace the national average.
- Through the Opportunity, Growth, and Security Initiative, a new Youth Investment Initiative at the Department of Justice to incentivize State efforts to increase the availability of alternatives to incarceration that have been shown to be effective in reducing youth incarceration in States including Alabama, California, and Texas, as well to increase the availability of post-incarceration approaches that have been shown effective in helping youth re-integrate into school after confinement.
- Continued funding at HHS for evidence-based approaches to preventing teenage pregnancy.

Strengthening Training and Employment Strategies. The Budget supports evidence-based approaches to strengthening job training, assisting the long-term unemployed, and facilitating and encouraging employment among low-income individuals and families. Examples include:

- Significantly increasing the Earned Income Tax Credit for workers without qualifying children, including non-custodial parents, in order to reduce poverty and provide a more meaningful work incentive to low-wage workers without custodial children. Extensive research finds that the EITC for families with children has increased labor force participation among single mothers. This proposal would build on that success.
- At the Department of Labor, scaling up reemployment and eligibility assessments and reemployment services (REA/RES) to reach those Unemployment Insurance (UI) beneficiaries most likely to exhaust their UI benefits, as well as all recently separated veterans transitioning to civilian jobs (\$158 million). Rigorous studies have found that REA/RES speeds re-employment.
- At HHS, redirecting \$602 million in annual Temporary Assistance for Needy Families funding to support State partnerships with employers that provide subsidized job opportunities for low-income parents. Such partnerships have proven to be an effective strategy for getting disadvantaged adults back into the workforce.
- At the Department of Housing and Urban Development (HUD), through a combination of base funding and Opportunity, Growth, and Security Initiative resources, the Budget provides \$125 million for the evidence-based Jobs-Plus program, enough to serve 50,000 households with a

combination of job training and financial incentives that has been found to boost annual earnings by \$1,300, on average.

- As part of the Opportunity, Growth, and Security Initiative, investing \$500 million to create new apprenticeships and increase participation in existing apprenticeship programs. The apprenticeship model has been shown to be effective in a quasi-experimental evaluation. This investment, which would be continued for four years, would support doubling the number of apprenticeships in America over the next five years.

Reducing Crime and Recidivism. The Budget supports the Smart on Crime initiative by providing funding for prisoner reentry programs and for Prevention and Reentry Coordinators in U.S. Attorneys' Offices, as well as for Second Chance Act grants and other State and local assistance programs to reduce recidivism and help ex-offenders return to productive lives. Programs that can help reduce recidivism are cost-effective and lead to better outcomes in the criminal justice system. These types of programs have a record of success in both the Federal Government and some States, and these initiatives will help continue to build the evidence base for them more broadly.

Helping Americans Save for Retirement. In the State of the Union, the President announced that he will use his executive authority to direct the Department of the Treasury to create "myRA" – a new "starter" retirement savings account that will be offered through employers and will ultimately help millions of Americans begin to save for retirement. The Budget proposes to establish automatic enrollment in IRAs (or "auto-IRAs") for employees without access to a workplace savings plan. The proposal draws on behavioral science research, which shows that individuals are far more likely to save in retirement plans if enrollment is the automatic option, with up to 9 out of 10 workers automatically enrolled in a 401(k) plan through their employer continuing to make contributions years later.

Supporting Evidence-Based International Aid Programs. The Budget provides \$1 billion, a \$102 million increase, for the Millennium Challenge Corporation (MCC), which forms multi-year agreements with eligible developing countries to stimulate economic growth and reduce poverty in those nations. The Opportunity, Growth, and Security Initiative provides an additional \$350 million, enough to fund additional compact investments in Ghana, Liberia, Niger, Morocco, and Tanzania. MCC has a robust model for projecting and measuring the impact of its programs in order to make high-return investments in economic development. The Budget also expands investment through USAID in evidence-based maternal and child survival interventions. Among the recent accomplishments of these evidence-based programs are:

- Piloting an approach to saving mothers' lives in the period immediately surrounding childbirth that was found to reduce maternal mortality by one third (USAID Children's Health).
- Over the past six years, helping to increase the share of households owning at least one insecticide-treated bed net by 29 percentage points in 11 priority countries, likely preventing millions of episodes of malaria (USAID Children's Health).
- Funding literacy programs in Morocco that have helped nearly 40,000 fishermen, artisans, and farmers learn to read and write while building business skills (MCC).

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