

MACARTHUR

The John D. and Catherine T. MacArthur Foundation

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THE POWER OF MEASURING SOCIAL BENEFITS

AT A GLANCE

- The Power of Measuring Social Benefits is a \$35 million policy research initiative that seeks to test the hypothesis that effective social policies that invest in individuals in need or at risk not only improve their life chances, but in many instances benefit the larger society and generate public returns long after assistance has ended.
- The project is exploring the possibility that strengthening the case for social policy making that is more firmly grounded in evidence of effectiveness and complementary benefits to recipients and society could challenge the widely-held belief that social spending is too often wasteful and ineffective.
- The Foundation's grantmaking in this field aims to increase the number of social cost-benefit studies by developing work in at least ten timely and relevant areas of domestic policy, to strengthen methods, and to improve measurement of social benefits.
- The grantmaking also is designed to encourage federal and other government agencies to require evidence of effectiveness and mutual benefits to individuals and society in their budget decisions.
- In the initiative's first 18 months, the Foundation has awarded 19 grants totaling nearly \$12 million for the Power of Measuring Social Benefits, including 10 social cost-benefit studies that span the full range of MacArthur's domestic program.

BACKGROUND

As fiscal constraints force the federal government to make difficult choices about which programs to fund, a new MacArthur initiative is using evidence-based research and cost-benefit analysis to strengthen the foundation for more effective social policymaking. The Power of Measuring Social Benefits is a \$35 million policy research

initiative that seeks to demonstrate how spending on certain programs—those that work with returning prisoners, treat depression, or counsel juvenile offenders, for example—can have long-term benefits for the affected individuals and society.

The Foundation believes that this grantmaking may provide a compelling body of evidence that might reduce

the role of ideology and contribute to a new, more rigorous approach to social policymaking; accelerate the rate at which evidence-based practices are adopted across all levels of government; and, in the process, help restore public confidence in the government's ability to help solve critical social problems that the country faces.

WHAT WE FUND

The Foundation's grantmaking in this field aims to increase the number of social cost-benefit studies by developing work in at least ten timely and relevant public policy areas, such as prisoner reentry in Chicago, mandated community mental health treatment, and extending foster care until the age of 21. MacArthur also will attempt to increase government interest in this approach by supporting research to develop tools that align social cost-benefit analyses with economic theory and encourage federal agencies to require evidence of effectiveness and mutual benefits to individuals and society in their budget decisions.

Supporting Formal Social Cost-Benefit Analyses in Multiple Policy Domains

The Foundation is directly increasing supply by funding a substantial number of original social cost-benefit analyses. It also is stimulating scholarly interest in this kind of work through grants to academic centers of excellence. The Foundation expects to develop at least one high-quality study in as many of the domestic policy areas of interest to the Foundation as possible, and for which the policy environment is ripe for action.

Because complex cost-benefit analyses require formal program evaluations as a source of data for

estimating participant benefits, the staff looked for opportunities to supplement rigorous evaluations of high-visibility social programs that are ripe for policy action. Another funding priority aims to extend the policy effects of selected MacArthur research networks by supporting cost-benefit studies of programs and policies that are recommended by and grow out of their respective research programs. The final priority is to subject a few signature Foundation investments to formal cost-benefit studies, as a means of measuring their effectiveness and maximizing their policy impact.

Improving Methods and Standards

Expanding the supply of social cost-benefit studies without increasing demand for them by decision makers would have little policy impact. There are two ways the Foundation is working to boost demand. The first is to make the products more useful for policy purposes. This requires a robust research and development program to address critical theoretical, methodological and data limitations. Methodological projects underway include efforts to learn more about the extent to which effects from programs that are "at scale" persist over time and how well short-term effects in some areas predict long-term outcomes in other key domains. Next, discovery and valuation of shadow prices affiliated with social program funding is needed; failure to assign value to

desirable outcomes understates potential program benefits to individuals and society. Finally, given the plethora of research data collected by individual agencies, there is a move toward integrating public agencies' administrative databases to create opportunities for population-based studies that can be completed in a timely and cost-efficient manner. Future grants in this facet of the strategy will explore the opportunities and challenges associated with this emerging approach to program evaluation and cost-benefit analysis.

Increasing Demand for Social Cost-Benefit Analyses

Another way to increase demand is by encouraging government agencies to require evidence of effectiveness and mutual benefits to individuals and society as a basis for budgeting and priority setting. Thus, the third element of the grantmaking strategy provides support for influential policy organizations that have strong networks in the policy community and have a solid track record of informing the work of executive agencies.

IMPLEMENTATION

During the initiative's first 18 months, the Foundation awarded 19 grants totaling nearly \$12 million across all three facets of the grantmaking

strategy, including 10 social cost-benefit studies that span the full range of MacArthur's domestic program. Half of these studies involve interventions that are based on random assignment research designs, and leverage funding from other sources. Future work will fund highly-selective social cost-benefit studies and attempt to increase government interest in this approach by supporting research to develop tools that align social cost-benefit analyses with economic theory and encourage federal agencies to require evidence of effectiveness and mutual benefits to individuals and society in their budget decisions.

For More Information

about The Power of Measuring
Social Benefits

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About the MacArthur Foundation

The MacArthur Foundation supports creative people and effective institutions committed to building a more just, verdant, and peaceful world. In addition to selecting the MacArthur Fellows, the Foundation works to defend human rights, advance global conservation and security, make cities better places, and understand how technology is affecting children and society. More information is available at www.macfound.org.

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