Telling Better Evidence-Based Stories with Data

By John Kamensky

The federal government collects huge amounts of administrative data: the number of college students graduating with debt; the number of unemployed workers who find jobs; the number of children receiving school lunches. Yet this data does not tell the story of what is happening in people's lives as a result of the programs in which they may participate.

We do not know if veterans earn more because of the training they received in the military, or if food stamps improve health outcomes. Data exists to tell these stories and researchers would love to analyze them! But, data detailing slices of an individual's interactions with government resides in different agencies that have different rules about sharing personal information. And, the stories cannot unfold unless the data is shared and the dots connected so the collective effects of government programs on an individual can be analyzed.

The Challenge. The challenge for researchers is to find ways to convert administrative data from multiple sources—including IRS tax data, veterans' health data, state level wage data and college education data (all of which include an individual's personal information)—into statistical data without revealing an individual's or organization's identity.

Technically, this can be done, but there are a number of barriers to doing so. Some are intentional, others not. They include cultural, political, legal and technical factors, plus a lack of incentives to make the effort to overcome them. Being able to analyze these kinds of data would be highly useful to making better evidence-informed policy, budget and management decisions.

To address these challenges, a bipartisan coalition of legislators in Congress—including House Speaker Paul Ryan—created a statutory Commission on Evidence-Based Policymaking in 2016. Composed of 15 members, the commission was charged with studying "how to increase the availability and use of data in order to build evidence about government programs, while protecting privacy and confidentiality." It released its final report and recommendations, *The Promise of Evidence-Based Policymaking*, in early September, available at www.cep.gov.
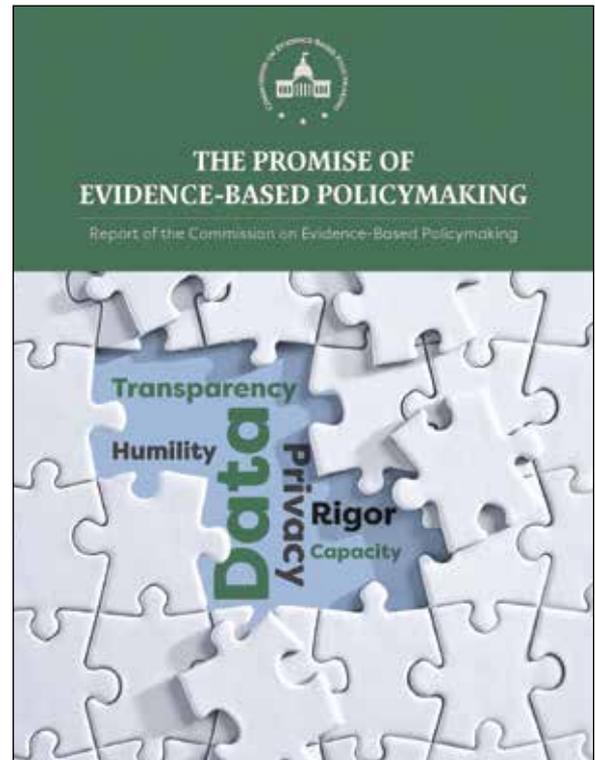
The Recommendations. The commission's recommendations address three sets of challenges: improving access to data, strengthening privacy protections of the data and increasing agency capacity to analyze the data.

Improving access to data. Since current federal laws and policies are not optimized to support the use of data or maximize privacy, the Commission offers two paths. The first: Revise a range of laws to allow the use of administrative data exclusively for statistical purposes, and to resolve inconsistencies and barriers in existing law for better use of data. The second: Streamline the process by which researchers access data.

To do this, the commission opted to not propose the creation of a central data warehouse. Instead, it proposed the creation of a "national secure data service" where data is combined, linked and anonymized for use in a specific analysis, then destroyed. The service would be an independent agency housed within the U.S. Department of Commerce.

Strengthening privacy protections. Currently, privacy protections are provided via an ad hoc approach, program by program. The commission recommends a broader, more consistent treatment of personal and business data via a series of risk assessments that include the following:

- Conducting and disclosing comprehensive risk assessments for publicly released confidential data that has been stripped of its identity.

- Improving privacy protections with better technology and greater coordination.

- Strengthening OMB's existing guidance on maintaining public trust by codifying Statistical Policy Directive 1.

Increasing analytic capacities in the government. The commission recommends designating a chief evaluation officer in each agency. These officers would help align their agencies' capacity for conducting statistical analyses, evaluation and policy research within and across departments, and tailor administrative processes to make analytic efforts less costly for government to execute.

Next Steps. The commission, by law, disbanded on September 30, but its staff have moved to the Bipartisan Policy Commission to provide ongoing support and advocacy for implementing the recommendations. Meanwhile, members are actively promoting adoption of the recommendations. In a recent forum, Ted McCann, a key staffer for Speaker Ryan, said legislation would be introduced addressing all three areas. The idea is to start with the less controversial items, such as designation of the chief evaluation officers. It was envisioned that a bill to implement one-third of those recommendations requiring legislative action would be introduced this Fall.

The commission's efforts have garnered bipartisan support, though there are bipartisan skeptics, too. A late September congressional hearing on the report generated some heat from both parties, according to a story in *Government Executive*. The article noted

to local employment. For borrowers who default, researchers have documented health effects, economic hardship and food insecurity. If the home suffers a foreclosure, there can be significant adverse effects on other home values, neighborhood crime and increased defaults and foreclosures in the area.

Once evidence sheds light on this program, it can assess the overall harm to defaulting borrowers and their communities, compared to the benefits to borrowers who can pay their mortgages on time. If there is an imbalance, the program can adjust its credit standards. For instance, if the proportion of defaulters is too high, the program agency can screen out borrowers who have the strongest likelihood of defaulting. Once data is available, the agency can publish it, show the trade-offs for borrowers of different levels of risk and build consensus around an acceptable level of default that balances benefits and harm. The data also can help borrowers decide whether or how much debt they want to take on.

Although borrower defaults provide a useful proxy for assessing costs to program borrowers, other evidence about outcomes—projected family health, education and income of borrowers of differing credit worthiness who take out federal loans—can provide even more clarity for policymakers. For student loans, evidence could include projected incomes of students who incur indebtedness to attend different educational institutions, if it can be made available. To generate and apply information may require strengthening agency capacity to conduct program evaluations. Cross-agency collaboration, between credit programs and the Census Bureau for example, also can add to the quality of evidence.

The Commission on Evidence-Based Policymaking called for "a comprehensive strategy for tackling the greatest problems facing evidence building today— data access is limited, privacy-protecting practices are inadequate and the capacity to generate the evidence needed to support policy decisions is insufficient."

Some credit agencies are better positioned than others to implement evidence-based approaches. The greatest obstacle appears to be the student loan program. Schools that fear being associated with poor borrower results have obtained enactment of a law that largely precludes the Department of Education from generating student-level information about outcomes. By contrast, other federal credit programs seem well poised to implement evidence-based policies. Applying evidence-based analysis to federal home loan, small business and other leading programs can provide strong examples of successful policymaking that then can spread to other credit programs.

Thomas H. Stanton, Alan Rhinesmith and Michael E. Easterly wrote a recent report, *Federal Credit Programs: Borrower Outcomes Matter More Than Volume*, available at www.thomas-stanton.com. Feedback on the report is invited.

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BETTER EVIDENCE-BASED STORIES

that a Republican congressman asked, "We already have chief program officers, so why create new positions?" A Democratic congressman attacked a series of Trump administration actions, noting an "apparent dismissal of evidence" and policies "completely unrelated to the facts."

Other recommendations can be implemented administratively, but they require concerted leadership—likely from the Office of Management and Budget—to bring together different communities that have a role in data governance and are outside the 13 principal statistical agencies. They include chief information officers, performance improvement officers, privacy officers and chief information security officers. The commission's charge focused on statistical data, but there will be the need to address broader data governance issues to be successful.

To be sure, there was a great deal of bipartisanship demonstrated in the passage of the law creating the commission and among the members themselves in drafting the report. That said, we will have to wait and see whether implementation of the recommendations can weather the political and bureaucratic headwinds.

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