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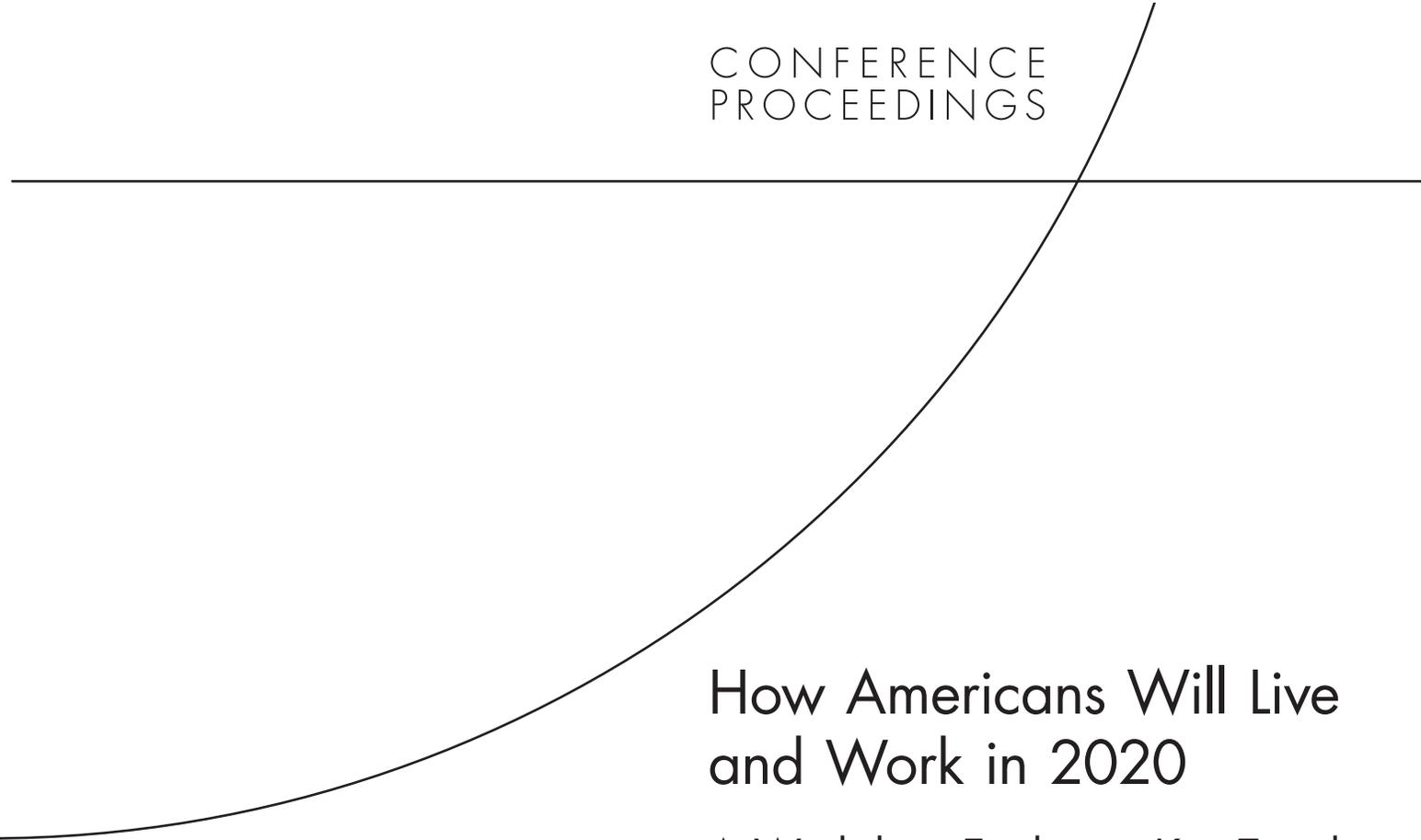
How Americans Will Live and Work in 2020

A Workshop Exploring Key Trends and Philanthropic Responses

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Preface

This document is based on a workshop held at the RAND Corporation in Santa Monica, California, on June 7, 2011, titled "How Americans Will Live and Work in 2020." The workshop, which was supported by the Rockefeller Foundation, brought together a mix of leading experts, journalists, policy advocates, and government officials, most of whom are based in Southern California. The workshop explored the implications of four trends for the poor and vulnerable in America, and an assumption-based planning exercise put a particular focus on the role of philanthropy. The workshop was the integrative component of RAND's work as part of a two-year project examining major social and societal trends. That work serves as input to and a backdrop for the Rockefeller Foundation's strategic planning and grant-making activities. Four newsletters in particular provided background material for the workshop, covering demographics, lifestyle, economics, and changes in the workplace.

The research was conducted within RAND's International Programs as collaboration among the Center for Global Risk and Security, the Pardee Center for Longer Range Global Policy and the Future Human Condition, and Research and Policy in International Development, which is part of RAND's Labor and Population Program. RAND International Programs also includes the Center for Asia Pacific Policy, the Center for Middle East Public Policy, and the Center for Russia and Eurasia. Questions or comments are welcome and can be addressed to Gregory Treverton (Gregory_Treverton@rand.org; 310-393-0411, ext. 7122), Robert Lempert (Robert_Lempert@rand.org; 310-393-0411, ext. 6217), or Krishna Kumar (Krishna_Kumar@rand.org; 310-393-0411, ext. 7589).

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Introduction

This document is based on a workshop—"How Americans Will Live and Work in 2020"—held by the RAND Corporation, with support from the Rockefeller Foundation, on June 7, 2011. The workshop brought together a small group of thought-provoking individuals, representing a broad combination of perspectives, to scan across several foresight areas in order to better understand the implications of emerging lifestyle and workplace trends for America's poor and vulnerable populations. Workshop participants included leading public-sector policymakers, individuals from nongovernmental organizations and advocacy groups, members of the media, experts in consumer and workplace trends from the private sector, academics, RAND researchers, and Rockefeller Foundation staff.[1]

This workshop is part of a broader effort that supports the Rockefeller Foundation's Searchlight function, which the foundation describes as a "network of eleven forward-thinking, regionally-focused horizon scanning and trend monitoring organizations that conduct regular, ongoing scanning for novel ideas, research results, and 'clues' to where the world is evolving."[2] The Searchlight function generates trend analyses distributed throughout the foundation—and made available to the wider research, nonprofit, and policymaking communities—that can help inform the work of the foundation and others with poor and vulnerable populations in the United States and worldwide.

RAND's Searchlight activities are somewhat different than those of other organizations because RAND is the only participating institution in North America, the foundation's home base, and only one of two in rich countries. The other Searchlight institutions provide monthly trend monitoring newsletters that provide brief surveys of many emerging trends and, especially, of innovative approaches that might suggest future areas of intervention for the foundation. In contrast, RAND has provided a smaller number of newsletters that more deeply examine social and societal developments that will shape the context of the foundation's U.S. grant-making activities. The eight Searchlight newsletters developed by RAND to date address the topics of demographics, changing lifestyles, economics, changes in the workplace, social media, the electoral politics of 2010 and 2012, e-government, and the urban landscape. We did not precisely define the terms *poor* and *vulnerable*, but, for the purposes of our newsletters, *poor populations* can be thought of as those living below or in the vicinity of the U.S. poverty level, and *vulnerable populations* as those who may currently be

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[1] Participant names and affiliations are provided in Appendix A.

[2] Michelson, 2011.

above the poverty level but are likely to dip below it in the event of a shock, such as unemployment or a health-related event.[3]

In addition to providing these newsletters, RAND's unique role offered the opportunity to explore the utility of different approaches to the Searchlight function. As with many foresight activities, the Searchlight function faces the challenges of (1) organizing information on a vast number of fascinating and potentially interesting trends in a tractable way and (2) making this information actionable in the face of the irreducible uncertainty involved in any attempt to describe the world a decade or more hence. The workshop provided an occasion for exploring the second approach to these challenges.

In this context, it is useful to distinguish between two types of foresight. The first aims at enriching and expanding our *understanding* of the future. The second aims directly at *influencing* the actions we take that may shape the future. Aspects of RAND's newsletters, along with those of other Searchlight participants, focus on the former type of foresight. The in-person workshop offered an opportunity to explore the latter.

The Rockefeller Foundation builds its initiatives through a three-phase process it calls "Search, Development, and Execution." The first phase scans for emerging problems and innovative ideas for addressing them. The second identifies, develops, and tests specific interventions that can give the foundation leverage in addressing an important problem. The third phase emphasizes achieving larger-scale effects and implementing an ongoing process of adjustment as conditions change. An initiative in the Execution phase is expected to last several years and to involve various forms of evaluation throughout its life.

Given this planning horizon, the foundation has an interest in understanding the world as it might exist a decade in the future and in considering how this understanding might influence current foundation programmatic decisions. The Searchlight function, depicted in Figure 1.1, thus supports one component of the Search phase by illuminating the current environment, identifying signals that could have long-term implications, providing a diversity of opinions and approaches, and identifying potential solutions to or intervention opportunities for critical problems identified in the newsletters. The Rockefeller Foundation uses the Searchlight newsletters as part of its strategy review process, as sources of information for "on-demand" research work and briefings, as regular sources of information that is distributed among staff, and for the generation and identification of new ideas.

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[3] The dollar- or two-dollars-a-day poverty line that might apply to developing countries is not an appropriate standard for the United States.

Figure 1.1
The Searchlight Idea-Generation Process
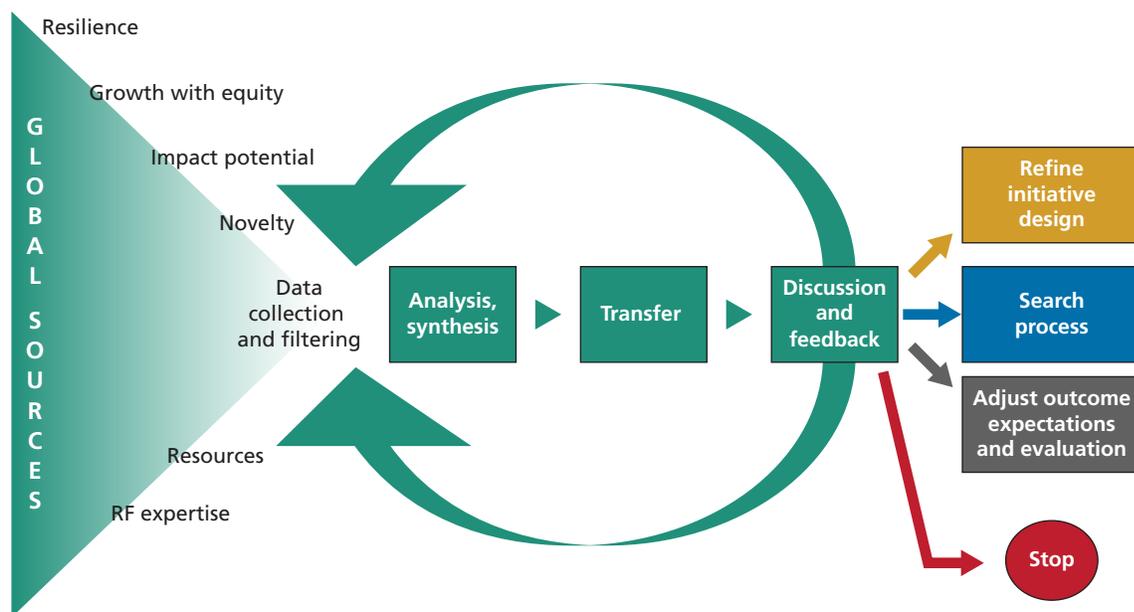
SOURCE: Michelson, 2011.
NOTE: RF = Rockefeller Foundation.
RAND *CF299-1.1*

The foundation's initiatives seek to enhance growth with equity and resilience for poor and vulnerable populations. The foundation defines *growth with equity* as ensuring that access to economic opportunities is more widely shared, and it defines *resilience* as the ability to withstand shocks and to rebuild and thrive afterwards.

The June 2011 workshop aimed to contribute to the foundations' initiative-development process by conducting an assumption-based planning (ABP) exercise. As one of RAND's most important qualitative approaches to strategic planning, ABP aims to improve plans, address uncertainty, and aggregate information about the future by focusing on the key trends and assumptions most important to a plan's ability to achieve its goals. To seed the discussions, RAND provided four of its newsletters—on trends in the economy, demographics, the workplace, and lifestyles—to workshop participants. RAND then engaged participants in an ABP exercise, asking how key trends and assumptions about how Americans will work and live in 2020 might combine to create new challenges and opportunities for those working with America's poor and vulnerable and how these trends and assumptions might thus affect today's decisions about such programs.

This rest of the main body of these proceedings is organized into three chapters. Chapter Two summarizes the trends laid out in the four background newsletters and captures the discussion of those trends at the workshop. Chapter Three describes the process and results of the ABP. Chapter Four presents final thoughts and takeaway conclusions. Several appendixes provide details pertaining to the workshop.

Exploring Trends

The lingering effects of the recession, combined with long-term structural changes in the nation's economy and society, will significantly affect America's poor and vulnerable populations in the coming decade. To help provide a common base of understanding, RAND presented four newsletters to workshop participants. This chapter summarizes the four newsletters, which addressed future trends in the economy, demographics, the workplace, and lifestyles and paid special attention to effects on the poor and vulnerable. Although these four issues are clearly interrelated, it was useful to consider each topic in turn at the workshop and then to synthesize the implications of these trends.

An overview of the four trends underscores two themes, which reappear frequently in the more detailed examinations. First, today's America exhibits—as tomorrow's will as well—a mismatch between the skills needed for available jobs and the skills of those who would fill those jobs. The mismatch is likely to increase the ranks of the poor and vulnerable. For example, middle-class construction workers with limited skills are in a sector that is unlikely to rebound for years. Second, there is a mismatch between the current level of available funding and the need for service provision.

Economics: The "Perfect Storm"

The economics newsletter focuses on jobs and job training, the roles of the public and private sectors in service provision, and the political climate in which policies to address economic challenges are developed and implemented. From the perspective of the poor and vulnerable, the recession has produced a "perfect storm" of adversity, even if the next year does not see a second dip in the economy. Any savings the vulnerable might have set aside for old age have been eroded by the financial crisis. The deep fiscal crisis and today's political polarization have made it even harder to find resources to address the vulnerable population's needs and to find a common ground for solutions. High and volatile prices of food, oil, and other commodities dent incomes that had suffered declines even before the crisis hit. Although political polarization has hamstrung several policy initiatives, reduced lending by banks and fierce competition from larger domestic and foreign firms have challenged small business development which, in the past, has been a proven engine of job creation.

Unemployment among the poor and vulnerable population will remain problematic, given the jobs-skills mismatch. The concern is not just that so many Americans are unemployed; rather, the worry is that many of them may be deemed by the market to be employ*able.* At a minimum, those new to the workforce lack the training needed to participate in the highest-need sectors in the economy. Without vocational training to help those currently affected, and without market-relevant education in the long term, the income and wealth inequality gaps will continue to widen, and

making sustained improvements in the well-being of the nation's most vulnerable population will be difficult.

Domestic employers are increasingly reliant on technical expertise, and so there is no easy way to close the divide: Up to 25 percent of unemployment is the result of the jobs-skills mismatch, and the mismatch accounts for the unemployment of as much as 40 percent of those who have been unemployed a year or more.[4] As Figure 2.1 indicates, unemployment rates were greater than 10 percent among those with only a high school education but were one-half that amount among those with a college degree and one-quarter that amount among those with a professional degree.

Figure 2.1
Unemployment, by Education Level
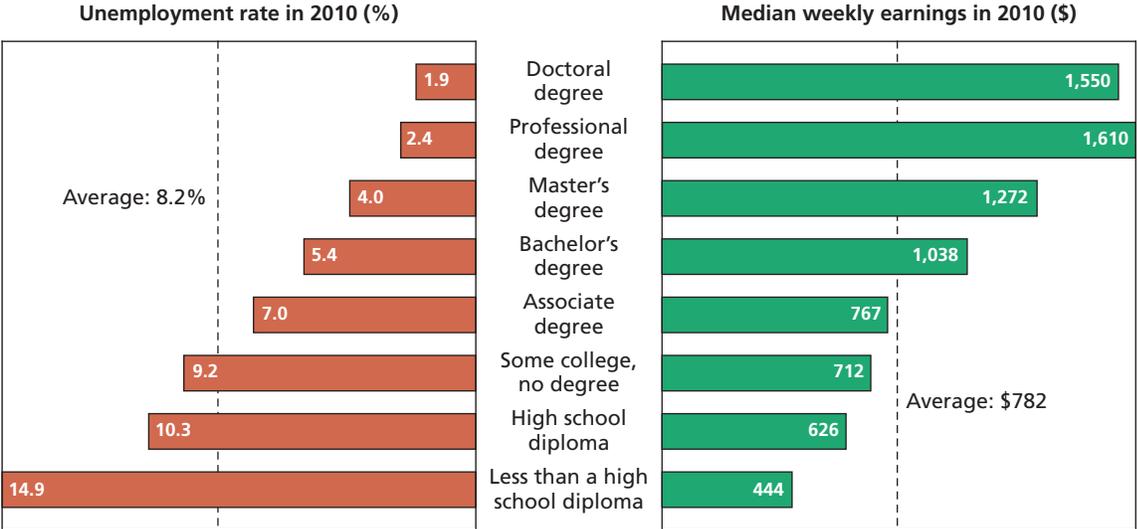
SOURCE: U.S. Bureau of Labor Statistics, 2011b.
RAND *CF299-2.1*

Are there bright spots? Unfortunately, small business, often the engine of recovery, does not yet provide one. New business formation was not robust even prior to the economic downturn, and the number of small businesses has decreased every year since 2007.[5] The manufacturing sector seems more promising. Current low wages may also have a silver lining because they may encourage employers to fill jobs locally instead of outsourcing them.[6] Opportunities for more-competitive domestic manufacturing and service provision now exist due to a relatively cheap dollar and increasing demand abroad for such items as heavy equipment, electronics, and machinery. The move from consumers and housing toward investment and exports may prove part of a fundamental transformation of the U.S. economy. For instance, 28 percent of the gross metropolitan product of Wichita, Kansas, is now sold abroad. Some expect Wichita's experience to be the "norm in the next 10 to 15 years."[7]

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[4] Chen et al., 2011.

[5] U.S. Bureau of Labor Statistics, undated.

[6] Lamont and Leahy, 2010.

[7] Harding and Politi, 2010.

The economic recession has reduced government revenues and slowed philanthropic participation while also increasing the need for both. The federal government seems committed to cutting its deficit almost entirely through reducing expenditures. Budget shortfalls have cascaded through the system. As Figure 2.2 shows, 43 state governments (including that of Washington, D.C.) are facing a shortage in outlays, and 28 of those shortages constitute more than 10 percent of the state government's budget.

Figure 2.2
State Budget Shortfalls in FY 2012
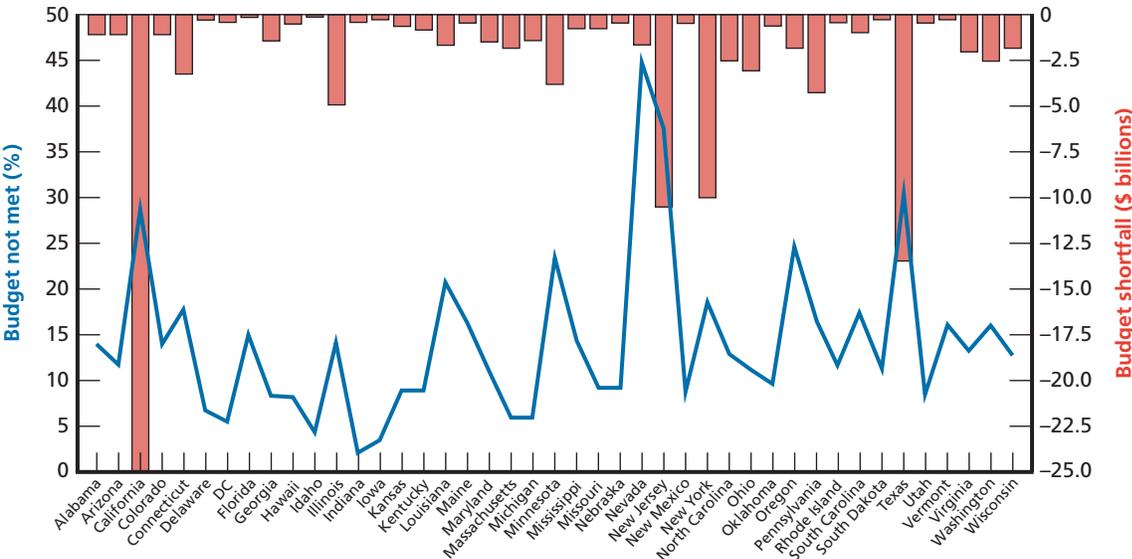
SOURCE: Data from McNichol, Oliff, and Johnson, 2011.
RAND *CF299-2.2*

Differential unemployment rates point to the importance of education. However, education expenditures seem to outpace student performance. According to the Organisation for Economic Co-operation and Development (OECD), the United States now ranks 32th in math and 17th in reading but 6th in starting salaries for new teachers and 11th in salaries for experienced teachers. It lags only Luxembourg in per-student spending (see Figure 2.3).[8] Although productivity gains have been strong in some other industries, these measures indicate a different story in education. It appears that it is harder than ever to address the issue of jobs-skills mismatch in the United States with the tools at hand, especially in the critical areas of science and math.

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[8] Organisation for Economic Co-operation and Development, 2011, Table I.2; Organisation for Economic Co-operation and Development, Programme for International Student Assessment, 2009.

Figure 2.3
School Expenditures Outpace Student Performance

To enhance job opportunities, public-private partnerships have increased their focus on the vocational training of workers. Perhaps employers themselves are best equipped to assess labor requirements. Firms report that their main need from the labor force is an increased understanding of concepts related to and new developments in science and technology.[9] Some communities have been quick to react. For example, the Detroit Regional Workforce Fund seeks to retrain unemployed manufacturing workers for jobs in hazardous waste cleanup, residential energy technology retrofitting, and allied health professions.[10]

Demographics: Growing Gaps and Aging

The demographics newsletter first complements the economics one by exploring how the jobs-skills mismatch and continuing wealth gap are distributed among various groups within society. For instance, as Figure 2.4 illustrates, the gap between black and white family incomes has grown slightly since 1975, not closed. At the same time, the wealth gap has worsened. The top 5 percent of income earners in the United States are believed to have more wealth than the remaining 95 percent of the population.[11] This rising income inequality also has an important racial and ethnic dimension. The child poverty rates of white and Asian children are nearly three times lower than those of black and Latino children. In 2009, black or Latino woman-headed households were twice as likely to be below the poverty line as those headed by white women.[12]

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[9] Hart Research Associates, 2010.

[10] Detroit Regional Workforce Fund, 2011.

[11] Chang and Mason, 2010.

[12] Chang and Mason, 2010.

Figure 2.4
Real Median Household Income, by Race/Ethnic Origin, 1967–2009
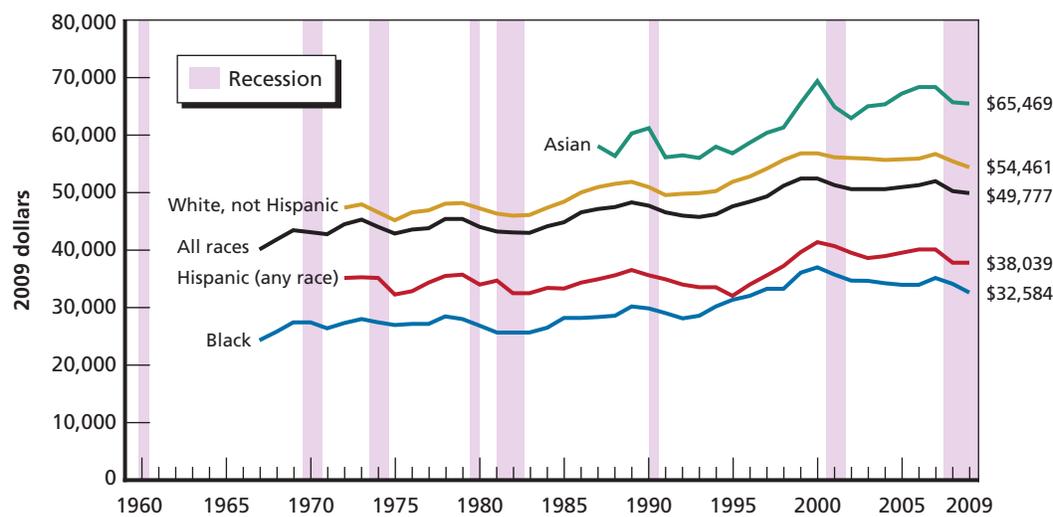
SOURCE: DeNavas-Walt, Proctor, and Smith, 2009.
NOTE: Median household income data prior to 1967 are not available.
RAND *CF299-2.4*

Unlike many other rich countries, the United States has a population that continues to grow. The two primary drivers of U.S. population growth are the high birth rate among Latino populations and immigration into the country. Between 1990 and 2010, the number of foreign-born U.S. residents doubled from 20 million to 40 million, contributing one-third of U.S. population growth during that period. The Asian population grew faster than any other major group and currently constitutes roughly 5 percent of the U.S. population.[13] Most remarkably, the Latino population reached a new milestone by accounting for 50 million of the U.S. population (16.3 percent), thereby replacing blacks as America's second-largest racial/ethnic group.[14]

At the same time, the country is more diverse and aging rapidly. These trends also reinforce the economic story: The need for services is increasing as budgets tighten. Along with immigration, aging is the main force changing the demographic face of the United States, although less sharply than in other developed countries. Between 2000 and 2030, the population in Europe aged 65 and above is expected to increase by 15.5 percent to a total of 24.3 percent, whereas the projected increase for the United States is about 7 percent, rising from a total of 12.4 percent in 2000 to 19.6 percent in 2030.[15] The aging trend implies the rise of an older population that is mostly white and more likely to vote. From the perspective of the poor and vulnerable, the result is likely to be a continuing transfer of wealth from young Americans to older Americans.

Internally, migration is also changing the living patterns of those in America's cities and suburbs. Cities are increasingly attracting white populations and younger professionals. Meanwhile, America's suburbs, although still predominantly white, are increasingly home to minorities and a rapidly

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[13] "U.S. Census Shows Latinos Led Growth in Population," 2011.

[14] Martinez and Ariosto, 2011.

[15] Goulding and Rogers, 2003.

growing older population.[16] The minority and older populations have been hit hard by the recession and the lack of social services. In addition, the economic crisis has reversed trends and decreased the mobility of young professionals in the United States, many of whom are living with their parents or other family members. Among other concerns, this decreased mobility means that bright young people will not spread their talent across the country.[17]

In another interesting reversal of past trends, blacks are moving to the South and Latinos are following jobs into new areas outside the Southwest. Blacks are moving to southern metropolitan areas, such as Atlanta, Dallas, and Houston. For this reason, the black population has declined in 19 of the 30 biggest cities that have historically had the largest black populations.[18] Meanwhile, a significant number of Latinos have gradually started settling in the mid-eastern and south-eastern areas of America, as Figure 2.5 shows.[19]

Figure 2.5
Latino Population Dispersing
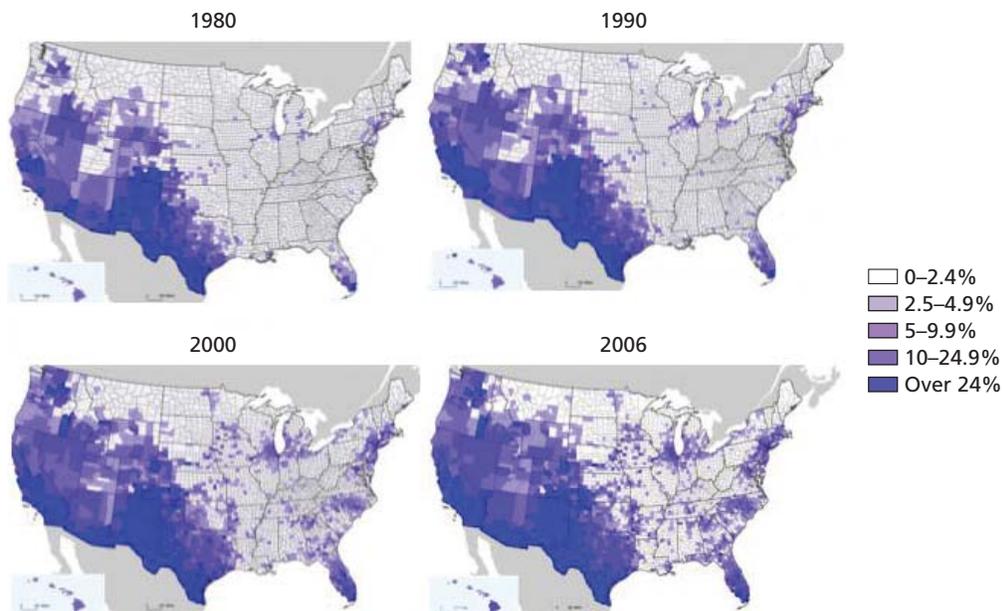
SOURCE: U.S. Census Bureau, 2006.

RAND *CF299-2.5*

It is too early to tell, but the migration of blacks may prove less disruptive than the migration of Latinos because blacks are mostly moving to cosmopolitan urban centers in the South, where they often have relatives or roots. By contrast, as Latinos move to where the jobs are, they may find themselves in rural areas, ones that historically were more sparsely populated and unfamiliar with Latinos. The first signs of tension are likely to arise in schools as the newcomers fill local systems whose white population is aging.

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[16] Yen, 2010.

[17] Frey, 2011a.

[18] Frey, 2011b.

[19] U.S. Census Bureau, 2006.

Despite this dispersion, the demographic data indicate that Latinos are likely to remain geographically concentrated. For instance, various projections suggest that they will account for three-quarters of population growth in Texas over the next 30 years.[20] Yet the classic question—When will Texas become a "blue" (that is, Democratic) state?—may be irrelevant in the near term, for many Latinos are young, some are illegal, and those that could vote tend not to do so in large numbers, though that might change in the case of those whose economic status improves.

The Changing Workplace: New Challenges, Uncertain Opportunities

The workplace newsletter first underscores the theme of the jobs-skills mismatch. In this case, the economic crisis has driven up long-term unemployment (see Figure 2.6). Concurrently, the ongoing globalization trends will make the American labor markets highly competitive. Workers will need to engage in lifelong learning and training to remain attractive to employers. At the same time, the dynamic shift away from the work-in-office model will erode some of the traditional workplace benefits of economic security, professional development, and career progression.

Figure 2.6
Long-Term Unemployment as a Percentage of Total Unemployment
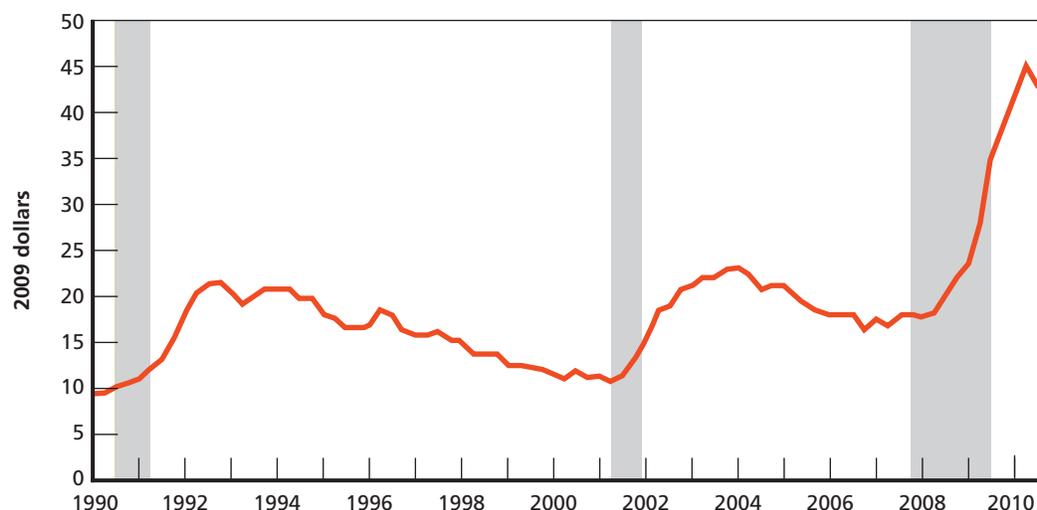
SOURCE: Theodossiou and Hipple, 2011.
NOTE: Shaded regions represent recessions as designated by the National Bureau of Economic Research.
RAND *CF299-2.6*

The dramatic increase in the participation of women and older people in the American labor force is primarily explained by their higher educational attainment, compared with other Americans. In 2009, 59 percent of working-age women in the United States were already in the labor force.[21] Between 2008 and 2018, this number is projected to increase by 9 percent, compared with the growth of the male labor force at a projected 7.5 percent.[22] Although part of the increase in the

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[20] Pew Hispanic Center, undated.

[21] U.S. Bureau of Labor Statistics, 2011a.

[22] U.S. Bureau of Labor Statistics, 2010.

participation of women in the American labor force reflects continuing shifts in social attitudes toward working women, probably more significant is their rising educational attainment. In 2010, approximately two-thirds of women in the labor force had attended some college.

The shift of the U.S. economy toward service-based sectors continues, but so does the shrinking of the pool of available workers with the skills needed for such jobs. As David Autor of the Brookings Institution notes, job opportunities in the U.S. economy have been polarizing over the past two decades, and the growth of opportunities in high-skilled and low-skilled jobs is resulting in the "hollowing out" of the middle-skilled jobs area. This trend is probably the most significant for the nation as a whole, though it has less immediate relevance for the poor and vulnerable. Low-skilled jobs are seeing growth due to the need for person-to-person interaction in food, retail, health, and other such services. Meanwhile, the share of middle-skilled jobs is contracting.[23]

Low-skilled workers will continue to lag behind in employment due to competitive labor markets, the ongoing automation of low-skilled tasks, and gradually falling unionization rates. They will also have less bargaining power as employers begin to provide employees with personalized benefit packages, which will become more and more prevalent as the labor force becomes older and more female.[24] Because many of the less-skilled workers will be performing "in-person" services, such as health or elder care, they will have less opportunity than higher-skilled workers to trade distance for time by telecommuting.

Moreover, not all households are keeping up with changes in the economy. For instance, the Internet is increasingly being used to make employer-employee matches and to disseminate information. However, Latino households are less likely than white households to have access to the Internet and to have a home broadband connection (see Figure 2.7).[25] For low-income women, juggling work and household responsibilities will continue to be challenging unless such measures as inexpensive day care are provided. For women with higher skill levels, the availability of high-quality day care centers will be a major factor in decisions about whether to work full time.

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[23] Autor, 2010.

[24] Unum Group, 2007.

[25] Livingston, 2011.

Figure 2.7
Technology Use, by Race/Ethnicity, 2010
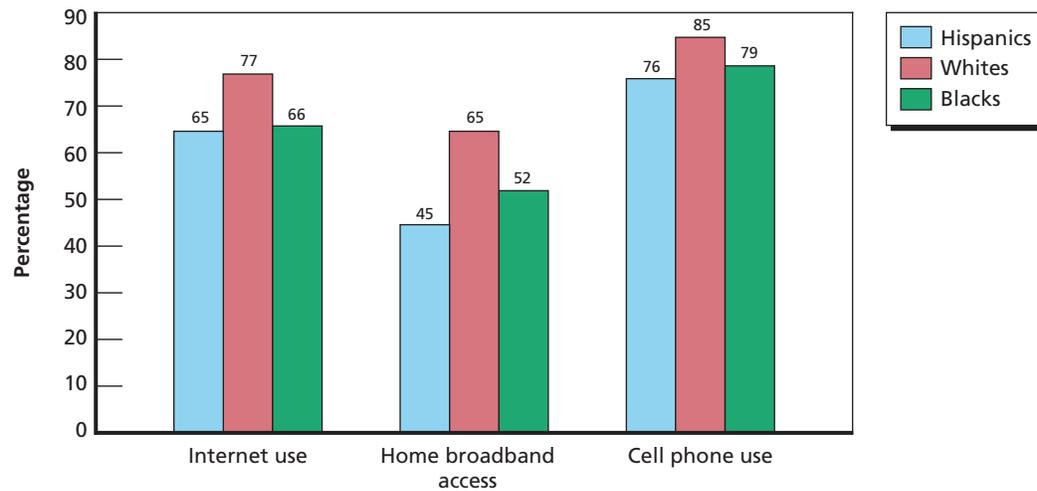
SOURCE: Livingston, 2011. Used with permission.
RAND *CF299-2.7*

Lifestyles: Focus on Obesity

The lifestyles newsletter notes the importance of demography and economics in how Americans will live their lives. The newsletter also highlights skyrocketing obesity, which is much more prevalent among the poor, as Figure 2.8 shows.

Figure 2.8
Prevalence of Obesity Among American Adults, by Race/Ethnicity, 2006–2008
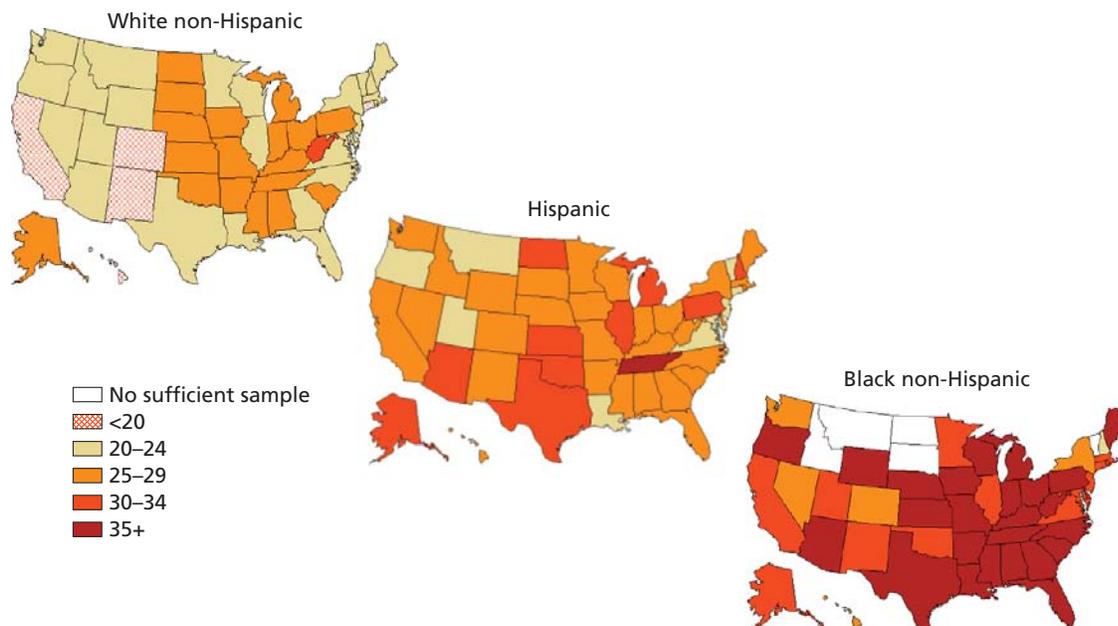
SOURCE: U.S. Centers for Disease Control, no date recorded.
NOTE: Obesity is defined as a body mass index of 30 or higher.
RAND *CF299-2.8*

Obesity is both like and unlike smoking. Obesity is more costly to society than smoking because smokers, unlike the obese, die at a younger age. [26] And, unlike smoking's tobacco companies, there are no comparable, easy-to-identify "villains" in the obesity epidemic. There are also no silver-bullet fixes for obesity. Restricting sugar is probably not a candidate, given in how many ways and places Americans (over)eat. To the extent that the poor are more obese, they will be a special target of anti-obesity campaigns, but punitive measures do not seem likely.

Beyond obesity, the other drivers of changes in lifestyle are the subjects of other newsletters—those on economics and demographics. Aging is the main one. By 2030, 20 percent of the American population will be over 65 years old, compared with about 13 percent in 2011. [27] The older are much more likely to vote, and their priorities are different than those of younger voters. The age trends will be most noticeable in the South, where older people tend to retire. In that sense, the shifting of poverty from the old to the young will continue. Although the potential economic effects of the aging on social programs, such as Medicare and Social Security, have garnered much attention, there has been much less attention paid to how a large elderly population might change the way Americans live. [28]

The ability of families to provide care to the elderly is now more limited than in prior periods because of the prevalence of single parents, of men and women alike pursuing work outside the home, and of economic conditions that require families to relocate in order to remain employed. [29] Taken together, logistics and geography mean that many adult children are today unable to care for their elderly parents even if they are willing to do so. The market has already begun to respond to this gap, with nationwide growth seen in the numbers of long-term care and assisted living facilities. [30] However, quality varies enormously, from acceptable to deplorable, and cost can be prohibitive—all the more so in the aftermath of the 2008 financial crisis that depleted retirement funds, depressed home values and the ability to sell, and generally contracted household income. [31] There will be increasing pressure for regulation of such facilities.

The growing elderly population will strain social services, especially as the suburbs hollow out, and will become older, poorer, and less mobile. At the same time, efforts to maintain the independence of the aging and elderly raise questions about public safety, particularly in semi-urban and suburban areas, where this population is growing but where recreational and necessary services are not readily accessible by foot and where public transportation is in short supply. [32] In these communities, residents rely on private vehicles, even as they become less able to operate them

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[26] Barendregt, Bonneux, and van der Maas, 1997; Gravelle, 1998.

[27] McNamara, 2006; U.S. Central Intelligence Agency, no date recorded.

[28] Reuteman, 2010; Kirchhoff, 2008.

[29] In 2009, roughly 40 percent of married couples had a stay-at-home spouse, down from two-thirds in 1970, and couples worked "a combined average of 63 hours per week" (Parker-Pope, 2010).

[30] Keane, 2007.

[31] Pristin, 2009.

[32] The Brookings institution Metropolitan Policy Program, 2010.

safely.[33] Indeed, there have been a number of widely publicized incidents in which seniors behind the wheel have caused fatal accidents.[34]

Trend Discussion Synthesis

Presented with these trends, workshop participants raised a diverse array of questions that illuminated critical dimensions of cross-cutting themes. Issues that emerged from a discussion of the trends summarized in this chapter include, but were not limited to,

- **The role of technology and communication.** Many participants noted that an underlying factor linking these trends was the way in which new technologies and social networks will affect the way in which people will interact with one another. They wondered, for instance, about the potential positive and negative implications and externalities of having text-based forms of communication increasingly replace face-to-face or even voice-to-voice communication. There was also an awareness that differing participation rates in using new media are closely tied to the economic and demographic characteristics of a population.
- **Bridging the skills gap.** The growing mismatch between worker skills and job requirements led to a discussion about how policymakers could pinpoint and learn more about the specific characteristics of this emerging problem. For instance, is it possible to identify the age at which these discrepancies arise and whether existing data can provide information about when and where to intervene? New apprenticeship and skills-based training programs were proposed as one component of the solution, but many participants were concerned about how a curriculum based more on open-ended problem-solving and creativity, such the one used in a liberal arts education, would be affected.
- **New forms of civic engagement.** Finding ways of ensuring that minorities participate equally in the political process was a key point of discussion. To what extent are interventions in low-income communities driving actual increases in voting and in engagement in the political process? This discussion expanded to consider a new role for the private sector in social-service provision, which may create unforeseen opportunities for nonprofits, "social entrepreneurs," and philanthropy.
- **Obesity as the next big health challenge.** Participants noted that obesity and its subsequent health risks, from heart disease to type 2 diabetes, have the potential to become an overwhelming public health threat during the coming decades. New efforts are needed to explore ways in which policymakers can develop effective responses to the obesity epidemic.

Beyond these particular topic areas, participants raised a wide range of disparate but thought-provoking questions, such as the following, that also seemed to suggest ideas for further analysis:

- As blacks are moving back to cities in the South that they once left, are they moving to integrated or to segregated neighborhoods?

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[33] Quality Planning Corporation, 2003.

[34] "Car Plows Through Market, Killing 9," 2003; Wilson, 2009.

- How did women fare in the economic downturn, and did their wages or employment rate decrease differently than those of minorities or men?
- When hiring a new employee, what do employers expect in terms for job tenure, and have these expectations evolved over time?
- How are social networking, blogging, and other "real-time" media affecting literacy, the formal publication industry, and the perception of authority?

One participant described changing trends in the policymaking process that will likely be applied to addressing these challenges. He noted that the conflict model of decisionmaking was still in place in many policy areas. However, there has been a shift in the policy process to bringing more people to the negotiation table, making concessions, and determining the success of the policy change by measuring outcomes. This new model requires close coordination among government agents, philanthropies, and nonprofit leadership. Although this framework for decisionmaking can be costly and time-consuming, the participant stated that it often results in a high return on investment.

Though numerous questions remain, there was consensus among participants that careful and thoughtful long-term planning will be necessary to deal with many of these issues, which continue to affect the day-to-day lives of America's poor and vulnerable.

Linking Foresight to Action

The interconnected trends discussed in the previous chapter—from the jobs-skills mismatch to declining government social programs in the face of growing need, to an aging and more diverse population—have created significant challenges that require new ways of solving problems related to poverty and vulnerability. In addition, these trends imply important uncertainties about how Americans will live and work in 2020: We do not know how fast the demand for jobs will grow in different sectors of the economy, how federal and state governments will resolve their current budget imbalances, and which interventions will prove most effective.

Given these important trends and concomitant large uncertainties, how should such foundations as the Rockefeller Foundation and other organizations think about their efforts to improve conditions for America's poor and vulnerable in the coming decade? The question engages the second type of foresight—the one concerned with linking foresight to action—and was the focus of the second phase of the workshop.

Assumption-based planning (ABP) is a RAND-developed strategic planning method that aims to improve organizations' ability to reach their goals and to make them more resilient to surprise by identifying the key assumptions that underlie their plans.[35] The ideas behind ABP are simple: All plans have assumptions. Some assumptions are particularly important because, if they turn out not to be true, the plan may not generate the desired results. If planners focus their attention on their key assumptions, they can respond in way that avoids failures and missed opportunities.

ABP provides a set of approaches for identifying such key assumptions in plans and for developing appropriate responses. Figure 3.1 suggests the logic. The process begins with an organization's explicit plans. A key assumption is one whose failure would require significant changes in the organization's plans and might fail within the expected life of the plan. ABP provides several means of searching for a plan's assumptions. For instance, one can look for the words *will* and *must* in the text of the plan. Sentences with these words often express assumptions about the world and about actions.

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[35] Dewar, 2002.

Figure 3.1
The Logic of Assumption-Based Planning

Response to key
assumptions

Plans → Key assumptions → Signposts / Shaping actions
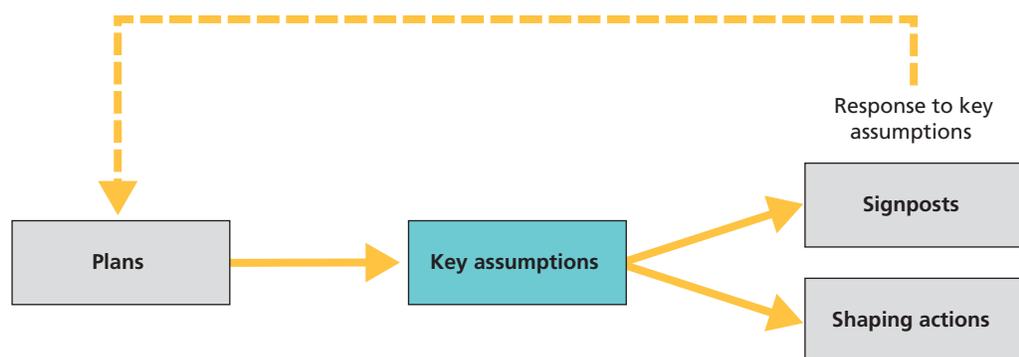
In another approach, one can describe the reasons for the actions called for in the plan in a longer narrative form. That is, one talks through the reasons for taking an action in a long narrative, such as one might share with a friend. Such narratives often reveal previously unstated assumptions in the plan. Another approach for revealing implicit assumptions places a list of all the actions in the plan beside a list of all the known assumptions and then connects the assumptions with the actions that address them. Actions without associated assumptions are likely to reveal implicit assumptions. Overall, the ABP literature identifies more than a dozen approaches for identifying explicit and implicit assumptions underlying plans.

After identifying assumptions, ABP then asks which are key assumptions—again, those that are vital to the plan's success yet potentially vulnerable during the life of the plan. This step generally involves walking through a scenario in which an assumption does not hold and then evaluating the consequences for the plan and its goals.

Finally, ABP suggests several types of actions decisionmakers can take to improve a plan. *Signposts* provide early warning that a key assumption may be failing. *Shaping actions* are near-term measures that decisionmakers can take that will make an assumption less likely to fail in the future. *Hedging actions* are near-term actions decisionmakers can take that will better prepare their organization in the event that an assumption does fail. Our workshop, like Figure 3.1, focused on the first two of these actions because they were judged most relevant to the focus of this effort.

As part of the ABP exercise, participants were asked to focus on the philanthropic sector's efforts to serve America's poor and vulnerable and, in particular, on those members of the sector who see their role as supporting innovative pilot programs. During the workshop, the emphasis on philanthropy's role in supporting innovative pilots made sense for two reasons. First, this area is a main focus of the foundation representatives who attended the workshop. Second, there was widespread agreement among workshop participants that the challenging trends discussed in the previous chapter create a strong need for, and perhaps an opportunity to achieve, significant changes in the ways in which America addresses the situation of its poor and vulnerable populations. Foundation-supported pilot programs can provide one important source of innovation that might lead to such changes.

Workshop participants were provided with a short description of the ABP process prior to the workshop, and, after the discussion of trends, RAND staff gave a short presentation on the method. Participants then split into two breakout groups, each of which was asked to apply the ABP process

to the philanthropic sector's efforts to develop innovative pilots. All the participants then reconvened to compare results and discuss implications.

The breakout groups were given identical instructions, and both groups organized their discussions around specific, albeit different, examples raised during the earlier discussion of trends. One group focused primarily on bridging the jobs-skills mismatch. This group noted that providing skills and training to the poor and vulnerable is a major challenge and that the United States lags relative to other advanced countries (particularly European countries) in fostering public-private arrangements to make this training happen. Participants also noted that universities do not often adequately train students in skills that are usable in the labor market, which further exacerbates the mismatch.

The second group focused on new models to address homelessness. Both Los Angeles County and the City of Santa Monica have achieved success in reducing homelessness using a new "housing first" strategy that focused on getting the 50 most vulnerable individuals off the streets and into housing before addressing their myriad other problems. Previously thought infeasible, this approach has, as a result of these successes, helped to reframe the debate over homelessness.

Appendix C offers more-detailed descriptions of the discussions in each breakout group. Here, we summarize the main themes raised during the breakout sessions and the subsequent synthesis discussions. The lack of a specific plan to which to apply the ABP process made discussions and results more open-ended than they might have otherwise been. Nonetheless, the workshop allowed participants to grapple more concretely with the implications of the trends and to make some insightful observations about the challenges and opportunities the philanthropic sector faces in its work with America's poor and vulnerable.

Both groups grappled with a key assumption underlying much work in the philanthropic sector: that innovative and successful pilot programs would and could be scaled up to serve large numbers of the poor and vulnerable. Funding innovative pilot programs is an important goal for many foundations. Such pilots are crucial because new models are required to allow programs to address the needs of America's poor and vulnerable. However, there are significant obstacles to scaling up such pilots into efforts equal to the scale of these needs, and some foundations do not see their role as providing long-term support for programs but rather as innovators that will hand over successful innovations to others.

Overall, total giving in the United States by foundations is small compared with social spending by federal, state, and local governments. Total foundation expenditures are also small compared with the total economic exchange within the private sector among America's poor and vulnerable. Thus, the main source of funding for large-scale societal efforts will most likely come from government and the private sector. However, the private sector requires the expectation of future profit to justify any significant investments. The public sector has little room for significantly increased spending programs, so significant support for new programs would involve diverting resources currently allocated to other programs. In general, the public sector has had difficulty implementing such a reallocation of resources from current to new programs.

In these circumstances, there is no "silver bullet" with the potential to fundamentally transform the challenge of scaling up innovative programs. However, the group as a whole did discuss various approaches that could improve the situation. First, participants noted that pilot programs that reframe existing problems can have a significant, widespread effect, shifting both the research and policy agendas. Although this type of reframing work often takes considerable time to accomplish—

often a decade or more—once it is achieved, shifting the conversation can open up new possibilities for scale-up and can be used to engage new communities and stakeholders in addressing the problem. The importance of reframing a problem became evident in discussions of the case of homelessness. As is often necessary, it took some catalyzing event—in this instance, the end of housing subsidies in the 1980s—to create the opportunity for finding more-cost-effective ways of dealing with a problem.

Participants also noted the importance of improving coordination among foundations, different parts of government, and the private sector. For example, the City of Santa Monica has achieved success with a process of intensive stakeholder engagement around key citywide projects that one participant described as both "high-tech and high-touch." Similarly, with respect to homelessness, the County of Los Angeles pursued extensive public engagement and successfully coordinated with a group of 28 government agencies in its efforts to reframe the debate on homelessness. Although these new cooperative forms of governance can prove successful, they currently require significant effort, dedication, and time. In addition, the coordination problems, already enormous with just different levels of government involved, multiply when private-sector and philanthropic initiatives are taken into account.

In thinking about the scale-up challenge, participants also considered trade-offs. Is it better to target specific problems with interventions, or is it better to search for broad-based solutions? Broad-based interventions are often meant to improve the quality and provision of public goods, such as education or clean air—goals that are often less controversial or less stigmatized. To this end, it may be easier for social-sector agents to engage multiple audiences in finding solutions. However, it may be more difficult to measure the effect of a broad-based intervention because the intervention is more likely to have multiple outcomes and effects.

For example, it may be easier to engage the public in wide-ranging education reform, but an intervention that aims to improve education overall, such as No Child Left Behind, will have multiple and often less-clear-cut effects on teachers, students, and communities. Instead, an intervention that targets the 50 children who are the furthest behind in a school district is less likely to change outcomes for the majority. Moreover, a more targeted approach might be perceived as promoting special interests that benefit the minority. Nevertheless, advocates for the targeted approach believe that it is easier and more beneficial to add programs piece by piece than to make sweeping changes all at once. Table 3.1 summarizes the discussion of the advantages and disadvantages of broad-based reforms and targeted interventions.

Table 3.1
Broad-Based Reform Versus Targeted Intervention

Reform Type	Advantages	Disadvantages
Broad-based reform	• Affects multiple outcomes • Not stigmatized • Easier to engage multiple audiences	• Requires systemic change • Difficult to find consensus and to consider multiple points of view • Harder to track outcomes • Impossible without political support
Targeted intervention	• Addresses a specific, established problem • Outcomes can be tracked • Successful programs may be expanded • Does not require widespread political support	• Benefits are concentrated • It is harder to engage a broad population of stakeholders • The success of intervention may depend on context

Almost by definition, targeted social-service interventions cannot be one-size-fits-all endeavors; yet, some techniques seem more successful than others. For instance, successful social and policy entrepreneurs—those who create interventions for unreachable populations and "impossible" problems—tend to have a clear strategy for achieving success. In the key assumptions component of the workshop, participants discussed how one would go about solving a problem with a targeted intervention. The following six key steps were identified:

1. Target a problem and a population.
2. Gather information about the costs and benefits of the problem.
3. Create a novel intervention that addresses the needs of this population, and demonstrate positive return on investment.
4. Reframe the dialogue to create awareness by changing the way that people perceive the problem.
5. Involve stakeholders who can circumvent and neutralize individuals who will hold to the status quo.
6. Look for funding and partnerships to scale the intervention at every step rather than waiting until seed funding runs out.

This list is derived from the comments, stories, and questions raised during the workshop. It is not meant to be interpreted as complete, comprehensive, or a proven template. Depending on the circumstances of a particular initiative, some steps may be unnecessary or impossible; in some cases, additional steps might be needed. Still, the list is important in that it both emerged from, and requires, an ongoing dialogue among government, nonprofit, and private sector agents to achieve successful intervention planning.

Final Thoughts and Take-Away Conclusions

What did we learn? The focus on key trends provided a forward-looking perspective that set the stage for the workshop's ABP exercise. The exercise component encouraged participants to think through concrete examples—thus moving the conversation away from a consideration of vague notions into a discussion about critical details—and helped them be explicit about the assumptions on which potential interventions could be based. Much of what does and does not happen in the world is driven by assumptions whose current relevance has long ceased to be questioned.

Overall, the workshop helped to separate the wheat from the chaff, highlighting key themes and commonalities across the newsletters and the assumptions that connect them to decisions about philanthropic interventions. Highlighting some of these assumptions helped the workshop discussions point toward new interventions that philanthropies might consider in the coming decade of rapid, diverse, and uncertain change.

With respect to the trend discussion, the conclusion embedded throughout the newsletters was that the poor and vulnerable will face novel challenges in the America of 2020. A mismatch between people's skills and the skills required for available jobs, an obesity epidemic, an aging population, new pockets of suburban and rural poor, and new ethnic migrations will stress social services that are not well equipped to address these challenges. With respect to the ABP discussion, many participants shared the insight that foundations seek to conduct innovative pilot programs with the expectation that the successful ones will be scaled up, often by other institutions. Such innovative new interventions should prove especially valuable in this future because they will suggest new and more-effective means of addressing new problems. Scale-up—the process of widely diffusing successful innovations—is a common challenge in areas ranging from social services to renewable energy. But scaling up social services may prove particularly difficult in the coming decade because traditional sources of funding for the widespread diffusion of successful pilots, which are primarily government sources, appear to be drying up.

Although there is no easy solution to this scale-up challenge, in the second half of the workshop, participants suggested several approaches that might begin to help:

- **Reframing an issue to promote scale-up.** The Los Angeles homelessness initiative is an excellent example of reframing. Before the initiative, the prevailing assumption was that the homeless need a whole range of social services before a home, which would be the end of the process, not the beginning—despite the fact that their most obvious affliction was that they had no home. Assuming that a home need not be the last step and could instead be the first opened a new way of thinking about homelessness, and with that new thinking came new ideas for serving an especially vulnerable population. But reframing may require patience. It took a decade to reframe the homelessness issue.

- **Engaging for-profit firms in the coalition may facilitate the scale-up of many programs.** However, for-profits need to participate not just as part of the social responsibility rubric but with their profit motive accepted. For instance, charter schools, even given debates about their effectiveness, do show that the profit motive can impel private firms into providing large-scale services, including for (some) poor people. The profit motive can lead to more sustainable, large-scale activity over time.
- **The need to include more people and groups in deliberations may slow the process of innovation but may also offer new pathways for scale-up.** The number of people and groups with an interest or stake in social programs has grown dramatically. Los Angeles is a poster child for that growth: Los Angeles County is home not only to more than 80 municipalities and multiple agencies but also to residents' groups, nongovernmental organization, advocates, private companies, and others seeking a seat at the table. On the one hand, policy innovation has become a much slower and more cumbersome process than in previous years, when just one or two government agencies could simply choose a path. On the other hand, the complexity of the process may mean that participants can see the need for working together and for compromise. Engaging new participants may introduce new ideas, reduce attachment to old ways of working, or bring new capacities to the table.

Overall, there is no easy answer to the problem of how to increase the scale-up of pilot programs, especially given the challenging contextual environment identified in discussions of the four overarching trends. The approaches discussed at the workshop may not be sufficient in and of themselves. What is needed is a more integrated concept for the scale-up of innovative efforts to effect widespread societal change that will ensure growth with equity and resilience for America's poor and vulnerable populations.

One message from the workshop is that an additional focus on new ways of ensuring the widespread diffusion of successful, socially innovative pilots could also prove critical. Some foundations may find that they have a larger role to play than they have to date assumed in sustaining successful programs over time. Given the trends that will affect how we will live and work in 2020, interventions and solutions aimed at this system level of aggregation could be an important focus of philanthropies interested in fostering innovative new programs to assist poor and vulnerable people throughout the United States.

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Workshop Agenda

8:00–8:30	Welcome and Introduction
8:30–9:00	Introduction to Rockefeller Foundation Searchlight Function
9:00–10:15	Discussion of Trends
10:15–10:30	Break
10:30–11:00	Introduction of Key Assumptions Exercise
11:00–12:30	Key Assumptions Breakout Groups
12:30–1:30	Lunch
1:30–2:30	Key Assumptions Breakout Groups—Continued
2:30–3:30	Synthesis and Suggestions for Interventions
3:30–3:45	Break

Summary of Breakout Group Discussions

Breakout Group A

Using components of the activities recently supported by the Rockefeller Foundation in the United States as an example, Breakout Group A defined the actions and assumptions presented in Table C.1, where "®" denotes actions and assumptions articulated in the presentation of the foundation's domestic efforts and "+" denotes a concept brought up in discussion.

Table C.1
Actions and Assumptions from the Perspective of Philanthropy

Action	Assumption
® Support research and evidence-based analysis (+ or, rather, "problem scoping")	® Social contract deteriorating (+ but was already bad and will continue to at least be as bad) + Research can help guide actions + Focus on demand-side interventions, "making bad jobs better" and "creating jobs that fit the labor force"—supply side (skills development) will be addressed elsewhere
® Foster pilots and demonstrations	® Growing insecurity due to erosion of employer-based benefits ® Fiscal challenges yield opportunities + The intervention is a unique and effective specialty for the foundation + Pilots will scale + Pilots will be sustained outside of philanthropy
® Promote adoption of specific policies + Foster cross-collaboration (in terms of networks and capacity)	+ Long-term jobs will be available in sectors targeted for low-income workers + Scarcity (of time and resources) + Problem can be addressed + It is possible to change course

Over the course of the group's discussion, several important points were raised. First, pilot studies are intrinsically valuable in two ways: (1) they provide proof by example and (2) they serve as a test-bed for innovation. In doing a pilot, so much of implementation consists of finding ways to allow the pilot to occur within the current system. Nevertheless, even good pilot projects are typically dropped due to financial shortfalls once the initial benefactor steps away. Second, the private sector historically has been an option for solutions when there are strong enough stakes (for the firm itself) to get involved. Third, the importance of cross-collaboration was stressed repeatedly and vigorously, as it should be the most basic tenet of intervention planning and must involve stakeholders from each of the public, private, and philanthropic sectors affected by the program. Finally, one participant defined four necessary conditions for an innovation to be carried out:

1. How the mechanism works should be well understood.
2. It should be evident that the program is doable.

3. The program must be scalable.
4. The program must be financially viable.

The breakout activity asked participants a series of interrelated questions, including

- When do we know we have a problem? What are the indicators?
- Given the indicators, what implicit assumptions are we making by trying to solve the problem?
- How big is the problem, and who will want to help solve the problem?
- What would a successful intervention look like? How do we measure success?

Answers to these questions were discussed in terms of *signposts*, *assumptions*, *shaping activities*, and *actions*:

- signposts
  - Distributions are shifting.
  - Quantifiable gaps exist.
  - Expectations have not been met.
- assumptions
  - There is a cost associated with leaving groups behind.
  - Individuals and populations can change.
  - Signposts represent severe societal problems.
- shaping activities
  - Identify and engage stakeholders, and engage change agents.
  - Define the status quo with data.
- actions
  - Define the intervention.
  - Communicate the intervention in a meaningful way, given signposts.
  - Define and measure success.

In the second segment of the discussion, the group looked at the design of a hypothetical job training program for the poor and vulnerable. This population was defined as those in Los Angeles County on "General Relief" who were receiving $221 per month in government assistance and were enrolled in General Relief Opportunities for Work (GROW), the compulsory job training program that serves the most destitute group in the county. Sixty percent of people on county General Relief are homeless. Here are the factors the group considered.

- action
  - Build the GROW program.
  - Reinforce the community college system.
  - Initiate lifelong learning programs.
  - Develop more internships and mentorships.
  - Foster strong public education (kindergarten through 12th grade).
  - Provide for more-flexible

- training assumptions
  – Jobs are available for those who receive training.
  – Training provides needed skills.
  – There is a jobs-skills mismatch.
  – People in the program need to switch careers.
  – There are incentives for the private sector to invest in retraining.
  – Employers find trainees to be "credible" employees.
  – Standardized training is good for all.
  – Individuals will want to learn and work.
- signposts
  – surveys of industrial training programs
  – testing the assumption that increased education leads to higher income
  – asking why people work
- shaping actions
  – Research motivations.
  – Conduct cost-benefit analysis of training for older workers.
  – Develop methods of training.
  – Examine models from recertification programs in different industrial sectors.

The German model—training students from an early age (around 14 years old) for a specific trade and continuing to train them throughout their working lives using public-private funding—was discussed as a possible solution to the job-skills mismatch problem, but the idea of early tracking to a specific career was said to go against the liberal-arts ethos of American culture. Differing needs in conceptualizing programs for scale-up versus scale-out were also discussed.

Breakout Group B
The discussion in Breakout Group B first focused on the recent history of programs for the homeless in Santa Monica and greater the Los Angeles area. Recent programs to end homelessness have focused on identifying and housing the 50 most vulnerable individuals living on the streets. The group was able to chart the development of this new program using the ABP format (i.e., signposts, assumptions, shaping activities, and actions), which was introduced to the whole group during the morning session. The new homeless program has been in place for four years and currently has a 95-percent retention rate, which has set a new precedent for serving the homeless. Many had said that it would be "impossible" to house these individuals.

The group identified assumptions, made at the start of the program, that, when they proved true, helped contribute to its success. These assumptions included the following:

- The 50 most vulnerable homeless individuals can be identified.
- These individuals do not want to be on the street.
- Working with the 50 most vulnerable sends a powerful signal to the community.
- Government services work.
- Demonstrating success would facilitate scale-up.
- The government can shift its perception of and approach to homelessness.

Some of the actions that were taken based on these assumptions included the following:

- Identify the 50 most vulnerable.
- Move them into housing.
- Support them around the clock.

Other shaping activities were discussed. One participant was emphatic that the reason why new attempts to end homelessness in Los Angeles have worked is due to a shift in perception. It was apparent that leadership was on a mission to end homelessness—a much more aggressive goal than to "manage homelessness"—and this energy permeated stakeholders. Program leaders also noted that community buy-in was a critical to success. A memorandum of understanding agreed to by contributing organizations helped motivate community participation.

There have been several attempts to replicate the program, all which have included some adjustments that account for local culture and other unique circumstances of a municipality. However, there was no clear consensus as to how this program can be scaled up.

Emphasis on the cost-benefit analysis associated with getting the most vulnerable off the streets helped to justify expenditures. This success story occurred after many unsuccessful attempts to provide services to the homeless. The ABP framework was a useful tool for analyzing program components that were said to be critical to success, the implementation strategy, and program outcomes.

The conversation continued with a discussion of whether this program model could be applied to other issues and populations. The group was challenged with the following question: Given that profiles of the homeless are changing over time, what can social-service providers learn from this case study? The group responded by identifying the following signpost of change and discussing the following assumptions, shaping activities, and actions:

- signpost
    - Profiles within the homeless population are changing and include more families and veterans.
- assumptions
    - The 50 most vulnerable families or veterans can be identified.
    - There is a quantifiable cost to society associated with new homeless populations.
- shaping activities
    - Engage the Department of Veterans Affairs.
    - Gather data.
- actions
    - Identify the 50 most vulnerable families and veterans.
    - Move them into housing.
    - Support them around the clock.

Later in the breakout session, the group turned to a more general discussion of social issues and change. The conversation evolved into a discussion of the similarities and differences between local interventions and national reform. The group considered the merits and challenges of broad-based, national policy reform of "root causes" and of local interventions that target a specific population (see Table C.1). The group learned that there is a measurable correlation between the policy tools that are used, the grievances experienced by individuals and society, and the communities that

support such reforms. Participants compared the Dream Act, a small-scale intervention that targets U.S. high school graduates who are illegal aliens, with the prospect of "legalizing all illegal immigrants." There was little debate that the Dream Act seemed relatively feasible and reasonable when compared with the prospect of legalizing all illegal immigrants.

Overall, the discussion provided participants with the opportunity to dissect the components of a successful intervention, apply lessons learned to new social challenges, and consider how small, local interventions relate back to national reform.

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