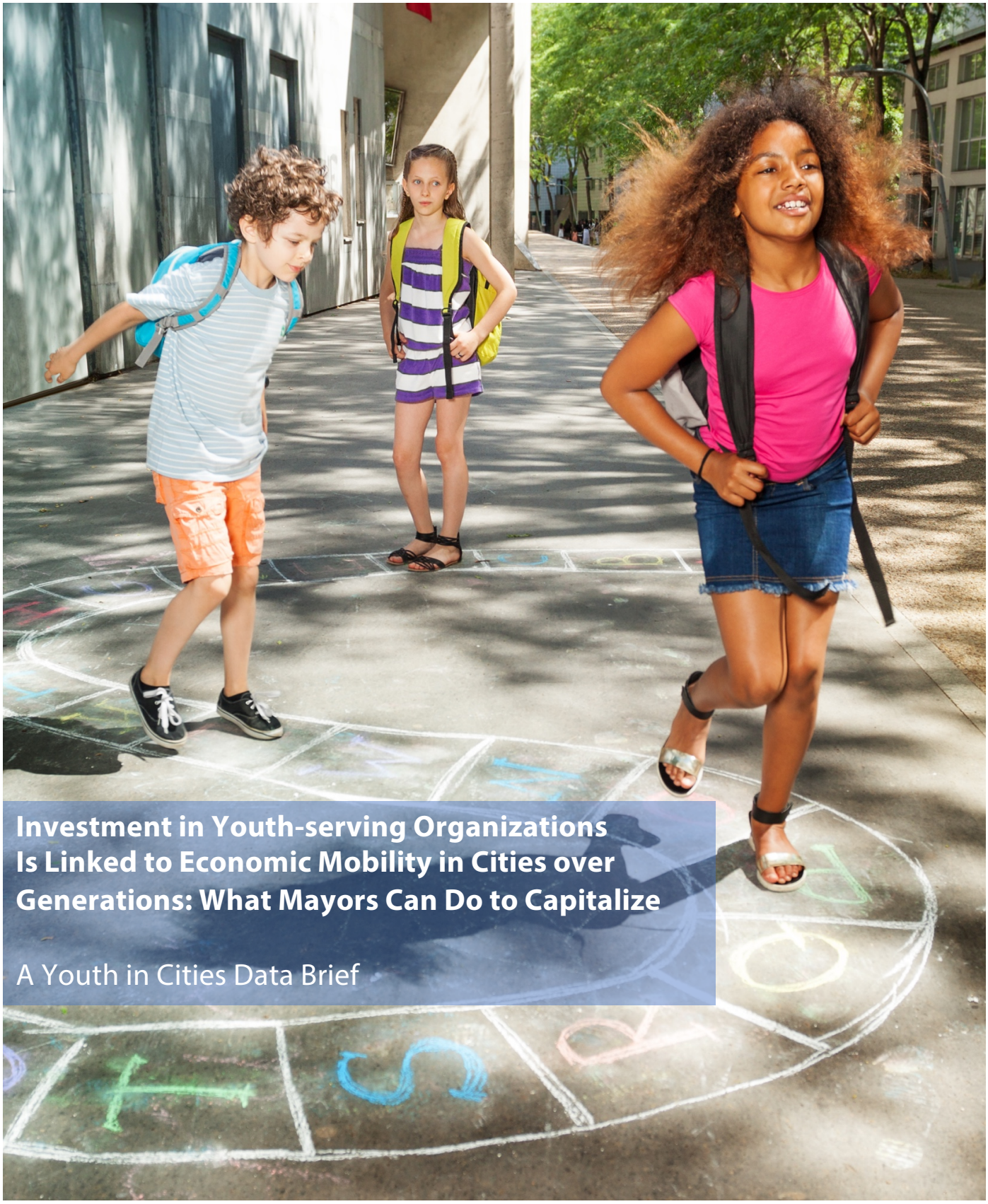

Investment in Youth-serving Organizations Is Linked to Economic Mobility in Cities over Generations: What Mayors Can Do to Capitalize

A Youth in Cities Data Brief

Youth in Cities
DATA PROJECT

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Introduction

A city's rate of upward economic mobility from one generation to the next is strongly linked to its investment in its youth-serving nonprofits. That's a finding in an analysis Bolster Mission conducted that links data on upward mobility from Opportunity Insights[1] at Harvard University to IRS data on nonprofit charitable donations.

We used the extraordinary trove of IRS data[2] (electronically filed 990 forms) first released in 2016 as the result of a public interest lawsuit. Researchers have only recently wrestled this data into a usable format and begun to analyze it. Our hope is that we can appeal to civic leaders, researchers, philanthropic champions and nonprofit CEOs to pay attention to this data and use it to spur greater investment in youth development in their communities.

Twenty-Five Largest Commuting Zones, Three Findings

Youth-serving nonprofits do more than occupy a student's time with sports, arts or community service during afterschool hours. They are a conduit to building long-term relationships with mentors and peers that transform the lives of young people, especially in our city's most underserved communities. Our analysis can't prove that a city's economic mobility is the result of investing in nonprofits that serve youth. Rather, it may be that upwardly mobile cities are more likely to invest in what they believe young people need to be successful.

We analyzed 990 tax form data of 4,306 youth-serving organizations in the 25 largest U.S. city commuting zones for the four-year period from 2009 through 2012. In 2008 and again in 2009, charitable giving in the U.S. did not increase—the longest such slow-down in charitable giving in the past 42 years. The time period we analyzed therefore captures the ability of a city's youth-serving nonprofits to rebound from hard fiscal times and can also be seen as a sound proxy indicator of a city's aggregate capacity for growth in these services. The total amount that foundations, corporations and individuals investing in these youth-serving nonprofits during this time was $61.3 Billion. Three findings emerged from our analysis when controlling for population size:

- **Per capita investment in youth-serving nonprofits** is linked to upward economic mobility. (Pearson R=.766 P-Value < .00001)
- **High growth of youth-serving nonprofits**—across a spectrum of budget sizes—is strongly linked to upward economic mobility. (Pearson R=.948 P-Value < .00001)
- **The presence of small but growing youth-serving nonprofits** is especially strongly linked with a city's upward economic mobility. (Pearson R=.987 P-Value < .00001)

Youth-serving nonprofits are a significant element of our cities' social infrastructure. More research is needed to fully understand the impact of these nonprofits on city economies and upward economic mobility. But our analysis and the experience of these nonprofits suggest that the relationship is real. Upwardly mobile cities—where greater and more equitable investment in youth-serving nonprofits are encouraged—will bring us a step closer to narrowing our vast economic divide.

Per capita investment in youth-serving nonprofits is strongly linked to upward economic mobility when controlling for population size

(Pearson R=.766 P-Value < .00001).

We expected youth-serving organizations in bigger cities to gain benefit from the consolidation of capital that comes with greater population size but we were surprised to find no significant variation in per capita investment across cities that was linked to population size. Chicago, unfortunately, for example is trailing most other large cities in the per capita amount that foundations, corporations and individuals are investing in youth-serving nonprofits, according to our analysis. Out of the 25 largest U.S. cities, Chicago ranks 16th on this measure, with a per capita annual investment of only $89 in youth-serving nonprofits between 2009 and 2012. New York City, by contrast to Chicago, ranks 1st with an annual per capita investment of $346.

Among those same 25 cities, Chicago ranks 20th in upward economic mobility and New York 8th, according to our analysis. The Opportunity Insights data we drew on links the 2010 earnings of young adults in their late 20s and early 30s to the income of the households they were born into between 1978 and 1983.

Rank	CZ Name	Revenue Per Capita Census 2000 (Annualized over 4 year period)	Absolute Mobility % (Chetty et al)
1	New York, NY	$345.84	43.76
2	Washington DC	$282.13	43.23
3	Boston, MA	$219.11	44.61
4	San Francisco, CA	$182.91	44.36
5	Denver, CO	$167.76	42.20
6	San Jose, CA	$155.01	44.75
7	Tampa, FL	$153.57	39.13
8	Miami, FL	$130.35	41.45
9	Minneapolis, MN	$121.82	44.17
10	Seattle, WA	$113.97	43.20
11	Pittsburgh, PA	$113.36	45.19
12	San Diego, CA	$112.56	44.27
13	Sacramento, CA	$106.18	42.66
14	Philadelphia, PA	$92.54	40.85
15	Bridgeport, CT	$89.72	42.45
16	Chicago, IL	$89.06	39.41
17	Los Angeles, CA	$88.95	43.38
18	Newark, NJ	$74.92	44.06
19	Baltimore, MD	$70.93	38.83
20	Atlanta, GA	$51.56	35.97
21	Houston, TX	$47.86	42.76
22	Dallas, TX	$45.68	40.35
23	Phoenix, AZ	$44.39	40.29
24	Cleveland, OH	$41.23	38.20
25	Detroit, MI	$40.40	37.33

High growth of youth-serving nonprofits—across a spectrum of budget sizes—is strongly linked to upward economic mobility when controlling for population size

(Pearson R=.948 P-Value < .00001).

Diverse ecosystems are associated with greater resilience, sustainability, balance of resource distribution and productivity.[3] Using the ecosystem model as an analogy for the networks of youth-serving organizations in cities, we expected places with more above average growing nonprofits (grouped simply as small, mid and big growers) to have higher rates of upward mobility. This was confirmed by our analysis.

Rank	CZ Name	All Growers %
1	Cleveland, OH	48.48
2	San Diego, CA	44.83
3	Miami, FL	43.88
4	Atlanta, GA	42.86
5	Seattle, WA	42.26
6	Minneapolis, MN	42.08
7	Los Angeles, CA	41.13
8	Tampa, FL	40.00
9	Dallas, TX	38.95
10	Boston, MA	38.34
11	Detroit, MI	37.60
12	Phoenix, AZ	37.31
12	Denver, CO	37.31

Rank	CZ Name	All Growers %
14	San Francisco, CA	36.76
15	Washington DC	35.14
16	San Jose, CA	35.00
17	Houston, TX	34.02
18	Philadelphia, PA	33.68
19	Newark, NJ	32.87
20	Bridgeport, CT	32.04
21	Baltimore, MD	31.03
22	New York, NY	30.51
23	Sacramento, CA	29.67
24	Chicago, IL	29.47
25	Pittsburgh, PA	27.36

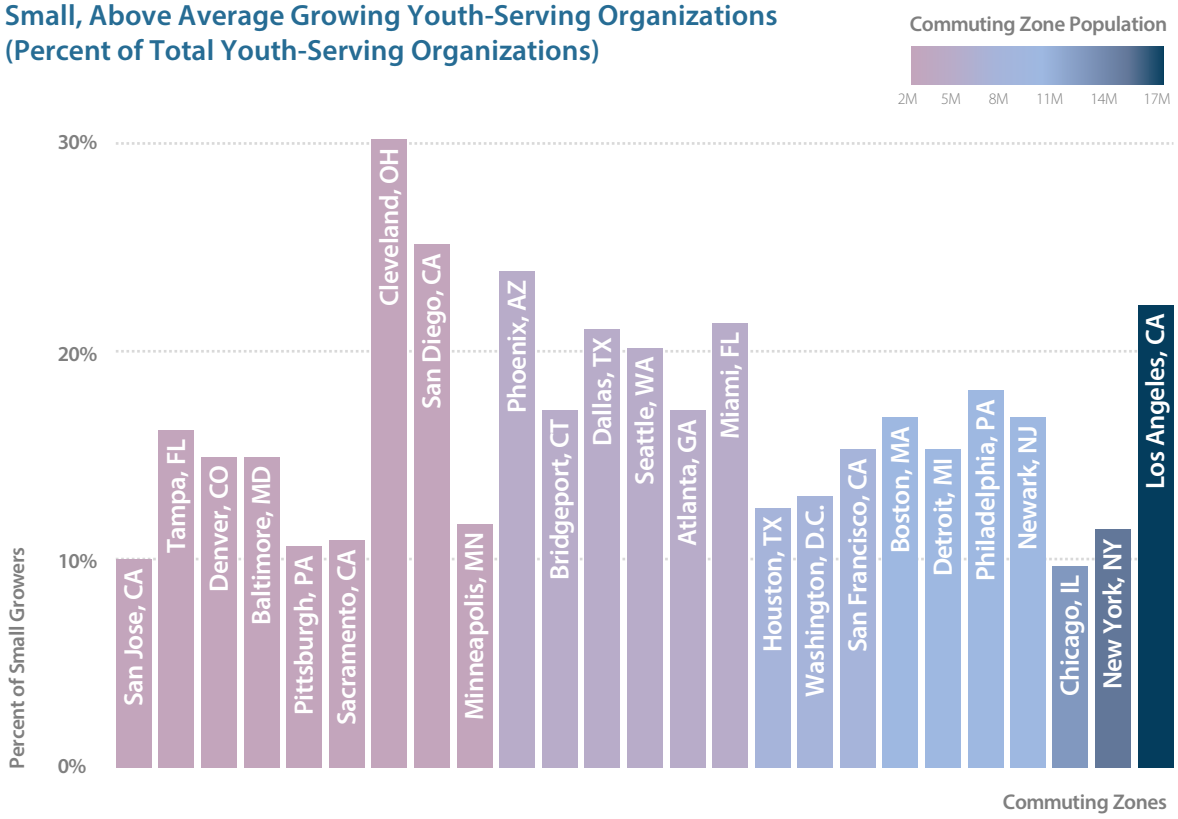
Small growers = annual average charitable revenues less than or equal to $250,000 and above average annual growth for period.
Mid growers = annual average charitable revenues more than $250,000 and less than or equal to $1,000,000 and above average annual growth for period.
Big growers = annual average charitable revenues less than or equal to $13,000,000 and above average annual growth for period.

Interestingly, when controlling for population size, a city's upward economic mobility was also especially strongly linked to the presence of small but growing youth-serving nonprofits

(Pearson R=.987 P-Value < .00001).

These were small organizations with annual charitable investments below $250,000 that increased year-over-year from 2009 to 2012. These nonprofits – like many youth-serving organizations - are commonly based in neighborhoods in proximity to young people's homes, operating out of schools, churches, parks, libraries, and other community sites.[4]

Small, Above Average Growing Youth-Serving Organizations (Percent of Total Youth-Serving Organizations)



The influence of these tiny, neighborhood-based nonprofits on young people's futures is likely to be especially critical. The half-square mile around where a young person lives strongly predicts their economic mobility, according to economists Raj Chetty, Nathaniel Hendren and John Friedman, co-directors of Opportunity Insights. Young people spend most of their time and develop most of their relationships, especially long-term relationships, within their own communities.

West Town Bikes - on the West Side of Chicago - is one of these small but growing youth development organizations, started in 2004 as a summer earn-a-bike program in the neighborhood of Humboldt Park. Now, children as young as elementary school learn to build their own bikes and how to cycle safely. High school students can apprentice in the West Town Bikes retail shop and work their way up to part-time or full-time jobs.

"Many of the kids don't come from families who have had steady employment," says Executive Director Alex Wilson. "We teach them the soft skills: how to have professional interactions in a workplace, write an email, speak professionally on the phone, show up on time."

Mayor's and civic leaders in cities across the country have named growing small businesses as a major strategy for neighborhood revitalization. Even programs less focused than West Town Bikes on teaching marketable skills can teach cooperation, perseverance, and creative problem-solving—all qualities that make young people more employable.

Small, local youth-serving nonprofits have an edge over larger ones in building long-term relationships with youth that can change their life trajectories, Wilson believes. Staff often live nearby and get to know young people over time, he explains, and those relationships naturally lead to informal mentoring. West Town Bikes' instructors have helped young people who quit going to school reenroll or study for their GED, write a resume and search for employment. West Town Bikes alumni have been hired by Divvy, Johnny Sprockets and the Chicago Department of Transportation. Many also go to college or trade school.

A Call to Action: Mayors Can Lead the Conversation

There is no one better and more uniquely positioned than city Mayors to take action on these insights and start new conversations in their cities. Mayors who encourage greater and more equitable investment in youth-serving nonprofits – especially the small ones - will likely bring their city a step closer to narrowing the economic divide. City Mayors can galvanize civic leaders and community stakeholders around these practical steps:

1. Mayors can **convene a task force** that includes foundations, corporate leaders, youth-serving nonprofits and researchers to ensure an equitable investment in youth-serving nonprofits in every half square-mile of their city. They can also determine where more investment is needed, especially in smaller nonprofits, and coordinate strategies to fill these gaps.

2. Mayors can **use their bully pulpit** to raise awareness of the importance of nonprofits that serve youth and encourage greater investment. About 70 percent of donations to nonprofits in general come from individual contributors, according to research by Indiana University Lilly Family School of Philanthropy.

3. Mayors can **look to cities that have coordinated efforts to invest in their youth-serving nonprofits** for best practices. In Boston, for example, the Mayor's Office led the formation of Boston Afterschool & Beyond in 2005 which has since grown quality youth programming in under-served neighborhoods in or near 80 percent of the city's schools through community-based partnerships. Boston ranked 3rd in per capita investment and 3rd in upward mobility in our analysis.

Endnotes

1. http://www.equality-of-opportunity.org/data/. See data download for Chetty, Hendren, Kline and Saez (2014). *Where is the Land of Opportunity? The Geography of Intergenerational Mobility in the United States.* Also see: *https://opportunityinsights.org/data/*

2. *https://registry.opendata.aws/irs990/*. Amazon open data portal where raw 990 data can be found in machine readable format. Also see: *https://www.aspeninstitute.org/programs/program-on-philanthropy-and-social-innovation-psi/nonprofit-data-project-updates/*.

3. *http://www.oxfordscholarship.com/view/10.1093/acprof:oso/9780199593415.001.0001/acprof-9780199593415*. Harte (2011). *Maximum Entropy & Ecology: A Theory of Abundance Distribution and Energetics*. *https://www.springer.com/us/book/9780387943442*. Bormann and Likens (1994). *Pattern and Process in a Forested Ecosystem*. *http://woodypowell.com/wp-content/uploads/2012/03/1_Organizational-and-Institutional-Genesis.pdf*. *Powell, Packalen and Whittington (2011). Organizational and Institutional Genesis: The Emergence of High-Tech Clusters in the Life Sciences.*

4. *https://www.wallacefoundation.org/knowledge-center/Documents/The-Cost-of-Quality-of-Out-of-School-Time-Programs.pdf*. Grossman, Lind, Hayes, McMaken and Gersick (2009). *The Cost of Quality Out-of-School Time Programs.*

Bolster Mission partners with nonprofit ventures to help them grow sustainable, community based impact at large scale. We help local and national nonprofit ventures increase their impact and new revenue potential by giving them the relevant insights, strategies and decision support tools for lean operations. And when needed we also step in and help execute. We specialize in joint ventures, typically non-incorporated alliances focused on family services and youth success in school, work and life.

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