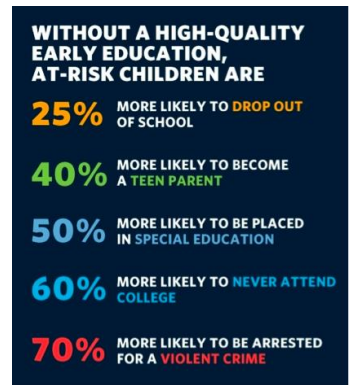


Building Investments in Healthy Human Development

The Challenge

Early childhood is a critical period in human development by nearly every measure; education attainment, earning capacity, civic contribution and lifelong health. Children who experience greater adversity and have fewer protective and promoting influences in their lives are likely to suffer a significant loss of human potential, representing an enormous opportunity cost for them as individuals and for our nation. Nearly 50% of all children in America are exposed to this risk. But where there is risk there is also opportunity. There are now many evidence-based approaches proven to expand human opportunity and to shepherd children to an adulthood of health, emotional and financial security. Yet the widespread implementation of these interventions is often blocked by the financial obstacles of limited revenue, inability to capture a return on investment, long time horizons that deter private capital, or outdated payment models that do not reward the creation of value and sustainability of impact.



The Partnership

The UCLA Center for Healthier Children, Families and Communities (UCLA) and Avivar Capital (Avivar) are launching a partnership focused on developing financial investment strategies to optimize health and human development over the life course. At the core of this effort is the value of producing young adults who are healthy, emotionally secure, and ready for fulfilling and productive roles in the economy. For this reason, we will begin by addressing new financing strategies for optimizing the healthy development and school readiness of children prior to kindergarten entry. It is at this early stage that the greatest human and financial opportunities lie, and where future human potential is either cemented or diminished.

The partnership has engaged faculty from UCLA's schools of public health, public policy, business, and medicine, and will also leverage a long-standing alliance with the Federal Reserve Bank of San Francisco as well as other philanthropic and private financial institutions. These organizations will be engaged to develop, implement, evaluate, and promote the most effective, innovative financing of healthy childhood development.

Our Goals

Our goals for this partnership are to reduce the staggering and needless loss of health and development potential and to address the growing disparity of opportunity that plagues our nation. These goals are guided by mounting scientific and economic research that demonstrates the opportunity to save billions of dollars for our nation's overburdened health, human services and criminal justice systems, freeing up capital for crucial investments in the future of our society

Our Work

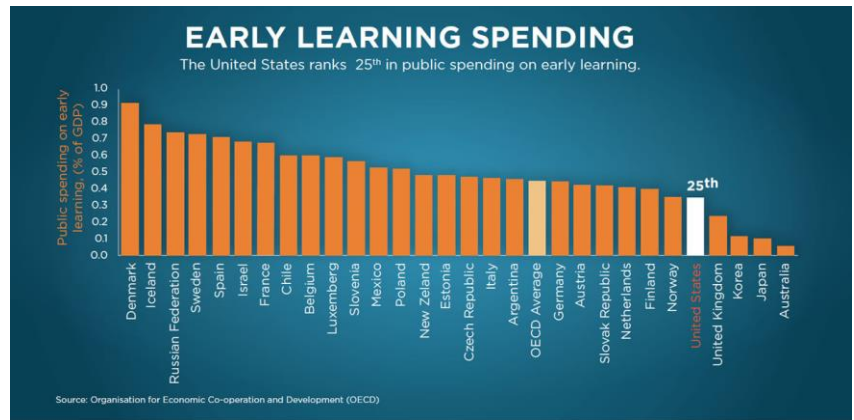
The partnership will leverage the existing and rapidly evolving science around what works in early childhood development to structure, test and innovate financial instruments that can deliver improved health and development outcomes along with predictable financial return to impact investors seeking a double bottom line.

Phase I of the project will include include research into the scope of the current state of early childhood interventions and investments, including a literature review and an analysis of the most significant financial burdens to society stemming from a lack of resources for children in the earliest stages of life. We will also assess and determine the interventions that deliver the most social and financial value for young children and their families. Further, we will review and analyze the existing financial instruments and contracting models that enable the sustainable financing of programs that optimize human development, minimize disparities and generate a predictable ROI. We will conclude Phase I by holding a convening in partnership with the Federal Reserve Bank of San Francisco to hone the design of the financial instruments and contracting structures we seek to test, as well as to finalize the range of interventions on which we will test them.

Phase II will include a practical application of the insights gained from the Phase I research and scoping. We will develop a portfolio of financial instruments and contracting models across a continuum of interventions that together are expected to optimize human development and mitigate the most significant financial and social burdens to society resulting from lost potential.



Examples of practical applications might include the development of financing instruments for interventions aimed at improving healthy birth outcomes (reducing infant mortality, prematurity and low birth weight), addressing the epidemic of maternal depression, and optimizing physical growth (avoiding obesity) in the early years. Each of these outcomes has been proven to have substantial long term health and development impacts with significant potential financial returns that are rarely captured and valued. A further application could include a contracting model among several agencies to invest in and realize financial savings by improving kindergarten readiness outcomes utilizing a multi-component intervention strategy. Kindergarten readiness is a well-established benchmark for future success and many of the variables associated with it are well-documented. While these examples are provided as an illustration of what is possible, the work of Phase I will conclude with finalizing the portfolio of investments and interventions to be applied in Phase II.



About Us

Neal Halfon, MD, MPH is founding director of the UCLA Center for Healthier Children, Families and Communities and is professor of pediatrics in the David Geffen School of Medicine; health policy and management in the UCLA Fielding School of Public Health; and public policy in the UCLA Luskin School of Public Affairs. For more than two decades Dr. Halfon has been instrumental in advancing research, policy and systems innovations focused on the healthy development of children at local, national and international levels. The Center for Healthier Children, Families and Communities has recently created an interdisciplinary platform at UCLA to pursue trans-disciplinary research, as a mechanism to launch significant community-based research, policy and practice.

Tina N. Castro, CFA is co-founder and principal of Avivar Capital. Ms. Castro brings over 11 years of experience in the fields of finance and investment management including most recently more than five years as the Director of Impact Investing for The California Endowment (TCE) and prior to that, six years in the Investment Management Division at Goldman, Sachs & Co. At TCE, Tina developed the Freshworks Fund, a private-public partnership loan fund that has raised \$272 million to invest in bringing grocery stores and other forms of healthy food retailers to underserved communities.

Lisa Richter, MBA is co-founder and principal of Avivar Capital. Previously, Ms. Richter co-founded and led GPS Capital Partners, a national consultancy that assists foundations and other institutions to design and execute impact investing strategies. Ms. Richter brings over two decades of fund management and investing experience spanning asset classes, return expectations, geographies and issue areas, and frequently incorporating place-based or sector focus to increase equitable access to opportunity.

Fred Zimmerman, PhD is a Professor in the Department of Health Policy & Management. Dr. Zimmerman is an economist with a background in institutional and behavioral economics. His research illuminates the intersection of economics and the determinants of health. He has a particular interest in how economic structure—including poverty and inequality—influence population health. Dr. Zimmerman published one of the earliest agent-based models in economics, and his research has continued to focus on ways in which economic status influences health outcomes.

Bhagwan Chowdhry, PhD, is Professor of Finance at UCLA Anderson. Dr. Chowdhry's research interests are in International Finance and Corporate Finance and Strategy. Microfinance has been his recent teaching, research and applied interest. He has also recently proposed a Financial Access at Birth (FAB) initiative in which every child born in the world is given an initial deposit of \$100 in an online bank account to guarantee that everyone in the world will have access to financial services in a few decades.

Bowen Chung, MD MSHS is Assistant Professor in Residence in the Department of Psychiatry at the David Geffen School of Medicine at UCLA and an Adjunct Scientist at the RAND Corporation. Dr. Chung's career interests are in community partnered participatory research, community based participatory research, quality improvement for depression care, health disparities, and quality of care for pediatric populations.

Olivia B. Kelly, MPH is Program Manager of Health and Social Impact at CHCFC. She recently earned her MPH at UCLA's Fielding School of Public Health, in the Department of Health Policy & Management. Her areas of interest include behavioral economics at the intersection of health and education policy. Prior to her Masters, Ms. Kelly worked as the Communications Director for then-Los Angeles City Councilmember Janice Hahn, and as a political field organizer and writer.

For more information, contact: Olivia Kelly, okelly@mednet.ucla.edu, 310-312-9215
Sources: *The Center for American Progress*; *The Pew Center on the States*; *The OECD*