

THE STATE ROI CASE

Turning existing public investments into stronger developmental, economic, and fiscal outcomes

A common framework for every state, with an illustrative Arizona application

THE PROPOSITION

States can create greater public value when policy, funding, accountability, and cross-system action are organized around the developmental conditions that shape human capability over time.

PREPARED BY

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AUDIENCE

State legislators, legislative staff, and public-system leaders

STATUS

Draft for discussion

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ABOUT THIS BRIEF

One State ROI framework for every state

One consistent document can give legislators a credible way to examine the value of Development-Based Governance in any state.

Why this format works

This brief provides the same core case, definitions, ROI architecture, safeguards, and legislative pathway to every state. A state-specific analysis can follow only when leaders choose a priority condition, population, geography, and pilot scope.

Document purpose

Explain how Development-Based Governance can increase the public value of existing state investments.

Primary audience

Legislators and staff responsible for appropriations, education, health, human services, workforce, justice, and government operations.

Scope

A common state framework, not a 50-state fiscal forecast and not a generic reform agenda.

Illustrative state

Arizona is used to demonstrate scale, method, and a possible application pathway.

Evidence standard

Claims are separated into direct fiscal impact, avoided public exposure, broader economic value, and human outcomes.

Data caution

All scenario calculations are illustrations. A state-specific ROI requires validated baselines, attribution rules, implementation costs, and sensitivity testing.

The brief intentionally preserves the recognizable architecture of the State Education Policy Brief series: consequential conditions, governance and finance, developmental leverage, downstream visibility, public-resource mapping, legislative pathways, sequencing, and an economic and fiscal case. The difference is that it translates those elements into a reusable state-level ROI framework rather than a separate report for every state.

EXECUTIVE SUMMARY

The State ROI case

The opportunity is not simply to spend more or cut more. It is to make existing public investment work as a coherent developmental system.

Most state budgets are organized by agency, program, eligibility category, funding source, and fiscal year. Human development is not.

People move through an ordered and cumulative developmental process. The conditions that support learning, health, agency, relationships, productive participation, and resilience are created across families, schools, postsecondary institutions, workplaces, communities, health systems, and public agencies. When those institutions operate in parallel rather than in sequence, states can fund many valuable programs while still producing fragmentation, duplication, gaps in transition, and downstream remediation.

Development-Based Governance is an operating architecture for aligning policy, funding, accountability, and cross-system action around the developmental conditions that shape human capability over time. It does not replace agencies or professional expertise. It gives them a shared organizing logic, a way to see where responsibility crosses institutional boundaries, and a method for testing whether existing resources are producing cumulative value.

1 DIRECT FISCAL IMPACT Administrative efficiencies, reduced duplication and rework, more effective procurement, and better use of appropriated resources.	2 AVOIDED PUBLIC EXPOSURE Reduced future demand for remediation, crisis response, intensive services, justice involvement, and other high-cost downstream responses.
3 BROADER ECONOMIC VALUE Stronger workforce participation, productivity, earnings, employer capacity, and state and local revenue potential.	4 HUMAN OUTCOMES Improved learning, health, stability, agency, mobility, connection, and long-term flourishing - reported even when not monetized.

The legislative proposition

1. **Ask better questions.** Begin with the developmental condition or transition that most affects the outcome, rather than starting with a program or agency.
2. **Align what already exists.** Map the appropriations, authorities, plans, institutions, data, and accountability systems already touching that condition.
3. **Change the operating architecture.** Create bounded cross-system ownership, shared measures, feedback cycles, and funding flexibility so value can accumulate across time and institutions.

The practical promise

We are not suggesting that a state reorganize all of government to begin. Rather, it can choose one high-leverage condition, one defined population or place, and one bounded pilot - then measure whether coherence improves outcomes and the conversion of existing resources into public value.

THE COMMON STATE CHALLENGE

Where public value is lost

Fragmentation is not the absence of effort. It is the absence of a shared developmental operating logic across otherwise legitimate efforts.

State operating pattern	What it looks like	How value can be lost
Categorical funding	Resources are tied to programs, populations, agencies, and compliance rules.	The same developmental condition is addressed through disconnected channels with different timelines and measures.
Siloed accountability	Each system reports performance within its own mandate.	No one is accountable for the quality of the transition between systems or the cumulative developmental result.
Late intervention	Resources expand after needs become acute or eligibility thresholds are crossed.	States pay more for remediation and crisis response than they might have paid to strengthen conditions upstream.
Program proliferation	New initiatives are added without mapping what already exists.	Duplication, administrative burden, competing guidance, and initiative fatigue reduce implementation quality.
Annual budgeting	Appropriations are evaluated within a one-year or biennial cycle.	Benefits that accrue across years and agencies are undervalued, while transition costs are concentrated and visible.

Five questions that reveal fragmentation

- Which outcomes depend on more than one agency, institution, committee, or appropriations silo?
- Where do people repeatedly lose support during transitions - between early childhood and school, grade spans, school and postsecondary education, treatment and recovery, or custody and reentry?
- Which programs serve the same people or developmental condition but use different definitions, eligibility rules, measures, or timelines?
- Where does a state continue paying for downstream consequences after investing upstream, because the investments are not connected?
- Which outcome has no clear institutional owner because responsibility is distributed across systems?

A different starting point

Instead of asking only, “Does this program work?” Development-Based Governance also asks, **“What developmental condition must be strengthened next, which public investments already touch it, and what must become coherent for those investments to produce cumulative value?”**

THE MODEL

Development-Based Governance as an operating architecture

The framework connects how people develop with how states legislate, fund, manage, and evaluate public systems.

START WITH	ALIGN	OPERATE THROUGH	MEASURE
A developmental condition or transition	Policy, funding, institutions, data, and accountability	Shared ownership, feedback, adaptation, and sequenced action	Human outcomes, fiscal impact, public exposure, and economic value
<i>Not a program category</i>	<i>Not a new silo</i>	<i>Not a static plan</i>	<i>Not a single metric</i>

The developmental continuum

The framework is intentionally broader than education, while recognizing education as a central developmental institution and upstream lever in a society's economic outcomes. A state ROI analysis can examine how conditions accumulate across:

1	2	3	4	5	6	7
Early development	K-12 learning	Postsecondary	Workforce	Health & behavioral health	Family & community	Justice & public safety

Six operating disciplines

1. DEVELOPMENTAL AIM Define the capability or condition the state is trying to strengthen.	2. SYSTEM MAP Identify the programs, appropriations, institutions, authorities, and data that already touch it.
3. SEQUENCE Clarify what must occur first, next, and over time - including transitions between systems.	4. SHARED MEASURES Use a small set of developmental, operational, fiscal, and equity indicators.
5. FEEDBACK Review results frequently enough to adapt implementation rather than waiting for an end-of-cycle evaluation.	6. PUBLIC VALUE Test whether outcomes improve and whether existing resources produce more value net of transition costs.

THE MEASUREMENT ARCHITECTURE

Four dimensions of State ROI

The framework distinguishes different kinds of value so the case remains credible and avoids double counting.

ROI dimension	Examples	Evidence needed	Reporting rule
Direct fiscal impact	Administrative efficiency; reduced duplication, rework, or vacancy costs; more effective use of appropriations.	Audited expenditures, unit costs, process data, implementation costs.	Report net, cashable, and non-cashable effects separately.
Avoided public exposure	Lower future need for remediation, crisis response, intensive services, justice involvement, or institutional care.	Baseline incidence, credible comparison, unit-cost range, attribution and timing.	Use probability-adjusted ranges; do not count future exposure as current-year savings.
Broader economic value	Labor-force participation, earnings, productivity, employer costs, tax-base effects.	Employment and earnings data, validated causal link, displacement and distribution assumptions.	Report separately from budget impact; identify who receives the value.
Human outcomes	Learning, health, stability, agency, belonging, mobility, and flourishing.	Developmentally meaningful measures, subgroup results, qualitative evidence.	Report even when monetization is inappropriate or premature.

A disciplined public-value equation

Net public value

Validated direct fiscal benefit + validated avoided public exposure + validated economic value - implementation and transition costs. Human outcomes are reported alongside the calculation and monetized only when the evidence and purpose justify it.

What must be kept separate reminder

Cash savings vs. capacity	A reduced cost is not automatically a budget reduction. Some improvements release staff time or service capacity rather than cash.
Correlation vs. attribution	Education, health, workforce, and justice outcomes have multiple causes. The analysis must identify the contribution of the governance change rather than claim sole causation.
Annual vs. long-term value	Implementation costs can occur immediately while benefits accumulate later. Report timing explicitly and use present-value methods only when warranted.
Gross vs. net benefit	Do not present gross benefit without subtracting implementation, transition, evaluation, and sustaining costs.

QUANTIFYING POTENTIAL

How to make the numbers useful without overclaiming

A State ROI analysis should begin with the resources already touching a condition, then test how much additional value coherence could plausibly create.

#	Step	What the state would do
1	Define the developmental aim	Specify the condition, transition, population, geography, and time horizon.
2	Establish the baseline	Document outcomes, service use, unit costs, disparities, and current operating performance.
3	Map current investment	Identify state, federal, local, and institutional resources already touching the aim.
4	Specify the coherence change	State exactly what will change in governance, sequence, practice, data, accountability, or funding.
5	Set contribution assumptions	Estimate what share of observed change could reasonably be attributed to the pilot, using comparison data when possible.
6	Model ranges	Use conservative, central, and upper-bound assumptions; show break-even thresholds.

Illustrative value-capture scenario

The following scenario demonstrates the arithmetic. It is not a forecast for any state or program.

Illustrative assumption	Conservative	Central	Upper
Existing annual resources touching the selected condition	\$100.0M	\$100.0M	\$100.0M
Assumed improvement in value conversion	2.0%	3.5%	5.0%
Gross annual public value	\$2.0M	\$3.5M	\$5.0M
Annual implementation and evaluation cost	\$2.0M	\$2.0M	\$2.0M
Illustrative net first-year value	\$0.0M	\$1.5M	\$3.0M

Break-even test

When a pilot costs \$2 million annually and coordinates \$100 million in existing resources, the first-year break-even threshold is a 2 percent improvement in the value those resources produce. The evaluation must then determine whether the improvement is real, attributable, sustainable, and cashable.

EVIDENCE DISCIPLINE

What to disclose before calling it ROI

The credibility of the framework depends on making uncertainty, attribution, timing, and the maturity of the evidence visible.

Sensitivity factors to disclose

- Implementation speed and transition costs.
- The percentage of the target population actually reached.
- The share of observed improvement attributable to the governance change.
- The lag between developmental improvement and downstream fiscal effects.
- Whether benefits reduce spending, avoid future growth, increase capacity, or accrue outside the state budget.
- Risk of double counting the same outcome across fiscal, economic, and human-value categories.

Evidence maturity levels

Level	What is known	What may be said	What may not be said
1 CONCEPT	A plausible developmental and operating hypothesis.	Describe the problem, the proposed coherence change, and the evidence needed.	Do not claim ROI or savings.
2 MAPPED	Baseline conditions, resource map, unit-cost ranges, and implementation design.	State a testable ROI hypothesis and break-even threshold.	Do not present modeled value as achieved value.
3 PILOT EVIDENCE	Implementation fidelity, early outcomes, resource use, and a credible comparison.	Report provisional contribution-adjusted ranges and uncertainty.	Do not generalize statewide without scaling evidence.
4 VALIDATED	Replicated results, net costs, persistence, and distribution of benefits.	Report validated net public value and conditions for scale.	Do not erase uncertainty, transition costs, or who receives the value.

ILLUSTRATIVE APPLICATION

Arizona: a scale-and-method example

Arizona is used here to show how a common State ROI framework can become state-relevant without pretending to be a completed fiscal forecast.

FOR ILLUSTRATION ONLY This section is an illustration of method. It does not replace the full Arizona Education Policy Brief, a legislative fiscal note, or a state-approved evaluation plan. The pilot focus below is a demonstration, not a final finding about Arizona's highest-leverage developmental condition.			
7.624M	1.103M	3.745M	\$17.6B
Estimated population, July 1, 2025	FY 2024-25 public-school enrollment: district + charter	Civilian labor force, May 2026, seasonally adjusted	FY 2026 enacted General Fund spending

A scale marker - not a savings claim

The General Fund figure can help legislators understand the scale at which small improvements in public-value conversion matter. The percentages below do not represent predicted savings. They simply show the dollar scale associated with fractions of a large operating budget.

Share of \$17.6B	Scale marker	How to interpret it
0.25%	\$44 million	A small change in resource conversion can be material, but must be demonstrated and cannot be assumed.
0.50%	\$88 million	The value may appear as cash, avoided growth, released capacity, or stronger outcomes - these are not interchangeable.
1.00%	\$176 million	A statewide percentage should never be claimed from a bounded pilot without credible scaling evidence.

What the Arizona numbers suggest

- The state's developmental and economic outcomes involve large populations moving through multiple public systems and transitions.
- K-12 education alone serves more than 1.1 million students, but later workforce, health, family, postsecondary, and justice outcomes are not produced by K-12 alone.
- Because the state already deploys substantial resources, a pilot can begin by aligning a bounded portion of existing investment rather than creating an entirely new service system.
- The most useful first calculation is not "What is Arizona's ROI?" It is "Which developmental condition, population, and existing resource map are sufficiently defined to test a credible ROI hypothesis?"

ILLUSTRATIVE ARIZONA PATHWAY

From a state priority to a testable Development-Based Governance pilot

A bounded pilot can demonstrate the operating model before the state considers broader statutory or budget architecture.

Illustrative pilot focus example

Developmental transition

Strengthen adolescent agency, foundational readiness, and future orientation across the transition from middle grades through early postsecondary education and workforce entry in one defined region or population.

This focus is useful for demonstration because responsibility naturally crosses K-12 education, postsecondary education, workforce development, behavioral health, family supports, employers, and community institutions. A pilot would not create a new “adolescent program.” It would align the existing touchpoints around a shared developmental aim and transition sequence.

Phase	Core question	Possible action	Evidence generated
WHAT NOW?	What condition and transition are we trying to strengthen?	Select population and place; establish baseline; map appropriations, programs, plans, and current measures.	Developmental aim, system map, baseline, and initial ROI hypothesis.
WHAT NEXT?	What must become coherent for the transition to work better?	Create shared ownership; align sequence and referral pathways; establish a small measure set; launch bounded pilot.	Implementation fidelity, early outcomes, resource use, and break-even evidence.
ULTIMATELY	What operating architecture should endure?	Codify cross-system ownership, reporting, budget flexibility, and evaluation cycles where evidence supports continuation.	Validated net public value, scalability, and statutory or appropriations options.

Illustrative resource map

System	Existing touchpoints to map	Potential shared contribution
K-12 education	Middle-grade learning, attendance, counseling, career and technical education, special education, federal and state supports.	Foundational learning, belonging, transition planning, and early identification.
Postsecondary	Community colleges, universities, dual enrollment, advising, bridge programs, financial aid.	Clear pathways, reduced friction, credential momentum, and feedback to K-12.
Workforce & employers	Workforce boards, apprenticeships, youth employment, employer partnerships.	Work-based learning, demand signals, durable skills, and early labor-market connection.
Health & behavioral health	School-linked services, Medicaid-funded supports, prevention and treatment systems.	Well-being, self-regulation, continuity of care, and reduced crisis disruption.
Family & community	Family support, transportation, community organizations, libraries, local government.	Stability, access, trusted relationships, and place-based coordination.

LEGISLATIVE PATHWAY

Ask better questions. Align what already exists. Change the operating architecture.

The legislature's role is not to manage the pilot. It is to define purpose, authority, accountability, fiscal discipline, and the conditions for learning.

Legislative move	Purpose	Possible mechanisms	Guardrail
ASK BETTER QUESTIONS	Shift hearings and budget review from isolated program outputs to developmental conditions and transitions.	Joint hearings; common questions in fiscal notes; cross-committee briefings; developmental-condition dashboards.	Do not collapse professional or agency accountability into vague shared responsibility.
ALIGN WHAT EXISTS	Make current appropriations, authorities, and strategies visible as a system.	Resource mapping; inventory requirements; shared definitions; aligned reporting; bounded waiver or transfer authority.	Do not create a new coordinating body without clear authority, scope, and sunset review.
CHANGE THE ARCHITECTURE	Create durable ownership and learning cycles when the pilot demonstrates value.	Pilot statute; performance appropriation; cross-agency agreement; common measures; independent evaluation; renewal conditions.	Do not scale before attribution, implementation, and transition-cost evidence are strong enough.

Elements of a credible pilot authorization

- **Defined aim:** The developmental condition or transition, target population, geography, and time horizon.
- **Named ownership:** A lead entity and participating institutions, with decision rights and dispute-resolution authority.
- **Resource map:** The appropriations and programs in scope, including federal restrictions and local or institutional contributions.
- **Measure set:** Developmental outcomes, implementation fidelity, resource use, equity, and fiscal or economic indicators.
- **Evaluation plan:** Baseline, comparison strategy, contribution assumptions, sensitivity analysis, and public reporting.
- **Fiscal guardrails:** Implementation ceiling, transition-cost disclosure, treatment of savings and capacity, and sunset or renewal provisions.

A committee-ownership principle

A cross-system issue still needs a legislative home. Development-Based Governance does not eliminate committee ownership; it makes the committee responsible for convening the connected systems and examining the coherence of the whole pathway.

STATE APPLICATION WORKSHEET

Build the first ROI hypothesis for your state

This worksheet is designed for a legislator, committee, or state team to complete before requesting a state-specific analysis.

1. DEVELOPMENTAL AIM

What developmental condition or transition appears to offer the greatest leverage to strengthen next?

2. DOWNSTREAM VISIBILITY

Where does weakness in that condition become visible later - in learning, health, workforce, family stability, justice, or public spending?

3. POPULATION AND PLACE

Which population, age range, geography, or transition is sufficiently bounded for a pilot?

4. CURRENT INVESTMENT

Which agencies, institutions, appropriations, federal funds, and local resources already touch the condition?

5. OPERATING GAP

What is fragmented now - sequence, eligibility, handoffs, data, accountability, funding, or feedback?

STATE APPLICATION WORKSHEET

Continue the State ROI hypothesis

Complete the baseline, value hypothesis, break-even test, and legislative ownership before requesting a state-specific analysis.

6. BASELINE

Which outcomes, service-use patterns, unit costs, and disparities can be measured before the pilot begins?

7. ROI HYPOTHESIS

What direct fiscal impact, avoided exposure, economic value, and human outcomes are plausible - and over what timeframe?

8. BREAK-EVEN POINT

What improvement would be required for the pilot to justify its implementation and transition costs?

9. LEGISLATIVE HOME

Which committee or joint structure should own authorization, oversight, and learning?

FOR LEGISLATIVE CONSIDERATION

Questions that move a state from interest to action

The immediate outcome is not agreement on a statewide redesign. It is a commitment to examine one priority through a developmental and public-value lens.

1

Which developmental condition or transition is creating the greatest cross-system pressure in our state?

2

Where are we already spending across multiple systems without shared ownership of the cumulative result?

3

What would we need to know to distinguish a program problem from an operating-architecture problem?

4

What bounded pilot could test whether greater coherence improves outcomes and the value of existing investment?

5

Which committee, agency, institution, or cross-branch structure should own the learning - and what evidence should be required before scaling?

THE BIG HAIRY AUDACIOUS QUESTION

What developmental condition must be strengthened next - and how must public systems become coherent to strengthen it?

A practical next step

Convene a Development-Based Governance workshop for a committee or cross-system state team. Select one priority condition, build the resource map, and design the first testable State ROI hypothesis.

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SOURCES AND METHODOLOGICAL NOTES

Illustrative Arizona data and calculation notes

The sources below support the scale markers in the Arizona example. They do not constitute a full state ROI analysis.

1. **U.S. Census Bureau.** [QuickFacts: Arizona](#) (Vintage 2025). Population estimate of 7,623,818 as of July 1, 2025.
2. **Arizona Department of Education.** [Fiscal Year 2024-2025 Annual Report of the Arizona Superintendent of Public Instruction](#) (2026 publication). State fall enrollment tables report 871,526 district students and 231,660 charter students, totaling 1,103,186.
3. **U.S. Bureau of Labor Statistics.** [State Employment and Unemployment, May 2026](#) (June 2026). Seasonally adjusted Arizona civilian labor force: 3,744,552.
4. **Arizona Governor's Office of Strategic Planning and Budgeting.** [FY 2027 Executive Budget Summary](#) (January 2026). The prior enacted FY 2026 General Fund spending level is approximately \$17.6 billion.

Calculation notes

Calculation	Arithmetic	Interpretation
Arizona public-school enrollment	871,526 district + 231,660 charter = 1,103,186	Enrollment count is a scale marker, not an unduplicated count of all children touched by public systems.
0.25% budget scale	$\$17.6\text{B} \times 0.0025 = \44M	Illustrates scale only; not a predicted saving.
0.50% budget scale	$\$17.6\text{B} \times 0.005 = \88M	Value could be cash, avoided growth, capacity, economic value, or human outcomes.
1.00% budget scale	$\$17.6\text{B} \times 0.01 = \176M	A statewide percentage cannot be inferred from a pilot without scaling evidence.

Methodological safeguards for a future state-specific ROI

- Use official state expenditure and program data at the level of the selected population and pilot, rather than applying a percentage to the entire budget.
- Identify the counterfactual: what outcomes and costs would likely occur without the governance change?
- Separate the effect of the developmental intervention from the effect of the governance architecture whenever possible.
- Report implementation and transition costs, including staff time, data integration, evaluation, and sustaining costs.
- Use ranges and sensitivity tests for attribution, take-up, timing, unit cost, and persistence of effects.
- Avoid adding fiscal savings, avoided exposure, and economic value when they reflect the same underlying benefit.
- Report distribution: who benefits, who bears cost, which budget realizes savings, and over what period.
- Subject material fiscal claims to legislative fiscal staff, state budget office, auditor, or independent evaluator review.

Draft status

This document is designed as a Summit-facing concept brief and discussion tool. Before publication as a formal evidence or fiscal product, the language, branding, state example, source notes, and proposed application should be reviewed against the final Arizona policy brief and Rethink Learning's preferred terminology.