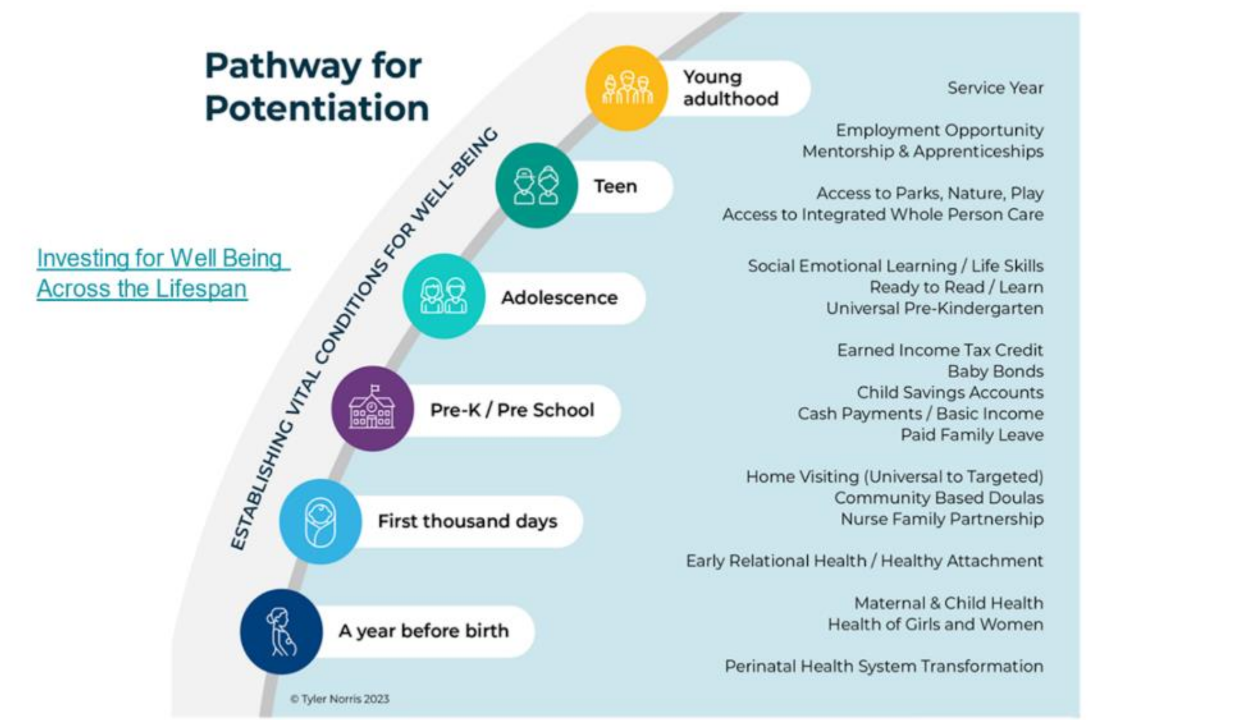
November 13, 2025

Investment Thesis of the Investing in Flourishing Design Team

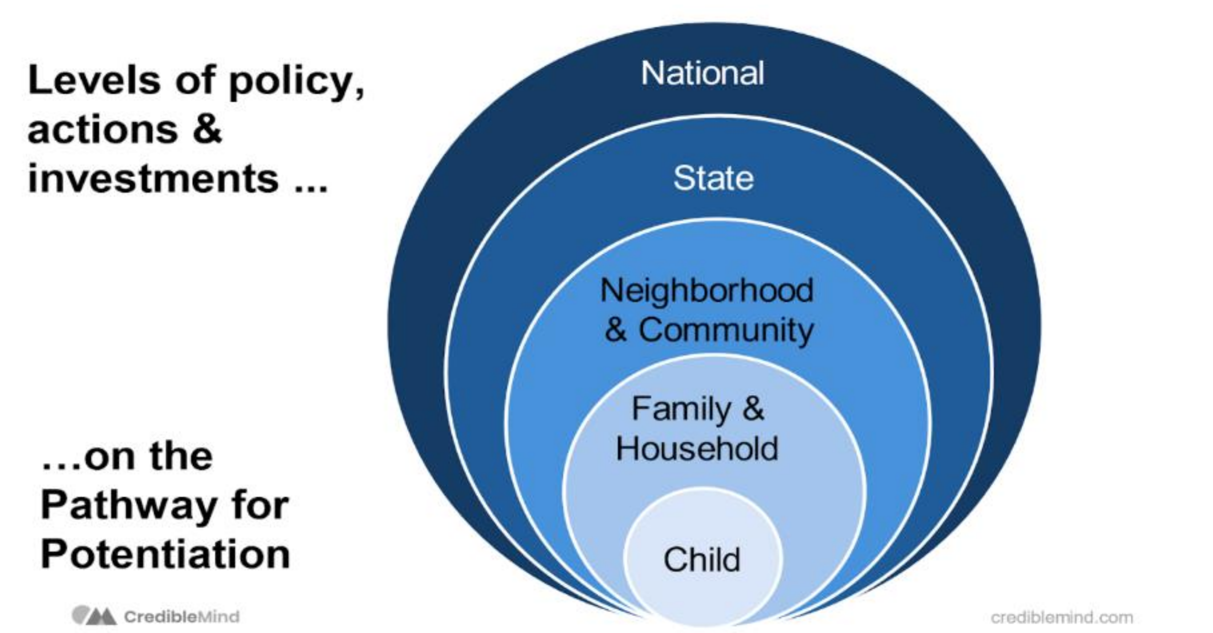
A substantial proportion of our youth is being left behind. They are living shorter lives of less or limited opportunity. Ensuring that all our youth have the opportunity to flourish is essential to our values, but also to our future economy and national security. It is also smart public and private economics. Increasing investment "upstream" to address community vital conditions, health related social needs (HRSNs), primary care/behavioral health, and prevention so that youth, their families, and their neighborhoods flourish is far less expensive in the medium and longer term than our current policy of spending most related public and private funding in reaction to illness and social failure.

Flipping America's youth services funding paradigm to investing in thriving should improve lives and create significant return on investment.



Therefore, we are on a mission to redirect, to transform, American investment in youth. We seek to unlock significant investment from multiple sources in a high-impact portfolio of actions to help youth to flourish, to succeed along what we call the *"Pathway for Potentiation"* from a year before birth to young adulthood. For there to be fully equitable opportunity for all our youth, action is required at five levels:

- Societal structures (e.g., income inequality)
- Government policy (e.g., child tax credit, WIC, SNAP, Medicaid, education)
- Community/neighborhood building wealth (e.g., local businesses)
- Community/neighborhood vital conditions (e.g., affordable housing, transportation, safety, building civic muscle)
- Individual/family vital conditions (wraparound, holistic, integrated clinical & human services).



We will actively advocate for supporting policies in the first two categories (national and state). We will seek to design and demonstrate solutions funded by new financial approaches for the following three, including and especially approaches to coordinating them, making them mutually supportive, so that communities can contextually reduce investment risk and enhance success odds.

There is considerable evidence that replacing social failure and illness with flourishing/whole health produces measurable ROI in multiple sectors, for multiple public and private organizations that today are expending enormous sums of money to fund sickness and social failure. Thus, this approach holds the promise of increasing upstream investment in flourishing by indirectly (leveraging private capital) redirecting existing public and private spending. That is our thesis.

On the way to this funding transformation, we face fundamental conceptual challenges in expanding investment in the vital conditions that produce flourishing communities and youth: how we invest, how much we invest, and who we can get to invest. Our strong focus on hand-in-glove work with communities is to create real-world deployments that produce continually improving answers to these questions.

Fragmentation of action and service delivery. How we invest today ("Uses" of funds) is extraordinarily fragmented. Experts in our Design Team have already demonstrated the existing richness of knowledge about the value of individual actions/interventions. But these individual actions need to be integrated into comprehensive systems to produce comprehensive flourishing – and financial impact. Few stand on their own. However, in most communities there is little coordination in prioritizing and maximizing community impact from the various unconnected programs present or available to address wealth building and vital conditions in the neighborhoods suffering the most disparities. This fragmentation, this siloing by agency or program, is replicated in the delivery of clinical and human services to individual children and their families.

And the fragmentation is by itself a major problem. Why do we expect the people with the least resources in our society to be the coordinators and navigators of complex clinical and social service programs? We make them responsible for solving the almost complete lack of integration of service delivery. Moreover, funds are seldom available to pay for collaboration and integration, for formal joint action, at or between the wealth building, vital conditions, or individual service levels.

How much to invest? We do not know the optimal additional upstream investment needed. Let us start with funding collaboration, the area with the least support today. This means funding the "center," the people, financial, and informational backbones linking the collaborations at and between the levels described above. It also means funding the time that staff of individual participating providers spend collaborating, about organizational management, and in support of individuals. Moreover, we must expand direct services, funding stronger parent services, primary care, public health, and the like.

Attribution of action. One essential component of attracting additional funding, particularly from the private sector, is producing *attributable* return on investment so we can identify the specific savings our actions created across multiple sectors. That creates the basis for negotiating a share of those benefits, which in turn provides funds to repay the investors in thriving, whether they are philanthropic, impact, or commercial. We refer to this as "attributable lives."

Fragmentation of ROI. If we integrate services upstream and successfully cause attributable flourishing, downstream savings and benefits will be created in multiple sectors for third parties, public and private. However, the necessary structures and procedures generally do not currently exist to identify and measure those, much less negotiate to receive a share of them. This is often described as the wrong pocket problem. While results are produced by collaborative action, for any specific effort or community a single entity is needed to negotiate shared savings contracts with those beneficiary organizations. That central entity (we call a "Flourishing Council") will blend/braid multiple revenue streams from the multiple benefiting parties to fund its programs, including repaying the initial investments.

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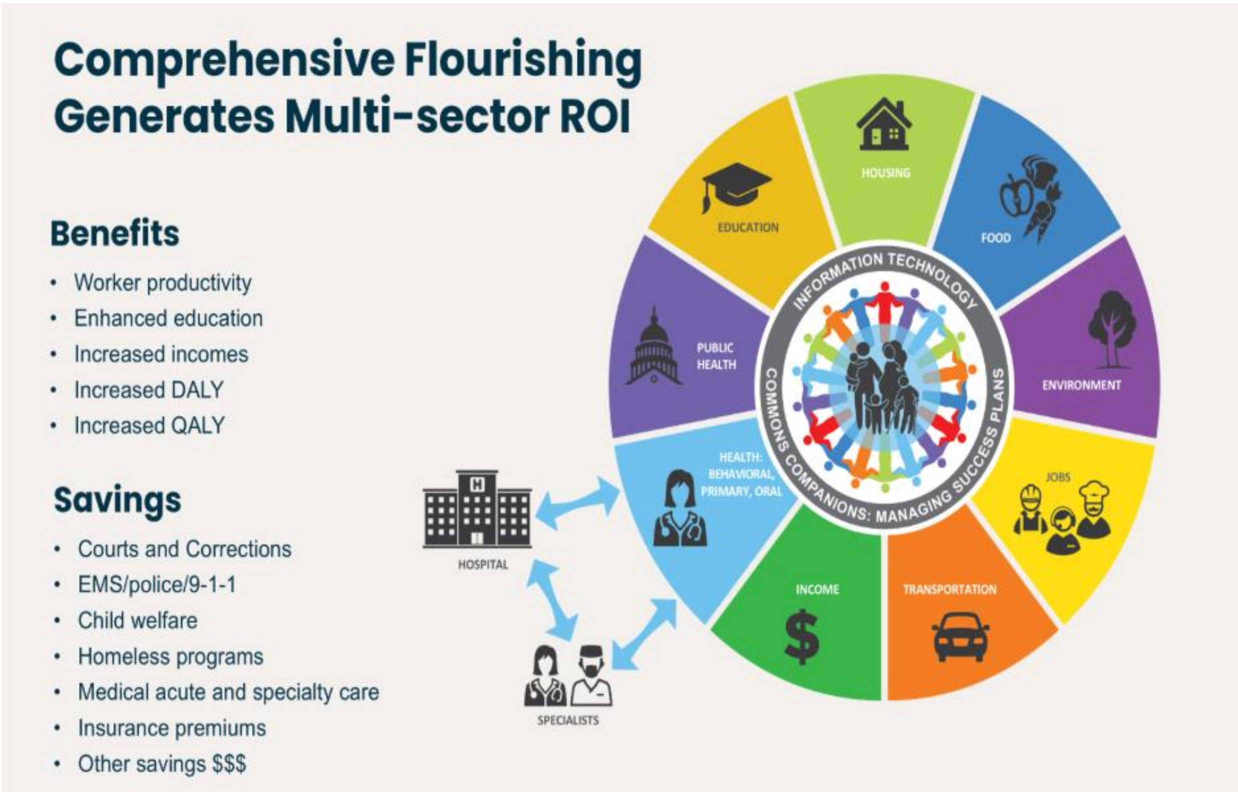

Fragmentation of risk; synergies of collaboration: Specific actions to invest in local businesses, to improve vital conditions in neighborhoods, and to help the lives of individuals/families in them should be mutually reinforcing and supporting. Each should not have to stand on its own financially, suffering from classic wrong pocket isolation, as they do today. Each major action or area of action should reduce the risk of investing in "adjoining" actions to the extent possible, creating "contextual risk reduction." Indeed, they should create synergies in impact and return on investment. These additional benefits are much more likely if there is far more coordination, particularly between neighborhood level action on vital conditions (e.g., housing, day care) and support for individuals/families ("attributable lives").

The path forward. Where are we? What do we know about helping youth and neighborhoods holistically to thrive, and if we are successful, what are the benefits that are produced beyond the individuals and their families that might be used to enhance investment in the first place?

- We have a partially complete jigsaw puzzle of scores, perhaps hundreds, of puzzle pieces, each representing one or more studies of (1) the impact on youth of specific community actions, and (2) combinations of clinical care/prevention and early "upstream" social/human services interventions with children and their families. Moreover, we have the results of some specific national policies, such as income support for low-income families.
- Each puzzle piece represents one or more interventions/supports with three dimensions of the return on investment of those actions: (Dimension 1) one or more sectors/fields where the value/return will accrue (e.g., education, corrections, health), (Dimension 2) size/value of benefit, and (Dimension 3) the time needed for the value/return to emerge.
- Some puzzle pieces may well have a synergistic impact when linked with others, but in most cases (as with the multiple sectors that benefit), this has not been measured (due to data in sectoral silos and lack of trials of comprehensive or multi-factor programs). This is particularly true in testing new comprehensive collaboration ideas in communities located in states with favorable supporting policies for all or many youth (e.g., state EITCs, state-issued baby bonds).
- Most sectors of our society and economy would benefit from "pay for success," to share a portion of the savings produced for them by such action, although most will not invest up front, take the risk themselves now, to produce that success sometime later. This creates a major opportunity for impact and commercial investment, particularly when viewed as part of innovative capital stacks, and when coordinated with government and philanthropic funds.

IIF is on a mission to complete (enough of) the jigsaw puzzle (determining the values of each of those three dimensions, and of the synergies), to attract substantial new funds for youth to flourish and to make existing investment more effective. While some high impact programs/interventions may be ready now for additional investment, we believe substantial increase in investment, much less transforming the current spending priorities, will require comprehensive community demonstrations that produce comprehensive ROI information.

The opportunity is particularly exciting for comprehensive, cross-sectoral wraparound programs to achieve flourishing, particularly when coordinated with investments in the same neighborhoods. There is little experience with that formally combined approach.

This is particularly true with synergies that may be expected from coordinated investment in (1) community vital conditions and (2) cross sectoral programs supporting specific individuals and their families. Therefore, we assume that field demonstrations funded initially largely by grants (substituting for what, in the future, will be commercial or impact investment) need to be undertaken to develop the knowledge base that new investors will require.

As we are identifying the most impactful packages of flourishing producing interventions, the financial savings and other benefits that flow from those, and the most effective community-led organizations to mold and deliver them, we will need expert financial guidance in building the structures, organizations, and systems to effectuate the value proposition. We need to know what investors need on a "unit" basis (e.g., a single community's cross-sectoral collaboration focused on helping youth thrive), and how to scale that into a national market (for example, perhaps investing in an organization serving multiple such efforts in multiple communities). We will need:

- Financial organizations to assemble and manage the complex finances (alone or with partners) of multi-sector, multi-level community investment, assembling appropriate kinds of investment and capital stacks for multiple, mutually supportive projects -- while being the trusted and effective finance partner to formal community collaborations. This may be a full or partial risk bearing role. Each community will not be a single kind of investment with one level of risk and return. It will require coordinated, parallel investments in attributable lives along with vital conditions in the same communities, and do so in states and regions with supportive policies;

- A new system of complex metrics for measuring success, and progress toward success, in a multivariate, multisector, shared savings environment that needs operations and outcomes data (and an umpire?) that can be trusted; and

- To plan ahead for the day when there are scores of ROI-producing local collaborative enterprises, supported by such financial partners. Then we will need financial market innovations and structures to encourage efficient investment in multiple versions of such local opportunities. What are the structures and standards that should be established? How should due diligence on the local enterprises be done? How is risk diversified? How should some programmatic matters be standardized to create national markets, while recognizing that the efficacy of these comprehensive, integrated approaches to helping youth flourish fundamentally rests on community leadership and control?