# 5 Ways Philanthropy Is Paving the Way to Jump-Start Mobility

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As Donald Trump prepares to move into the White House this month, he will need to get ready to deliver on his pledge to restore economic opportunity to every American.

One way he may do that is to turn to philanthropies around the country, which have been testing and proving the best ways to revive economic mobility.

Few problems are as important, given the erosion in mobility that started 70 years ago. According to a groundbreaking report from the Equality of Opportunity Project, the probability of children earning more than their parents has been declining since the 1940s. The American Dream of climbing the ladder and achieving a higher standard of living has faded across all income levels, but the problem is particularly acute for people who are born to parents in the bottom 40 percent of the income scale: 70 percent of them will never make it to the middle class.

We and our colleagues have spent the past year looking at what philanthropy has learned, from both successes and failures, about where big investments in the right approaches could yield outsize returns, especially for low-income individuals and families. If the Trump White House, the Republican Congress, and America's wealthiest donors all put money behind these projects, we have a chance to reverse the downward spiral of economic mobility that has dogged America for too long.

Consider the following philanthropic bets that already are showing results. We've also calculated the potential returns on investing more deeply and widely in each of these approaches. Here's what private and government dollars could do to bring about widespread social change:

**Harness tech tools for early-childhood development.** Few things better predict economic success in later life than healthy development in a child's first years, when 90 percent of brain development occurs. Despite that reality, 5.8 million children from birth to age 5 lack the cognitive and social skills they need to enter kindergarten successfully. Unless we take action, these children will continue to struggle academically and emotionally as they grow older.

That's why tech venture capitalist J.B. Pritzker and his wife, M.K. Pritzker, have chosen to concentrate on early-childhood programs and are encouraging other philanthropists to follow suit. A growing body of research and the Pritzkers' leadership — for example, in helping pull together a White House summit — are spurring greater interest in the holistic development of very young children, including establishing pre-kindergarten schools, expanding programs that send child-development experts into the homes of new parents, and spreading tech approaches that reach a wider population at lower cost.

Among the new digital tools are Text4baby, an advice-by-text service for new and expectant mothers; Upstart, a computer-based learning program for preschoolers; and Ready4K, a text service that helps parents prepare their kids for kindergarten. According to our calculations, $1 billion invested in creating such technologies and spreading them widely could deliver returns of $5.5 billion to $11 billion in increased lifetime earnings of children who enter kindergarten ready to learn.

**Build viable pathways to careers.** Too few employers clearly define the job skills they actually need (and instead look for a college degree), and too many low-income job seekers lack a clear understanding of the professions available to them. Although the unemployment rate has fallen below 5 percent, the rate for 16- to 24-year-olds is more than twice the national average. A key factor driving the higher rate is that 5.5 million of them are neither in school nor working. The challenge is to link these "disconnected youths" with companies that are creating 6 million entry-level jobs and 25 million "middle skills" jobs (think computer technician and nursing) that don't require degrees from four-year colleges.

Competency-based learning programs for low-income youths, alternatives to traditional higher education, are becoming magnets for social-change investors like Paul Salem, senior managing director at Providence Equity Partners. According to *The New York Times*, Mr. Salem has invested more than $13 million in Year Up, a nonprofit that gives low-income young adults six months of professional training followed by six-month internships at companies like State Street, Salesforce.com, and Novartis.

Results are impressive: Within four months of graduating, 85 percent of Year Up's alumni are enrolled full time in college or have full-time jobs averaging $36,000, putting them on track for middle-class status by age 40.

Expanding the reach of programs that point employers to hidden talent — and enable young people to enter career pathways with desirable credentials — would generate returns in increased lifetime earnings of $7.3 billion to $14.7 billion on a $1 billion invested, we estimate.

**Curb unintended pregnancies.** Even when people do things in early life that put them on a promising path, they won't necessarily make it to the middle class by midlife. A number of stumbling blocks can knock them back; one of the most disruptive is unintended pregnancy.

Each year in the United States, approximately 38 percent of births are unplanned. Many accidental parents drop out of high school or community college, dramatically decreasing their chances of making it to the middle class. A proven, low-cost solution: birth-control implants, known as Long-Acting Reversible Contraceptives, or LARCs.

Colorado's Family Planning Initiative offers low-income women access to LARCs at little or no cost. A private grant from the Susan Thompson Buffett Foundation, named for the investor Warren Buffett's late wife, quietly funded the program for six years. From 2009 to 2014, the birth rate among low-income 15- to 19-year-olds in Colorado declined by a stunning 39 percent.

Recognizing that women are far more likely to make it to the next rung on the income ladder when they are able to decide when to become pregnant, Delaware has launched a statewide effort that's modeled on the Colorado one. Working with the national nonprofit Upstream USA, Delaware has lined up $10 million in private funding to train providers to prescribe LARCs, even to women who lack insurance.

A $1 billion invested in taking the Colorado model national could generate returns of $3.2 billion to $6.4 billion in increased lifetime earnings of children born when their parents are financially prepared to raise them.

**Create alternatives to jail for nonviolent defendants.** Every year, the United States jails 12 million people, equal to the combined populations of New York and Los Angeles. Almost 75 percent are held for low-level offenses, such as traffic violations and possessing small amounts of marijuana, and aren't a danger to the public. According to research from the Pew Charitable Trusts, incarceration often locks low-income people in the economy's basement for decades after their release: Of the former inmates (of prison as well as jail) who were stuck in the bottom 20 percent of incomes in 1986, two-thirds were still trapped there 20 years later.

With policy makers at both ends of the political spectrum making the case for reducing overincarceration, the MacArthur Foundation has started a five-year, $75 million Safety and Justice Challenge to support local alternatives to self-defeating policies that jail nonviolent defendants.

This past April, for example, the district attorney's office in Houston's Harris County unveiled a $2 million matching grant aimed at expanding treatment programs for low-level, nonviolent offenders and increase the use of personal-recognizance bonds. Roughly 75 percent of the people in the sprawling Harris County jail, one of the nation's largest detention facilities, are there because they are unable to post bail. Over the next three years, officials hope to cut the jail population by 21 percent.

We estimate that a $1 billion invested in changes that reduce overcriminalization and overincarceration will generate returns of $4.3 billion to $8.6 billion in increased lifetime earnings of young people who avoid incarceration or a criminal conviction.

**Reduce concentrated poverty.** America is pockmarked with communities of entrenched, racially segregated poverty where substandard housing, schooling, and health care create nearly insurmountable roadblocks to upward mobility. One of the worst is Baltimore.

Its deterioration spurred corporate and foundation leaders — including Brian Rogers, chairman of T. Rowe Price, and Patrick McCarthy, chief executive of the Annie E. Casey Foundation — to imagine a better future for the city's children. They are among the leaders of Baltimore's Promise, a collaborative of more than 200 organizations that coordinates strategies to help low-income children surpass critical milestones to the middle class, from entering kindergarten ready to succeed to graduating from high school to acquiring the skills for building durable careers.

Research suggests prospects brighten when children grow up in economically diverse neighborhoods. Housing advocates are creating a two-pronged solution: opportunities for people to improve their own blighted communities and support for low-income people to move to neighborhoods with a vibrant middle class.

Since 2003, the Baltimore Housing Mobility Program has moved more than 3,200 African-American families out of highly segregated communities and into economically mixed neighborhoods. We estimate that $1 billion invested in innovations that give children access to economic and educational opportunities will increase their lifetime earnings by $4.5 billion to $8.5 billion.

Through the course of our research, the people who have tested and proven what works highlighted the potential for leaders from business to government to communities to makes these kinds of investments. As the new administration tries to make good on its vow to revive the American Dream, these examples are a few among many to show that investing in proven programs is a risk worth taking. Indeed, these and other approaches could yield returns of at least $4 billion, and as much as $14 billion, for every $1 billion invested. Who wouldn't bet on that? ▪

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