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Investing in Social Mobility Pays Off When You Bet Big and Bet Smart

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There is, however, research that allows philanthropists to be more meaningful in their giving. A new report entitled "'Billion Dollar Bets' to Create Economic Opportunity For Every American" takes a deep look at where a grant or donation can make the biggest difference when it comes to improving social mobility.

"Billion Dollar Bets," written by The Bridgespan Group, and reports like it are provoked by the seemingly Sisyphean plight of low-income communities, particularly among minorities. Bridgespan's report cites a 2014 study by Brookings that found close to 70 percent of Americans born to parents making the bottom 40 percent of income levels never make it to the middle class. Another study found that a majority of black Americans born into middle-income families fall to the low-income tiers in adulthood.

These numbers are daunting, especially when one considers that philanthropists have been investing resources to improve economic opportunity in the United States for decades. In fact, according to a 2012 analysis from the Cato Institute, roughly $1 trillion is spent on poverty alleviation programs annually yet the problem persists. So Bridgespan took it down a notch: It experimented with hypothetical, $1 billion investments in social mobility "bets," laying out the proposal, risks and potential ROI.

Using data from the Social Genome Project – a joint venture developed by the Brookings Institution, Urban Institute, and Child Trends – Bridgespan identified key milestones along an individual's development timeline that, if not attained, could result in that individual finding him or herself off course and on the path to poverty. Among those benchmarks is the apprehension of skills in alignment with employer needs. So one of the investment plans is to research what those needs are and another is to establish pathways from the individual to the employer once those skills are learned.

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Of the 15 bets, the report dives deeper into six, including this investment in establishing career pathways. It highlights companies like IBM and Applied Software that offer technical boot camps as well as skill development programs. The return: If scaled with the help of a "big bet," this approach could "shift the overall labor market toward greater levels of competency-base learning." The risk: Employers may not shift and continue to hire based on credentials rather than putting a higher premium on skills.

In its report, Bridgespan aggregates all these bets into four categories of investment. Two are individual-focused: building out and investing in various points along the "what matters" timeline, and identifying "symptoms of exclusion" barring low-income communities from better opportunities. The other two are community focused: assisting communities with geographic concentrations of poverty, and scaling infrastructures that are alleviating those communities.

The bad news is that it's a long road ahead – the root causes of poverty are highly complex and may take generations to address. The good news is that opportunities to invest in social mobility are numerous but also more defined. In the end, the report says, "a systemic problem like stagnating social mobility demands a comprehensive approach that leverages all four areas of investment."