

About the UP Fund

Catalytic capital to expand employment opportunity for historically marginalized populations in the United States

Social Finance's UP Fund expands access to high quality workforce training and well-paying jobs for historically marginalized populations.

The John D. and Catherine T. MacArthur Foundation's \$5 million program-related equity investment will enable the UP Fund to further its impact in the U.S. and demonstrate the effectiveness of combining alternative financing with the social services students need to succeed. MacArthur joins other investors, including the Blue Meridian Partners and Schmidt Futures.



Photo credit: General Assembly

Why It Matters

Over the [last 40 years](#), wages for the majority of the U.S. workforce flattened, with the 2019 Hispanic to White wage gap at 10.8 percent and Black to White wage gap at 14.9 percent. In addition, steady disinvestment in the U.S. public workforce system has contributed to limited economic mobility and a growing mismatch in job skills and demand. And while many workforce education programs have strong track records, low-income people are often unable to access them because they cannot afford the upfront costs and lack access to critical supports.

How It Works

The UP Fund addresses these challenges with Career Impact Bonds (CIBs) that combine flexible financing with support services to help students access best-in-class training programs that lead to well-paying jobs. Each CIB training provider has a demonstrated track record of helping students secure good jobs.

CIBs are designed to better align incentives among students, training providers, and financing providers. Unlike traditional student loans, students only make payments if and when they secure a job above a predetermined income threshold. CIB payments are a fixed percentage of income, capped at a certain dollar amount and for a limited period of time.

The UP Fund focuses on people who face barriers to high-quality education and training including un- and under-employed individuals, Black and Latinx students, veterans, and formerly incarcerated individuals. The CIB partners with training programs in high-demand sectors, including information technology, health care, and skilled trades.

Over its lifetime, the UP Fund expects to invest in 8-12 CIBs, providing workforce training and employment opportunity to more than five thousand students. The UP Fund demonstrates the power of catalytic capital to pioneer innovative financial vehicles and reach people who otherwise lack access to capital.

If successful, the UP Fund has the potential to help build the case for alternative pathways to employment and serve as a replicable model. Helping historically marginalized populations access meaningful employment can increase well-being and economic mobility, keys to building a more equitable future.

The UP Fund is a field partnership of the Catalytic Capital Consortium, which is an investment, learning, and market development initiative launched by the John D. and Catherine T. MacArthur Foundation, in partnership with The Rockefeller Foundation and Omidyar Network. The Consortium informs and inspires the use of catalytic capital globally to help enterprises and funds access the financing they need to innovate, scale, and sustain high-impact strategies that further the UN Sustainable Development Goals.

To advance the Catalytic Capital Consortium, MacArthur is investing in a series of funds or intermediaries that demonstrate a powerful use of catalytic capital across sectors and geographies.