## INDEX

3 percent rule of thumb, 115
accuracy of small-bore benefit/cost
estimates, 90–91
Acumen Fund, 102–103
Adams, John, 46
aggregation, 37–38
American Red Cross, The, 19

BACO (best available charitable option), 102–103
bankruptcy filing, 71
baseline data, 48, 49
benefit/cost analysis, 6–7; applications of, 14; as diagnostic tool, 96–97; general discussion, 7–8, 129; manipulation of estimates, 93; measuring performance of funders with, 97–98; not sole basis for grants, 86–88; specialization of programs due to, 88–89. *See also* small-bore benefit/cost analysis best available charitable option (BACO), 102–103

best practicably available evidence, 129 biases, 12, 50 Bill & Melinda Gates Foundation, 14 Boskin, Michael, 3–4 budget relief with emergency food programs, 70

calculating expected well-being, 118–120, 143–146
carpenters, training women to become, 25–26
cash assistance, 71
Center for High Impact Philanthropy, The, 104
Center for New York City Neighborhoods, The, 19
Charity Navigator (CN), 105–109
charter high schools, grants to, 25
college: calculating value of staying in, 65–66; earnings boost from year of, 62; percentage of students enrolled in, 61

communication with grantees, 95 comparing outcomes of interventions, complications from shared responsibility, 131-133 consulting firms, monetizing costs of, 82 - 83cost-effectiveness analysis, 89-90, 100-102 cost-per-impact, 104-105 costs: balancing benefits and, 84-85; monetizing, 82-83 counterfactual information, 6; calculating value of graduating high school, 60-61, 62; complications from shared responsibility, 131-133; cost-per-impact, 104; essential in monetizing outcomes, 59; explicit assumptions, 47-48; on microlending, 74-75; researching correct estimates, 48-52; role in program analysis, 44-47 crowdsourcing, 129

Daniels Fund, The, 43 DARPA (Defense Advanced Research Projects Agency), 151n18 data, using diagnostically, 13 decision junctures, 122-123 Defense Advanced Research Projects Agency (DARPA), 151n18 diagnostic tool, benefit/cost ratios as, 96-97 diminishing marginal utility of income, 94 disability payments, 70-71 discounted present value (DPV), 53-56 discount rate, 54 diversification, 117 dollar gains, treatment of, 93-94 donors, 88, 129, 152n21 double counting, 38-40, 72 DPV (discounted present value), 53-56 Drucker, Peter, 15

early child hood programs, 64, 72 earnings, measuring, 5 edict, allocating grant-making budgets by, 41-42 education: calculating value of staying in college, 65-66; charter high schools, grants to, 25; earnings boost from year of college, 62; monetizing high school graduation, 31-34, 37-38, 60-65; percentage of students enrolled in college, 61 Einhorn Family Foundation, 19 emergency food programs, 68-73 Environmental Defense Fund, The, 19 equations: calculating value of graduating high school, 60-65; calculating value of staying in college, 65-66 eviction prevention, impact on mental illness, 73 expected return, 105 expected well-being, maximizing, 118-120, 143-146 experimental research, 64, 72 extended resource commitments, risk implications of, 122-123

farmer's market, funders as, 24 Federal disability payments, 70-71 female job training: carpenters, 25-26; truck drivers, 82 financial aid, 65-66 financial counselors for community college students, 65-66 food stamps, 70 for-profit entities, 125 funders: calculating impact of risk on target population, 134-142; counterfactual complications from shared responsibility, 131-133; as farmer's market, 24; game changers, 123-127; good steward responsibility, 114-117; maximizing expected well-being, 118-120, 143-146;

measuring performance of, 97–98; real options valuation, 120–123 future benefits, value of, 32, 53–55, 135–136

game changers, 110, 123-127 GED certificates, 39-40 goals: identifying interventions that achieve, 17-18; overview, 4; translating mission into broad, 17; translating mission into well-defined, 21-23 good steward responsibility, 110, 114-117 government-subsidized entitlement programs, enrollment in, 70 grantees, communication with, 95-96 grants: benefit/cost ratio of interventions, 6; benefit/cost ratios not sole basis for, 86-88; benefits of RM to decision making, 95; cost-effectiveness analysis, 100-102; emergency food programs, 68-73; microlending, 73-75; to middle schools, 60-65. See also ranking grant applications; small-bore benefit/cost analysis groupthink, 127

health: of high school graduates, 32, 61; measuring, 5; monetizing, 32–37; QALYs, 32–34 high school graduation: equation calculating value of, 60–65; monetizing, 31–34, 37–38 high- versus low-dose interventions, 9–10 housing for homeless families, 87 housing stability, 71

income: estimating for high school graduates, 61; monetizing, 31–32 interventions, 4; counterfactual complications from shared responsibility, 131–133; funding only those with direct relation to mission, 27–29; high-versus low-dose, 9–10; identifying outcomes relevant to

mission, 18; identifying plausible, 23–24; measuring with QALYs, 32–34; recalibrating at decision junctures, 122–123; specialization of programs due to benefit/cost ratios, 88–89; that achieve mission-driven goals, 17–18; yielding multiple MROs, 25–26 investments: game changers, 110, 123–127; real options valuation, 120–123; SROI, 103–104

Jefferson, Thomas, 45–46 job training programs: benefit/cost analysis, 77, 79; cost-effectiveness analysis, 90, 101–102; for female carpenters, 25–26; for female truck drivers, 82; RCTs on, 48–50 John D. and Catherine T. McArthur foundation, 18

Kramer, Mark, 14-15

large-bore benefit/cost analysis, 84 legal services: at emergency food sites, 71; monetizing costs of, 82–83 living standards, raising, 21–23 loans to low-income individuals, 73–75 low- versus high-dose interventions, 9–10

manipulation of benefit/cost
estimates, 93
Marker, Richard, 126
massive expansion, 81–82
maximizing expected well-being, 118–120
McKinsey, 82
measurement of impact, 14–16
Medicaid enrollments, 70
medical economics, 32–34
mental health clinic in middle school,
grant for, 64–65
mental illness, impact of eviction prevention on, 73
mentoring, 28

metrics: BACO measure, 102-103; Charity Navigator, 105-109; cost-effectiveness analysis, 100-102; cost-per-impact, 104-105; defined by mission statement, 20-21; expected return, 105; by grant, 67-75; by outcome, 57-66; overview, 57-60, 99-100; sharing, 20-21; SROI, 103-104 microlending, 73-75 mission-relevant outcomes (MROs): funding only interventions with direct relation to mission, 27-29; identifying, 24-27; overview, 4-5; of Robin Hood Foundation, 58 mission statements: adopting, 18-21; MROs defined by, 24-25; overview, 4, 17; translating into broad goals, 17; translating into well-defined goals, 21-23 monetization: aggregation, 37-38; calculating value of staying in college, 65-66; costs, 82-83; double counting, 38-40; of high school graduation, 31-34, 60-65; nonpecuniary outcomes, 40-43; overview, 5, 30-31; QALYs, 34-37. See also counterfactual information mood disorders, 73 morbidity, effects of interventions on, 32-37 mortality, effects of interventions on, 32-37 MROs (mission-relevant outcomes): funding only interventions with direct relation to mission, 27-29; identifying, 24-27; overview, 4-5; of Robin Hood Foundation, 58 Muennig, Peter, 33-34, 36 multi-outcome interventions: emergency food programs, 68-73; microlending, 73-75; overview, 67-68

National Fish and Wildlife Foundation, 18 National Institute for Health and Clinic Excellence (NICE), 35
"natural experiment", 11–12
nonpecuniary outcomes, monetizing, 40–43, 59–60
nonprofits: cost-effectiveness analysis, 101–102; use of term, 3
nutrition, 72

opportunity costs, 83 outcomes-based philanthropy, 13 overestimation of probability of success, 127

PDV (present discounted value), 32, 53–56, 66, 136
per capita impact, 115
permanent housing for homeless families, 87
pre-kindergarten interventions, 64
present discounted value (PDV), 32, 53–56, 66, 136
private philanthropy, 126
prizes for innovative solutions to poverty, 127
probability of success, overestimation of, 127

QALY (quality-adjusted life year), 32–37, 61, 70, 148n2

randomized controlled trials (RCTs), 39, 48–52
ranking grant applications: BACO measure, 102–103; calculating value of financial counseling in college, 65–66; calculating value of graduating high school, 60–65; emergency food program, 68–73; microlending, 73–75; purpose of RM, 97

RCTs (randomized controlled trials), 39, 48–52 real options valuation (ROV), 110, 117, 120–123

relentless monetization (RM), 1-3; accuracy of small-bore benefit/cost estimates, 90-91; benefit/cost ratios, 7-8, 86-88, 93; cost-effectiveness comparisons, 89-90; donor intent, 88; emergency food programs, 68-73; general discussion, 128-130; measuring impacts, 14-16; purposes of, 95-98; Rikers Island prison Single Stop site case, 10–13; risks, 91–93; Robin Hood's estimated benefit/cost ratios compared to other programs, 91; seven steps in, 3-7; specialization of programs due to benefit/cost ratios, 88-89; as strategy, 8-10; treatment of dollar gains in, 93-94 replicating programs, 82 ReServe, 18-19 rhetoric of accountability, 13 Rikers Island prison Single Stop site, 10-13 risk, 91-93, 110; attitudes toward, 112-114; calculating impact on target population, 134-142; game changers, 123-127; general discussion, 111-112; good steward responsibility, 114-117; maximizing expected well-being, 118-120; real options valuation, 120-123; versus uncertainty, 150n2 risk-averse individuals, 112-113 risk-neutral individuals, 112-113 risk-preferring individuals, 112-113 RM (relentless monetization), 1-3; accuracy of small-bore benefit/cost estimates, 90-91; benefit/cost ratios, 7-8, 86-88, 93; cost-effectiveness

comparisons, 89-90; donor intent,

68-73; general discussion, 128-130;

measuring impacts, 14-16; purposes

of, 95-98; Rikers Island prison Single

Robin Hood's estimated benefit/cost

Stop site case, 10-13; risks, 91-93;

88; emergency food programs,

ratios compared to other programs, 91; seven steps in, 3–7; specialization of programs due to benefit/cost ratios, 88–89; as strategy, 8–10; treatment of dollar gains in, 93–94

Robin Hood Foundation: counterfactual estimating, 51; emergency food programs, 68-73; equation calculating value of graduating high school, 60-65; estimated benefit/cost ratios compared to other programs, 91; founding of, 18; goals of, 21-23; grants made by, 64-65, 82; interventions employed by, 23-24; metrics, 20; microlending, 73-75; MROs, 58-59; overview, 2-3; prizes for innovative solutions to poverty, 127; QALY research, 32-37; small-bore benefit/cost analysis, 78; weighting of dollar gains, 94 Rockefeller Foundation, 18 ROV (real options valuation), 110,

scaling, 82 selection bias, 12, 50 shared responsibility, complications from, 131-133 shared vocabulary for internal deliberations, 95 sharing metrics, 20-21 Single Stop site at Rikers Island prison, 10-13 Single Stop USA, 65-66 small-bore benefit/cost analysis: accuracy of, 90-91; arithmetic of, 77-82; balancing benefits and costs, 84-85; versus large-bore, 84; monetizing costs, 82-83; overview, 76-78 social rate of return on investment

(SROI), 103-104

Soros, George, 14, 22

117, 120-123

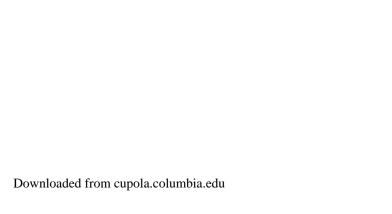
soup kitchens, 26–27, 69 SROI (social rate of return on investment), 103–104 stimulus bill, 46 Stuyvesant High School, 45, 47

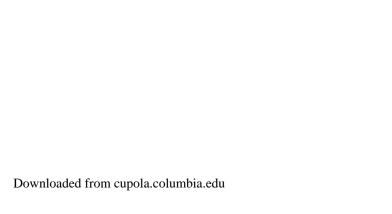
target population, calculating impact of risk on, 134–142 taxpayer savings, 28 3 percent rule of thumb, 115–116 transfer schools, 63–64 transparency, 72, 96 truck drivers, female, 82 uncertainty versus risk, 150n2 utility, 136–137

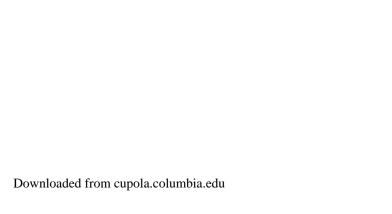
venture philanthropists, 111

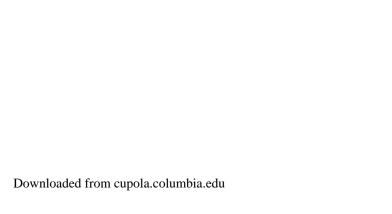
well-being, maximizing expected, 118–120, 143–146 William and Flora Hewlett Foundation, The, 105 women: carpentry training, 25–26; truck driver training, 82

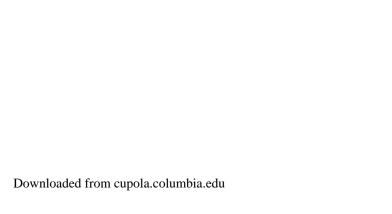
X Prize Foundation, 127

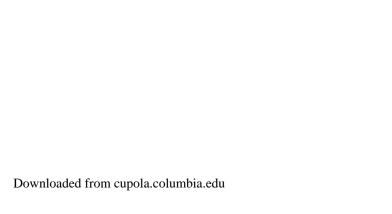












## PRAISE FOR THE ROBIN HOOD RULES FOR SMART GIVING

"This is a great book for both nonprofit funders and nonprofit leaders. Its 'relentless monetization' concept—if widely deployed—would dramatically boost the impact of the independent sector. Now let's get to work and act on this great advice."

—Mark Tercek, president and CEO of The Nature Conservancy and author of Nature's Fortune: How Business and Society Thrive by Investing in Nature

"Michael M. Weinstein and Ralph M. Bradburd show how using the smart economics of cost-benefit analysis can allow social sector leaders to measure the effectiveness of their projects and make choices with their limited resources. This is a must read for those leaders and active board members and donors."

—**Glenn Hubbard,** Dean and Russell L. Carson Professor of Finance and Economics. Columbia Business School

"The Robin Hood Rules for Smart Giving takes relentless monetization to its limits in a relentlessly smart, subtle, and readable manner. Even philanthropists hesitant to go the whole way will find their judgment greatly improved by the book's rigorous analysis."

—**Paul Brest**, Stanford University, former president, William and Flora Hewlett Foundation, and coauthor of *Money Well Spent:*A Strategic Plan for Smart Philanthropy

"This book is a critical contribution to philanthropy. It provides a data-driven framework so we can ensure that our good intentions translate into great impact, and it raises the bar for how we make our giving decisions, encouraging us all to make the most of what we have to give!"

— Laura Arrillaga-Andreessen, founder and chairman of the Stanford Center on Philanthropy and Civil Society and author of *Giving 2.0:*Transform Your Giving and Our World



AN IMPRINT OF COLUMBIA UNIVERSITY PRESS



\$27.95

PRINTED IN THE U.S.A.