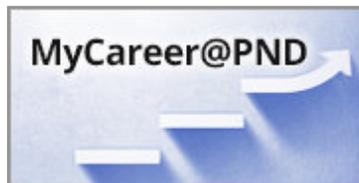




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How Better Data Will Shape the Future of Social Problem Solving

ANDREW WOLK, FOUNDER AND CEO, ROOT CAUSE ; COLETTE STANZLER, DIRECTOR OF SOCIAL IMPACT RESEARCH, ROOT CAUSE |

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There's no question that the need for better data is on the minds of just about everyone who is working to address seemingly intractable social problems. If you run a nonprofit, you've undoubtedly felt the push





from funders to demonstrate the impact of your programs. If you're a foundation program officer or an individual donor, you are probably looking for data that enable you to compare programs and choose the most effective ones. And in today's tough economic climate, government leaders at the local, state, and federal levels are urgently seeking ways to use data to make better use of

increasingly limited resources.

Fortunately, we're on the brink of a sea change in how we generate and use data to address social problems — and change is exactly what we need. Although significant data on social issues exist, much of it is not publicly available or is not action oriented. Indeed, quality information about nonprofit performance is scarce and not typically standardized to make it possible to compare organizations working on the same issue. As a result, we don't know whether the billions of dollars invested annually in nonprofit organizations by the public and private sectors is achieving the desired results — or any results at all.

The enormous potential to improve the quality of and access to information is analogous to the information revolution that took place in the private sector during the twentieth century. The first stage of that revolution was inaugurated by Section 13 of the Securities Exchange Act of 1934, which required publicly traded companies to file annual reports (known as 10Ks) with the U.S. Securities and Exchange Commission. The information revolution continued with the rise of the tech sector in the United States in the late 1970s. Back then, tech start-ups were growing

rapidly. Many investors, however, lacked data about industry trends, which companies were "hot," and how those companies were performing on a comparative level. One of the innovations that helped provide more transparency at the time was the development of an independent financial research industry. Reports, conferences, and advice began to be offered by the likes of the Yankee Group, Forrester, and Gartner Research. That information, in turn, provided investors with the insights they needed to make informed investment decisions and greatly increased the amount of growth capital available to tech companies, both young and established.

In the nonprofit sector today, by contrast, the only standardized source of information is the **990 tax form**. And while the 990 provides financial information, it offers no indication of whether an organization is fulfilling the charitable purpose for which it was awarded tax-exempt status in the first place. Imagine, then, what an information revolution similar to the one that transformed the private sector in the the last quarter of the twentieth century might mean for twenty-first-century efforts to invest in social change. Rigorous and readily available assessments would ensure that "social investors" are able to identify the most successful approaches to our most pressing social issues. Nonprofits with access to better information could use that information to assess their programs and make informed decisions about ways to improve those programs. Funders would be able to more effectively compare programs and select the most promising grantees at every step of the innovation cycle — from early-stage testing of new models to replicating already proven approaches. And collaborations involving the nonprofit, government, and business sectors would be able to use data to help ensure that their efforts resulted in sustained social impact.

Take the issue of school readiness — getting young children ready to learn. Research conducted for Root Cause's new **School Readiness Social Issue Report** (8 pages, PDF) found that targeting this issue presents a significant opportunity for closing the school achievement gap and improving educational outcomes for at-risk youth. Why? Because too many children begin their lives at risk for negative life outcomes due to disadvantages tied to their socioeconomic situation. As a result, they tend to begin kindergarten far behind their peers in terms of social, emotional, physical, and cognitive development. Indeed, a study by researchers Betty Hart and Todd R. Risley found that by age three, a low-income child typically has heard thirty million fewer words than a higher-income peer. And the further behind a child is on entering school, the more likely it is he or she will not be able to close the gap and will experience negative life outcomes. A 2005 national study by the **Bill & Melinda Gates Foundation** found that children who go on to experience such outcomes end up costing society between \$335 billion and \$350 billion annually in social services.

Yet despite overwhelming evidence pointing to the significant benefits of school readiness programs, cities and towns across the U.S. struggle to meet the demand for such programs. In New York City, for example, nearly 120,000 children — over 50 percent of the population of four-year-olds in the city — are on a waiting list for free pre-K programs mandated by passage of Universal Prekindergarten (UPK) legislation in 1997. Moreover, funding for childcare in the state has declined from its \$929 million peak in the 2004-2005 fiscal year, effectively reducing the number of subsidies available for low-income children not enrolled in a UPK program.

How can government leaders, funders, and philanthropists in New York City make the most of their limited resources to address the issue? To understand which programs are most effective, funders and nonprofits need information based on a clear understanding of the factors that contribute to a social problem as well as the approaches to addressing that problem which have been most successful to date. In the case of school readiness, academic research reveals that the most successful programs follow the same approach: offering a soup-to-nuts set of services, including an education-based curriculum, support services for parents, and complementary programs designed to prevent negative life outcomes for at-risk children. Research also shows that the best indicators for evaluating the performance of organizations pursuing such an approach include use of a certified curriculum, assessment tools related to student development, and level of parental involvement.

With such information in hand, it becomes possible to determine which programs are most effective in realizing their stated goals. In our own analysis of more than 1,700 child care centers in New York City using publicly available information, we found that 17 percent met our minimum criteria of being nonprofit, serving at-risk children, and incorporating the three core components of the proven approach. Of those, we began screening for organizations implementing such an approach most effectively and identified eight: the **Association to Benefit Children, Brooklyn Community Services**, the **Brooklyn Kindergarten Society**, **Children's Aid Society**, **Graham Windham**, **Lenox Hill Neighborhood House**, **Women's Housing**, and the **Economic Development Corporation**.

If we are to significantly improve society's capacity to address social problems, much more of this kind of actionable information is needed. And as that information becomes more readily available, it is important that leaders in all sectors use the data to operate in new ways:

nonprofit and government programs tackling tough social problems need to commit to learning about what works within their area of interest and to using indicators that enable them to better manage and improve their performance;

foundations and individual donors must use the same information to rigorously evaluate programs and invest in proven approaches or in new approaches with the potential to be transformative; and

policy makers must commit to using the same information to make decisions on where to invest public resources.

Now is the time to begin demanding, collecting, and making use of information that will lead to significant improvements in our society's capacity to address pressing social problems. In an economic climate that is forcing leaders in all sectors to do more with less, how can we afford not to?

*Andrew Wolk is the founder and CEO of **Root Cause**, a nonprofit research and consulting firm that partners with individuals and organizations within the nonprofit, government, and business sectors to advance solutions to today's toughest social problems. Colette Stanzler is the director of **Social Impact Research**, the independent research department of Root Cause, whose new School Readiness Social Issue Report was released recently. Previously, as a vice president of equity*

research at Deutsche Bank, she represented the company in an industry-wide effort to standardize reporting of investment research among financial services firms.

SUBJECTS: **CHILDREN / YOUTH**; **EDUCATION**; **SOCIAL SCIENCE**

PEOPLE: **ANDREW WOLK**; **COLETTE STANZLER**

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