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American Dream: Behind a Tech Billionaire's Bid to Bolster the Middle Class

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When Eric Schmidt stepped down as executive chairman of Alphabet Inc., one thing was clear: His philanthropic career was just getting underway. Worth around \$14 billion, Schmidt has the heft to pour significant resources into Schmidt Futures, the “venture facility for public benefit” he unveiled with his wife Wendy in 2017. Schmidt Futures embraces a range of strategies, from traditional grantmaking to private investing and startup incubation.

Even as Big Tech comes under growing attack, the former Google chief has a sunny outlook on the potential of science and tech to improve the world, and [several ventures from Schmidt Futures strongly reflect that position](#). But like the philanthropy of other tech winners, Schmidt’s giving also acknowledges that something must be done to combat rampant economic inequality. The [Alliance for the American Dream](#) is Schmidt Futures’ headline effort to tackle that challenge.

To bolster America’s flagging middle class, the alliance envisions a network of places across the country where public research universities can act as focal points to expand opportunity in distressed communities. Its inaugural year saw the alliance source ideas from teams based at four universities: Arizona State, Ohio State, the University of Utah and the University of Wisconsin. The goal: identify policy, tech and business ideas that could raise net income for 10,000 local middle class households 10 percent by 2020.

Schmidt Futures [announced](#) the inaugural competition’s winners earlier this year. From a pool of

around 300 applications, it selected five teams representing all four of the schools involved. It's investing \$3 million across all five ideas and plans to hold a second round of the competition through the summer of 2020.

A Techno-Optimist Approach

Before we delve into what the alliance winners are working on, it's worth taking a broader look at Eric Schmidt's philanthropy and why the competition was structured this way in the first place.

The creation of Schmidt Futures came after years of giving by Schmidt and his wife Wendy, including the 11th Hour Project through the Schmidt Family Foundation and its environmental arm, led by Wendy. The Schmidts also co-founded the Schmidt Ocean Institute, which works to "advance the frontiers of global marine research," and last reported assets of around \$44 million.

Schmidt Futures signals a broader agenda for impact going forward and the decision to create the vehicle that can go beyond 501(c)(3) approaches wasn't surprising: The Omidyar Network, the Chan Zuckerberg Initiative, and the Emerson Collective are structured similarly, which allows for impact investing and political giving alongside traditional grantmaking.

But while many of these new tech philanthropies fund science and technology, Schmidt starts there. Across its funding areas, Schmidt Futures very much reflects its founder's dedication to scientific research, technological expertise, and the ability of private enterprise to solve big problems.

One of the new outfit's ventures, Schmidt Science Fellows, [provides post-doctoral support to promising scientific talent](#). Now in its second year, the program is significantly larger than the Alliance for the American Dream at \$25 million—and that's just one portion of a larger \$100 million commitment to scientific leadership and interdisciplinary research.

But even though Schmidt Futures is quite bullish about science and tech, a note of doubt permeates its messaging. “This should be a golden age for scientific discovery,” begins [an overview](#) of the organization's “scientific knowledge” work. “However, a variety of institutional and societal factors have combined to prevent us from reaping full potential benefits of this advancement.” Schmidt Futures cites political considerations (i.e. climate change denial), increasingly obsolete research silos, and diminished public sector investment in basic research.

Schmidt's a huge fan of the robust federal research funding that characterized post-World War II technological development—and set the stage for his own digital-age riches. [In an op-ed](#) he co-authored with Eric S. Lander of the Broad Institute, Schmidt heaps praise on America's tradition of federal research funding, calling it the nation's “Miracle Machine.” He argues, “While investing in basic research typically doesn't make sense for a business, it has been a winning strategy for our nation.”

Given that stance, Schmidt is understandably committed to what universities have to offer, not only as centers of research, but as launching pads to take on society's greatest challenges. The Alliance for the American Dream draws on that, and reflects a growing

debate over how to deal with Information Age inequity and a diminished middle class.

Tackling Unique Local Problems

The first thing to know about the projects receiving support from the alliance is that they're deeply local. And their geographies aren't arbitrary. According to Cassie Crockett, who leads the alliance project, the communities involved were chosen for several characteristics. "First, they're anchored by a strong public research university that can act as both a talent magnet and a long-term home for local innovation. Second, each of these communities has shown the ability to build cross-sectoral partnerships to effect change locally," she said.

Crockett also pointed to the many good ideas Schmidt Futures encountered in each community and the fact that the communities themselves reflect the nation's diversity. "Each of them faces unique problems with regard to moving people out of poverty and into the middle class," she said. The alliance is a clear attempt to buoy the prospects of workers living away from vibrant coastal economies, areas where philanthropy still lags despite increased attention post-2016. "While talent is equally distributed throughout America, opportunity is not," Crockett said.

As it evaluated proposals, Schmidt Futures looked for interdisciplinary potential (remember Schmidt's suspicion of siloed research), grounding in current tools and tech, and consideration for diverse populations. Longevity of impact was also a factor.

Two teams shared first place: LIFT Dane in Wisconsin and Project Benjamin in Arizona. LIFT Dane is a platform for free legal services developed by the UW Law School with Legal Action of Wisconsin and the Employment and Training Association of Dane County. The aim is to remove barriers to employment among the residents of Wisconsin's Dane County by gathering data on common legal hangups (driver's license suspensions, child support arrears, and the like), conducting legal checkups, and connecting residents to legal aid. Project Benjamin takes on a different problem—incomplete FAFSA applications among area high school students, using an AI-powered chatbot to field their questions.

Three more projects shared second place: Utah's Coal Country Strike Team, Ohio's Power of Home, and Wisconsin's We Care for Dane Kids. The Ohio project is another digital platform, this time to help local homeowners solidify their finances by connecting them to revolving loan funds, decision-making tools and incentive programs. The Utah and Wisconsin projects are a bit more wide-ranging, envisioning revitalization across two diminished coal counties and a lagging childcare ecosystem, respectively.

Just One Part of the Solution

There's a lot to like about what Schmidt Futures is trying to accomplish, especially in regions of the country that could use a leg up. But we should insert our usual caveat about workforce development and technocratic attempts to spur opportunity: Namely, that those investments need to be complemented by policy and advocacy efforts that bolster the rights and wages of unskilled, low-income workers.

Utah is a case in point. Nearly a quarter of the state's jobs are low-wage occupations, typically without benefits. Unlike many other states, Utah hasn't raised the minimum wage, which languishes at \$7.25 an hour, a rate set by Congress over a decade ago.

Philanthropists emerging from business often don't have much appetite for taking the side of low-wage workers in battles over economic policy, and it remains to be seen how Eric Schmidt's giving will evolve in that regard. But Schmidt and other donors like him need to remember that the growth of the middle class during the early post-war period—the so-called "Great Compression"—relied upon unions and labor policy reforms that transformed insecure low-wage jobs into middle class occupations that could bankroll the American Dream. At a time when half of workers earn under [\\$30,000 a year](#) and a third of workers lack access to a pension plan, that lesson is important to bear in mind.

It's also worth noting that place-based efforts to nurture new businesses, spur innovation, and upskill workers have yielded decidedly mixed results. This work is easily undermined by larger structural economic forces, corporate practices, and public policies that erode worker security and strip wealth from communities. ([Just ask the Mott Foundation.](#)) Until philanthropists start thinking more systemically about equity, and get more political, their grand plans to revive the American Dream may keep coming up short.

In the meantime, though, there's still a tremendous amount of inefficiency and disorganization among public, private and nonprofit actors on the local level.

That's where technocratic strategies like Schmidt's can make inroads. As one example, JFF is a major proponent of the tech-minded, partnership-driven strategies Schmidt is investing in. It recently partnered with Schmidt Futures on [the \\$1 Billion Wage Gain Challenge](#), a "moonshot" project that is "complementary and connected" to the Alliance for the American Dream.

The challenge's goal is similar in structure: raise annual wages of at least 100,000 workers by at least \$10,000 by 2021. Two winners came out on top—a mobile career-coaching platform called Cell-Ed Works and a "brain science-informed" mentoring platform by the name of EMPath. In a deeply uncertain labor market, "there's a critical role for impact investors focused on the ways that technology and innovation can support meaningful wage gains for workers across the country," said Stephen Yadzinski, managing director at JFF.

That role will remain critical into the foreseeable future. But so will greater attention to the systemic forces behind economic inequity. And that's a space few big tech funders have yet been willing to enter.

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