

# Investing for Good: Measuring Nonfinancial Performance

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It is said that Quakers came to America to do good, but did well. The community development field does well, but could be strengthened by demonstrating how much good it does. Except when funded by a foundation or similar institution, often times the prime measures of success for community development are financial performance measures. By contrast, for those of us who work in the field of health, understanding our impact generally requires the measurement of nonfinancial impacts. And for some of us, it is even trickier because we work at institutions that are neither accountable to markets nor to the electorate. Our work involves valuing things that are thought to be “priceless.”

What is this peculiar work that is neither governed by markets nor the electorate? It’s philanthropy. We work at the Robert Wood Johnson Foundation (RWJF). Robert Wood Johnson II was the leader who transformed Johnson & Johnson, a small family-owned company that produced bandages, into a significant national corporation. But he also had been a small town mayor, a Brigadier General, a writer, and a local philanthropist. After his death, his will directed that his estate, valued at \$1.2 billion during probate, be given to create the Robert Wood Johnson Foundation. At that time, 1972, it was the second largest foundation in America behind the Ford Foundation. Since then, the Foundation has worked on improving health and health care of Americans and today has assets over \$8 billion.

In this issue of the *Community Development Investment Review*, Ben Thornley and Colby Dailey describe the case for measuring nonfinancial returns of community development investments. To provide the community development field with one example of how to approach this, and to provide a perspective from another field, we will describe the commitment of the Robert Wood Johnson Foundation to measuring its impact. In addition to the reasons for measuring nonfinancial returns that Thornley and Dailey provide, our experience shows that there is another important reason for measuring nonfinancial impacts: to help spread a program model.

## **Evidence-Based Decision-Making**

Evidence-based decision-making is part of the DNA of the Robert Wood Johnson Foundation. From the beginning, the Foundation relied on clear evidence to inform its decisions and meet its commitments. Many of the early trustees of RWJF came from the pharmaceutical industry. In that industry companies must answer questions about the effectiveness of drugs. Similarly, after former Johnson & Johnson executives joined the Foundation’s Board, they asked whether each Foundation program was having an effect. Although it is more

difficult to prove social programs are having an impact, RWJF staff responded by funding program evaluations conducted by independent evaluators. These evaluations enabled the Foundation to make better decisions about its investments and to improve its programs, leading to more constructive social change. Also, to guide investments and strategy, research initiatives provided timely evidence to inform practice and policy in many areas critical to RWJF's mission to improve the nation's health and health care.

In addition to the Board's interest, the evidence-based approach of the Foundation reflects the fields of health and health care, which have valued the use of metrics. British physician John Snow's use of statistics in the 1850s to identify the source of a cholera epidemic established epidemiology. Boston physician Ernest Codman's use of performance metrics to improve hospital care in the early part of the last century led to the development of quality improvement in health care.

Research and evaluation play important roles to inform decision-making; they are crucial components of RWJF's thinking and strategy. Simply, the Foundation uses these to answer two questions: 1) What is the problem?, and 2) What solutions work?

**What is the problem?** The Foundation uses research to answer questions about the nature of a problem. Research enables the Foundation to understand a problem by assessing what the problem is, who is affected, and how it can be addressed. Below we provide two examples, from health insurance coverage and childhood obesity, to illustrate the use of research to define or clarify the problem.

*Health Insurance.* Covering the uninsured has been a major focus of the Foundation, especially in the last twenty years. As the largest foundation devoted to health and health care, RWJF has funded a significant amount of research on health insurance. The Foundation saw this research as serving two important functions. First, the research built a knowledge base, helping policy makers understand who is uninsured and why. Second, by focusing on the consequences of being uninsured, the research created an empirical case for health care reform. Certainly, since President Richard Nixon's proposal to expand health insurance coverage in 1974, the issue was often discussed in policy circles; the research provided a common starting place from which conversations about the issue could begin.

Several research efforts on national questions, including Changes in Health Care Financing and Organization and the Economic Research Initiative on the Uninsured sought to understand the financing and economics of health care and its delivery. The Center for Studying Health System Change tracked insurance coverage and health care systems' impact on an individual's access to care. These research efforts established a knowledge base, easily accessible and serving as a guide to policy makers when issues arose. Another important research investment on insurance coverage was the Foundation's support of the Institute of Medicine's (IOM) reports from 2001 to 2004 on the consequences of being uninsured. In the early 2000s, there was evidence about the impact of being uninsured but it was unpersuasive. The Foundation funded the IOM to deliver a clear, accurate, and research-based picture

of uninsurance in America. The IOM was seen as a credible body that could portray the evidence soundly and rise above the political arena.

To understand the issue and how it varied across states, the Foundation funded the National Survey of American Families and State Health Access Data Assistance Center. The survey provided an understanding of health insurance at the state level and the significant differences across the states. State Health Access Data Assistance Center provided technical assistance to states to better understand the federal data regarding the nature of the problem in their state.

***Childhood Obesity.*** Research also has proven instrumental in a second, newer area of Foundation interest – reducing childhood obesity. In 2007, RWJF made a commitment of \$500 million to reverse the childhood obesity epidemic by 2015. Before the epidemic of childhood obesity could be reversed, however, the Foundation needed to better understand the problem. Two on-going research initiatives were launched: Healthy Eating Research and Active Living Research.

Healthy Eating Research supports research on the influence of environmental and policy factors on promoting healthy eating among children. The aim of the program is to fund research that will identify interventions to prevent childhood obesity among low-income, racial and ethnic populations at highest risk for obesity. Research focuses on areas such as menu labeling, agricultural policy, food marketing and food access to inform the field and key stakeholders. The research, often published in peer-reviewed journal articles, is made available to a wider audience through issue briefs, research highlights, and presentations.

Active Living Research builds the evidence to prevent childhood obesity and support active communities by funding research examining how environments and policies impact physical activity, especially among racial and ethnic minorities and children living in low-income communities. The evidence is used to inform environmental and policy changes that encourage active living for both children and their families. Research comes from scholars in myriad fields – for example, health, planning, transportation, and recreation – who work together to assess the impact of the streets, neighborhoods, and cities in which kids live and play.

**What solutions work?** In 1973, the second year of its existence, the Foundation funded its first evaluations. These first evaluations, one on the developing emergency medical system and another on the Foundation’s medical and dental student aid program, helped the Foundation ascertain the effectiveness of its programs. Today, evaluations continue to help RWJF understand what solutions work. The audiences for evaluations may vary; some are directed to the foundation staff or board members, while others are directed at policy makers or practitioners. Regardless of their audience, evaluations remain an important part of RWJF’s grantmaking – all large programs are evaluated by objective, external researchers and several smaller grants require an evaluative component. Evaluation answers questions such as: 1) Are the programs the Foundation is funding accomplishing what they set out to do?

and 2) Are they in line with the Foundation's overall strategy? While research informs the Foundation on how and where to make an investment, evaluation provides a way to garner objective feedback on the impact of its investments.

**Cash & Counseling.** Cash & Counseling is an effort to provide consumer-directed care for elders and disabled beneficiaries covered by Medicaid. By providing a budget for homebound elders and disabled adults with chronic conditions, Cash & Counseling allows participants to buy the home-health services they need from people of their choice, like a relative, rather than receiving specified services from a Medicaid-approved agency. RWJF and the federal government funded a three-state program experiment. The evaluation conducted by Randall S. Brown and his team at Mathematica Policy Research, Inc. found that Cash & Counseling significantly reduced the unmet needs of Medicaid consumers requiring personal assistance services; improved quality of life for both participants and their caregivers; and did not result in misuse of Medicaid funds. Costs were somewhat higher than those for traditional home health care, but these were partially offset by reductions in nursing home cost and could be controlled in a well-designed program. This evaluation contributed to changes in both federal and state policies. After the results were known twelve additional states replicated the program under Medicaid waivers, and later the Deficit Reduction Act of 2005 allowed states to adopt the approach without a waiver beginning in 2007.

**Nurse-Family Partnership.** In the 1970s, RWJF supported a demonstration project in Elmira, New York using registered nurses to take preventative health services into the homes of young, low-income pregnant women who were becoming first-time mothers. These visits connected new young mothers to support systems, including social services, while helping them become better parents. Randomized controlled trials from Elmira beginning in 1979, and subsequently Memphis and Denver, showed children and mothers benefiting with positive health and developmental outcomes from home visits. Studies show that improved prenatal health, fewer childhood injuries, fewer subsequent pregnancies, increased intervals between births, increased maternal employment and improved school readiness are consistent program effects. Four decades later, David L. Olds, creator of the intervention, continues to spread the model to other communities. The program serves about 21,000 families today in 32 states. Recently, the Patient Protection and Affordable Care Act of 2010 provided for \$1.5 billion in funding to states over five years for evidence-based home visitation. This will allow more states to implement the Nurse-Family Partnership.

## Conclusions

Not every project sponsored by RWJF is successful. One of the authors of this article has written elsewhere about programs that didn't work out as expected (Issacs and Colby, 2010). For example, the Study to Understand Prognoses and Preferences for Outcomes and Risks of Treatments (SUPPORT) aimed to improve end-of life care. In this large \$31 million research demonstration project, specially trained nurses counseled terminally-ill hospitalized patients

and their families. The study showed that the intervention did not improve end of life care in any way! Despite the negative results, SUPPORT provided vital information for the field of palliative care and served as a catalyst for subsequent successful Foundation investments in this area.

As is the case with programs, not every evaluation is successful or well timed. In the mid-1980s, the Foundation funded the AIDS Health Services Program. This program was designed to spread a San Francisco model of care for people with AIDS. The evaluation, published in 1994, provided valuable information on the structure and availability of services and their cost, as well as the impact of case management. Nevertheless, once policy makers saw that the program model could be spread to communities that had different cultures and public health systems than San Francisco, they incorporated it as part of the Ryan White Act in 1990, long before the evaluation results were known.

Measuring the priceless is difficult and, sometimes, researchers are not successful in accomplishing it, but the effort is important. Despite the messiness, difficulties, and outright failures, setting nonfinancial goals and measuring nonfinancial outcomes sharpens the Foundation's social investment strategy. Making the nonfinancial results public improves the Foundation's efforts to take program models to scale by providing evidence to other investors – helping others who have done well to do good. Likewise, measuring the priceless and making those measures public will strengthen the field of community development.

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