

Executive Summary

“Billion Dollar Bets” to Create Economic Opportunity for Every American

The American Dream—the notion that if you “work hard and play by the rules,” you will improve your lot in life—has become impossible for Americans to achieve. That was the conclusion of nearly six out of 10 people who responded to a June 2014 CNNMoney poll. In a December 2015 Harvard Institute of Politics’ survey of millennials, nearly half pronounced the American Dream “dead.”

Given the fact that social mobility in the United States has largely remained stagnant for more than 30 years, many people doubt there’s a better economic future for themselves and their children. Indeed, it will take a sustained effort to restore economic opportunity for all Americans. But according to research by The Bridgespan Group, reports of the American Dream’s demise just might be premature.

Drawing from an extensive research base—as well as dozens of interviews with experts and practitioners and the diverse perspectives of an advisory board—a Bridgespan team embarked on an effort to map out “what matters most” to increase upward economic mobility for millions of low-income Americans. (Learn more about our research effort in the [“Overview of Research.”](#))

The team identified an array of on-the-ground interventions that are already building pathways to the middle class, as well as promising innovations that are just beginning to emerge. The results of that investigation can be found in this report, [“Billion Dollar Bets” to Create Economic Opportunity for Every American](#).

We framed our research around this question: “How could a philanthropic investment of \$1 billion dramatically increase upward social mobility for low-income individuals and families?” With access to capital that is flexible and adaptable, philanthropists are uniquely positioned to put social mobility on an upward trajectory. Roughly 80 percent of the largest donors aspire to impel social

change, but just 20 percent of philanthropic investments above \$10 million went to social-change organizations between 2000 and 2012. Philanthropists have lacked the sightlines into shovel-ready projects and they've lacked the confidence that large investments would actually impact the economic lives of many people.

Our intent was to create a series of roadmaps that illustrate how investments of \$1 billion might improve the lifetime earnings of millions of low-income Americans. We began by identifying four promising areas where large investments of private capital would likely catalyze population-level change.

We then evaluated scores of concepts for restoring the meritocratic ideal to many more Americans. Working with our advisory board, we selected 15 of those concepts as illustrative “big bets” that span the four investment areas. To get a better understanding of the promise and pitfalls that come with any attempt to take on the social mobility challenge, we took a deeper dive into six of the proposed bets:

- Improve early childhood development
- Establish clear and viable pathways to careers
- Decrease rates of conviction and incarceration
- Reduce unintended pregnancies
- Reduce the effect of concentrated poverty on the lives of people living in distressed neighborhoods
- Improve the performance of public systems that administer and oversee social services

We identified the risks that accompany each of the six bets. We calculated each investment's impact on the lifetime family earnings of low-income individuals who benefit from the intervention. And we estimated a range of returns-on-investment for each of the six bets. For example, we've shown what a \$1 billion investment of philanthropic capital aimed to reduce unintended pregnancies or build pathways to careers could “buy” in terms of potential improved earnings for people reached. This allows an apples-to-apples comparison between different interventions.

We estimate that targeted investments in programs and policies that are already working—as well as in emerging concepts that have a high probability of succeeding—can potentially deliver returns of \$3 to \$15 for every \$1 invested.

There are a range of assumptions and “what if” scenarios underlying each of the six investment roadmaps, which we detail in [“Overview of Estimated Returns on Six Big Investments and Their Impacts on Lifetime Earnings.”](#) By no means are

these estimates precise. Rather, they are designed to provide a sense of what's possible when large investments seek to increase upward mobility for many more low-income Americans.

If we build on what's already working and pursue the feasible set of outcomes entailed in each investment, the future of the American Dream just might be a bit brighter than many among us now imagine.

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