

# Why Economic Inclusion and Mobility Matter



The gap between the rich and poor is widening, and putting the American dream at risk for more and more people. For the American dream to deliver its promise, we must advance equity and opportunities for upward economic movement in communities of color. Beyond the obvious moral imperative, S&P Economic Research and others have proven that inequality dampens economic growth. While important economic inclusion efforts are working to reverse these trends, we have much more to do.

Income and wealth inequality have been growing for decades, and COVID-19 has widened the gaps. When compared nationally, the Boston Indicators Project found Massachusetts has the 6th highest rate of income inequality. The Brookings Institute's Metro Monitor Index found Boston ranks 73rd for inclusive growth among 100 major metro areas. As inequality has risen, economic mobility has declined. Rates of mobility for Massachusetts residents – the chances of earning more than one's parents – have fallen from 91% in the 1950s to 55% in recent years according to the Boston Indicators Project.

It will take coordinated public, social, and private sector action to set a new direction. But how? At Eastern Bank Foundation, we see the first step as active learning and listening to the community. We partnered with P2 Advisors, a mission-driven consulting firm specializing in inclusive economic development, to review existing research on economic mobility strategies and interview funders and nonprofits, both locally and nationally.

This research highlighted the “building blocks” of economic mobility:

- **Entrepreneurship and business ownership create wealth for owners and employees.** Households with business owners have 148% greater wealth than non-owners and

the difference is higher for Black and Latinx households (311% and 670%). MassINC found in Massachusetts, Black business owners earn 2x more than those working for wages.

- **High-quality early childhood development services are linked to increases in learning skills and long-term economic success.** Nationally, studies show that \$1 invested in comprehensive, high quality early childhood education yields a 13% ROI.
- **Safe and affordable housing provides a platform of stability that drives social, health, and economic outcomes.** And homeownership is a major wealth creator – homeowners' wealth is 40x that of renters' according to the National Association of Homebuilders and Center for Housing Policy.
- **Workforce development programs, including training and work supports (eg, childcare and transportation), increase career mobility and wages.** National studies show a 2x average five-year return on investment from workforce programs, measured by employment gains and wages. Locally, a Boston University study showed that \$1 invested in JVS (a workforce nonprofit) yielded \$3 in earnings within two years and \$15 within ten years.

Our interviews with foundations and nonprofits underscored how interconnected these strategies are.

“It can't just be us – we are an ecosystem of organizations and partnerships are the key to success,” said Robert Corley, CEO of NeighborWorks Housing Solutions, a local housing nonprofit. Many nonprofits specialize in one or two of the strategies of economic mobility, but they all recognize that their beneficiaries must have access to other programs simultaneously.

The intersection of workforce development

and childcare, for example, was highlighted by COVID-19. “Yes, it's about gaining skills and access to the labor market, but people need to be in a situation where they can effectively learn and work,” says Claudia Green of English for New Bostonians. Green emphasized that “a lot of wraparound supports are needed,” including childcare, to enable parents to thrive.

That's why at Eastern Bank Foundation, we selected mutually reinforcing Economic Inclusion and Mobility strategies where the combination of our philanthropy, volunteerism, advocacy, and collaboration can have the greatest impact: advancing equity in the small business ecosystem; enriching early childhood development; securing safe and affordable housing; promoting workforce development; and supporting innovations in economic inclusion and mobility.

We are grateful for the leadership and collaboration of our partners to date as without them, any progress would simply not be possible. We invite others to join the movement to fulfill the promise of the American dream and build a more inclusive regional economy for all of us – and future generations to come – living here.



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*Created in 1994, the Eastern Bank Foundation is the philanthropic arm of Boston-based Eastern Bank.*

*Through philanthropy, employee volunteerism, advocacy and collaborations with other businesses and community partners, Eastern Bank Foundation responds to community needs and supports sustainable solutions to our communities' most vexing challenges.*