

Case 22

Institution Building for Evidence-Based Public Policy

Ford Foundation, 1948

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Background. When, in 1950, the Ford Foundation became the world's largest private philanthropy, it did not immediately begin to throw money into hands-on programming. Rather, the Foundation, quite often over the next three decades, preferred to fund studies and analysis, believing that thorough research could unlock the solution to many of society's most pressing concerns. Nowhere has this approach yielded higher returns, nor left such lasting monuments, than in the field of public policy research. Between 1950 and 1981, the Ford Foundation was the catalyst for building and strengthening a host of research institutions, operating in several different fields, to inject statistical and economic analysis into the policy-making process. In addition, the Foundation provided significant support for several existing policy research organizations, helping to build them into eminent centers of social science research and application.

Strategy. In *Think Tanks, Public Policy, and the Politics of Expertise*, Andrew Rich explains that the Ford Foundation "actively pursued a program supporting 'knowledge-creating' institutions . . . [and was] a principal source of support for many think tanks."³²⁰ These institutions created or supported by the Foundation have many similarities, but each operates within its own niche of the policy-making process. Among the most significant³²¹ are the following:

- The RAND Corporation (which takes its name from a contraction of the term "research and development") began as a government sponsored program run by the Douglas Aircraft Company. Begun in 1945, the RAND Project grew out of an understanding, according to the Commanding General of the Army Air Force, that:

During [WWII] the Army, Army Air Forces, and the Navy have made unprecedented use of scientific and industrial resources.... [But] we have not yet established the balance necessary to insure [sic] the continuance of teamwork among the military, other government agencies, industry, and the universities. Scientific planning must be years in advance of the actual research and development work.³²²

In order to conduct this planning, the RAND Project employed mathematicians, engineers, physicists, economist, psychologists, and a range of other professionals. By 1948, the Chief of Staff of the newly formed U.S. Air Force decided that RAND could better function as an independent nonprofit agency. The Ford Foundation at that point approved an interest-free loan of \$1 million to fund the new RAND Corporation's early operations. In addition, Ford guaranteed RAND's credit, enabling it to qualify for private bank loans. According to the Corporation's website, "[t]his marked the beginning of the diversification of RAND's agenda [to non-military as well as military research] and was the first of many grants to RAND by the Ford Foundation to support important new research initiatives."³²³

- Resources for the Future was created in response to the release, in the early 1950s, of the final report of the President's Materials Policy Commission. The report pointed out that very little was known about the United States' reserves of such natural resources as oil, water, energy, and minerals. It went on to recommend the creation of a new organization to study the natural environment and make policy recommendations on the basis of its findings. The

Eisenhower administration opposed the Commission's proposal, so the young Ford Foundation took it up. In 1952, the Foundation set up Resources for the Future (RFF) to "formulate a framework for analyzing resource conditions, show how to collect and use the relevant data, and develop the professional expertise that could do the job in the years to come."³²⁴ Intended to collect data and analyze them in a way comprehensible to policy-makers, RFF was staffed with economists and statisticians, rather than scientists and engineers.³²⁵

- The Urban Institute was created in 1968 on the initiative of President Lyndon Johnson. The President had handpicked a blue ribbon commission of leaders from government and the not-for-profit sector to study America's cities, and this group had included Robert S. McNamara, a Ford Foundation trustee. The Urban Institute (UI) was envisioned as a military-style think tank (similar to the RAND Corporation), except that it was not to be affiliated exclusively with any single government agency (as RAND had originally been with the Air Force). Instead, the Institute would conduct contract research for several government funders, as well as with the support of private foundations. Funded initially by grants from the Department of Housing and Urban Development (HUD), the Department of Transportation, and the Ford Foundation, the Urban Institute soon grew beyond its focus on urban centers into a policy research center focused on a number of issues, including housing, health, and income maintenance programs. In its first ten years, the Institute received \$10.3 million from the Ford Foundation. This money was used to augment government project funds, and to enable UI to pursue research interests for which federal funds were not forthcoming. In this way, the Ford Foundation not only helped the Institute pursue its government contract research, but it also helped it survive financially by mitigating UI's exposure to the shifting political winds.
- The Center on Budget and Policy Priorities was founded in 1981 by economist Robert Greenstein to study budget and tax policies, especially their effects on low-income Americans. The Center's original start-up grant came from the Field Foundation, and Ford quickly joined in as the Center's largest underwriter. The Center analyzes proposed policy changes, disseminates broadly the results of its analyses, and makes policy proposals of its own. Founded in part "to [provide] an independent and critical analysis of the implications of the Reagan budget cuts for low-income people," the Center in the early 1990s expanded its work to the state level. Formed "in response to the devolution of responsibility over many areas of low-income policy to the state level," the Center's State Fiscal Project—funded primarily by the Ford, Casey, and Mott Foundations—now makes up almost half of its research and advocacy operation.
- The Brookings Institution began in 1916 as the Institute for Government Research, "the first private organization dedicated to analyzing public policy issues at the national level."³²⁶ Robert Somers Brookings, a major benefactor of IGR, created in the early 1920s two supporting institutions, a graduate school and an economic research institute. In 1927, the three organizations merged to form the Brookings Institution. Throughout its long history, Brookings has conducted influential studies of various issues of political economy, and served as a prominent critic and evaluator of government policies. According to its current president, Strobe Talbott:

Brookings has dedicated itself to improving the equity of the American democratic process, the performance of the economy, the health of society, the effectiveness of diplomacy and defense, the quality of public discourse, and the workings of institutions—public and private, domestic and international.³²⁷

The Institution uses the tools of social science research and analysis, and an interdisciplinary approach, to respond to policy proposals and make suggestions of its own. In 1953, the Ford Foundation began to give Brookings programmatic and unrestricted financial support. Over the next fifteen years, Ford gave to Brookings seventy-three project grants for specific research and education initiatives. And in 1966, the Foundation made a grant of \$14 million to provide Brookings with \$10 million of endowment support, and \$4 million in unrestricted funds. Thanks to the rising value of Ford stock (the form in which the gift had been made), this grant wound up yielding fully one quarter of all the Institution's unrestricted funding over the next thirteen years. In addition to Ford, the Rockefeller Foundation gave Brookings significant support. Together, the two foundations "put the Institution on a strong financial basis" at a time when Brookings was emerging as a center of academic study and practical expertise for influential policy-makers.³²⁸

Outcomes. Each of these five policy research organizations has been enormously successful. Along with the conservative Heritage Foundation and American Enterprise Institute, the Brookings Institution and the Urban Institute constitute the so-called "big-four" think tanks.³²⁹ The Urban Institute has done groundbreaking work in a number of fields, including by pioneering evaluation techniques and new statistical methodologies like the TRIM microsimulation model, which was adopted in the 1960s by the Congressional Budget Office and the Departments of Agriculture, Labor, and Treasury to analyze welfare and other income transfer proposals.³³⁰ And Brookings, the oldest and largest of the four, remains at the cutting edge of policy analysis. A 1997 survey found Brookings to be considered—across all respondent groups, including both Republican and Democratic congressional staffers, journalists, and others—the most credible source of information among all think tanks.³³¹ Its many notable past successes include: "helping develop such ideas as unified budgeting for the federal government, the establishment of the Congressional Budget Office, and revenue sharing...."³³²

The RAND Corporation has conducted path-breaking research and analysis, and its "early defense-related agenda [has] evolved—in concert with the nation's attention—to encompass such diverse subject areas as space; economic, social, and political affairs overseas; and the direct role of government in social and economic problem-solving at home." RAND played a significant role in the initiation of America's space program, developed early computers and computing networks, and has researched applications for game theory, mathematical modeling and simulation, and systems analysis, which "served as the methodological basis for social policy planning and analysis across such disparate areas as urban decay, poverty, health care, education, and the efficient operation of municipal services such as police protection and fire fighting."³³³ In the 1997 survey of think tanks' credibility noted above, the RAND Corporation scored second, behind only Brookings.

The other two are no less impressive. A Ford Foundation review in 1996 concluded that "[a]fter twenty years of research and training RFF had filled in many of the most glaring gaps in our knowledge about resource conditions in the United States and had developed a new generation of professionals to keep us up to date."³³⁴ Jonathan Rauch, a *National Journal* columnist, in 2002 praised Resources for the Future as "the most important think tank you've never heard of."³³⁵ RFF was among the first voices in the nascent environmental movement to advocate market-based solutions to problems like pollution and global warming, and, according to Ford's 1976 review, "resource economics, urban economics, and environmental economics were largely invented at RFF and were built into intellectually respectable disciplines by the efforts of a group of scholars centered around RFF."³³⁶

The Center on Budget and Policy Priorities has played a significant role in major budget and economic policy debates at the state and federal levels. According to Michael Weinstein, an editorial writer for the *New York Times*, "What makes [the Center] unique is the consistently high quality of

[its] research and analysis.”³³⁷ This quality has been recognized by policymakers from both political parties. A 1998 survey of members of Congress and White House officials found that the Center on Budget and Policy Priorities “was identified as the single most influential non-profit organization in Washington on federal budget policy.”³³⁸ It took a lead role in the expansion of Earned Income Tax Credit,³³⁹ and now conducts major outreach programs directed at the states to ensure that low-income families take advantage of this and other government benefits for which they are eligible (such as the Child Tax Credit and Medicaid-guaranteed children’s health insurance).³⁴⁰ Over 6,000 not-for-profit organizations and government agencies currently participate in these campaigns.³⁴¹

Impact. Ford has played a different role in the creation and support of each of these five institutions. Resources for the Future, for example, was proposed by an outside agency but designed and funded by the Foundation. Brookings, on the other hand, had been in existence for decades before the Ford Foundation became a major philanthropy. But the Foundation has supported a host of Brookings projects, and by providing general operating support and major endowment funds, it helped the Institution become financially secure at a critical period in its development. In the case of the Urban Institute, the Foundation’s support was dwarfed by the backing of the federal government. But even there, Ford provided crucial unrestricted support in the ’60s and ’70s, and gave the Institute \$10 million to start its endowment in 1966. When federal funds dried up in the 1980s, Ford and other foundations helped the Institute survive.³⁴²

Ford’s deliberate strategy of promoting social science research has enriched the policy-making process for decades. It has enabled these and other institutions to subject politicians’ claims to rigorous fact-checking, and has helped point the way toward more promising solutions to problems of the environment, the economy, foreign relations, urban development, and more. One need not give foundations all the credit for the rise of evidence-based public policy, nor agree with the political inclinations of any particular think tank, to conclude that public policy studies, and public policy-making, would both be significantly worse off but for the work of these institutions, and the sustained involvement of the Ford Foundation.

Notes

320. Andrew Rich, *Think Tanks, Public Policy, and the Politics of Expertise* (Cambridge: Cambridge University Press, 2004).
321. These five are by no means the only such organizations set up or supported by the Ford Foundation. They are discussed because they are especially noteworthy. In addition, several other similarly successful policy research institutions—that can be considered “think/test tanks”—were created with significant help from the Foundation and are discussed in separate case studies. These include the Manpower Demonstrations Research Corporation (MDRC), Public/Private Ventures (P/PV), the Vera Institute of Justice, and the Police Foundation. Though discussed separately, these various organizations are, in fact, a related set. Taken together, they advanced considerably the Ford Foundation’s goal of supporting on-the-ground, evidence-based policy research.
322. Available from <http://www.rand.org/>.
323. *Ibid.*
324. Ford Foundation, Office of Resources and the Environment. “Resources for the Future: A Review.” September 1976.
325. *Ibid.*
326. Available from <http://www.brookings.edu/>.
327. *Ibid.*
328. *Ibid.*
329. Spencer Rich, “Think Tank Survives Lean Times: Foundations Help Fund ‘Liberal’ Urban Institute During Reagan Era,” *Washington Post*, 5/16/1988.
330. Frederick O’R. Hayes and Anthony F. Japha. “The Urban Institute: An Evaluation,” Ford Foundation.
331. Rich, *Think Tanks, Public Policy, and the Politics of Expertise*.
332. Rushworth M. Kidder, “From Left to Center: Jockeying for Thinkers, Funds, and Influence,

- Brookings Puts Scholarship Over Partisanship,” *Christian Science Monitor*, 10/2/1984.
333. Available from <http://www.rand.org/>.
334. Ford Foundation, Office of Resources and the Environment. “Resources for the Future: A Review.”
335. Jonathan Rauch, “Ideas Change the World—And One Think Tank Quietly Did,” *National Journal*, 10/5/2002.
336. Ford Foundation, Office of Resources and the Environment. “Resources for the Future: A Review.”
337. Jeff Shear, “Tightfisted Liberals,” *National Journal*, 9/3/1994.
338. Available from <http://www.cbpp.org/>.
339. Shear, “Tightfisted Liberals.”
340. Available from <http://www.cbpp.org/>.
341. Ibid.
342. Spencer Rich, “Think Tank Survives Lean Times: Foundations Help Fund ‘Liberal’ Urban Institute During Reagan Era,” *Washington Post*, 5/16/1988.