

# Advancing education and child development in Opportunity Zones

The lack of opportunity for children growing up in Opportunity Zones (OZ) is evidence of the deep social and economic divisions that exist in the United States. The policy presents a once-in-a-generation chance to accelerate successful models for improving child outcomes. [Advancing education and child development in Opportunity Zones](#) is a first-of-its-kind resource that provides insights on:

Activating the tax incentive to support child development

Investment-ready projects that create new spaces for learning and childcare

Strategies for local government, anchor institution, and funder engagement

This report is intended for public- and private-sector leaders, entrepreneurs, funders, and investors eager to create pathways of prosperity for the youngest residents in OZs.

**Opportunity Zones:** A bipartisan policy that provides graduated tax benefits to individuals and businesses that make eligible equity investments in designated low-income communities through an Opportunity Fund.

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## A once-in-a-generation opportunity

Children growing up in Opportunity Zones will be mid-career when the tax benefit expires in 2047. Students in the nation's most distressed communities lag far behind their peers in terms of education attainment, economic mobility, and health. The coming years will be formative ones for the 7.5 million children that currently live in OZs. Decades of divestment have isolated them in pockets of poverty, but for the first time, private equity capital is being deployed at scale to improve conditions in their neighborhood thanks to the OZ tax benefit. Driving OZ investment toward child development and education can help address the disparities between OZ children and their peers, but doing so requires innovation and local collaboration.

## Opportunity Zones tax benefits

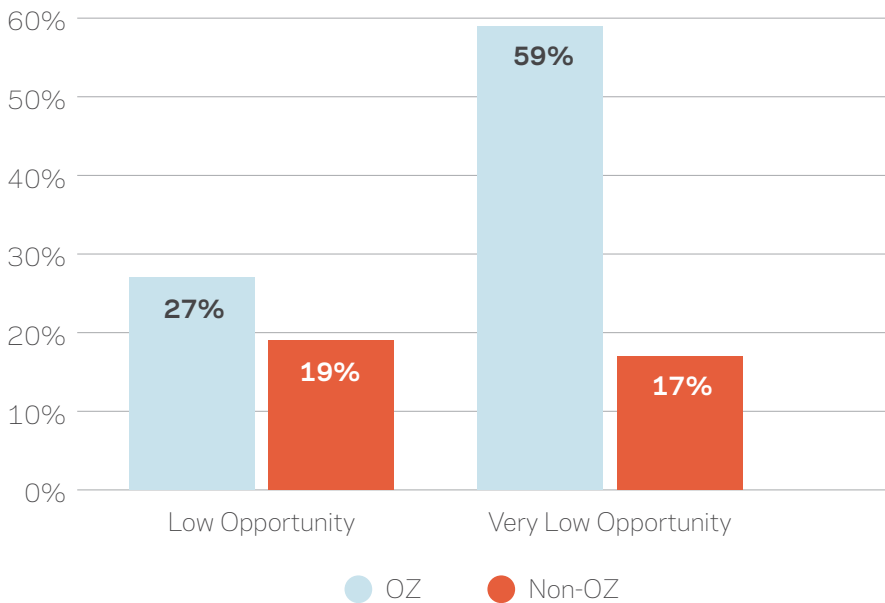
**Temporary tax deferral:** Taxes on capital gains invested in an Opportunity Fund can be deferred until 2026.

**Reduction in tax liability:** Tax liability on capital gains invested in an Opportunity Fund is reduced by 10 percent if invested for five years, and 15 percent if invested for seven years prior to 2026.

**Tax exemption:** Once taxes are paid on the capital gains invested in an Opportunity Fund, appreciation earned on that investment is exempt from taxes if invested for 10 years.

# Share of “low” and “very low” Child Opportunity Index scores

Source: Diversitydatakids.org Child Opportunity Index 2.0 Database, 2015



## Nine out of 10

Opportunity Zones lack high-quality early childcare and schools, safe places for children to live and play, and economic opportunity, according to the Child Opportunity Index.

## Equity capital for projects and businesses

Opportunity Zones investments, policies, and partnerships can address the high-level of need and lack of child opportunity by:

- Expanding and improving spaces for learning and care
- Strengthening businesses that improve the delivery of education and care
- Building local workforce capacity

Government leaders, anchor institutions, and funders can advance OZ initiatives in their communities by:

- Grounding OZ strategies in education and childcare
- Leveraging vacant, underutilized, and surplus property
- Wielding their suite of financing tools to support high-impact projects, businesses, and community organizations
- [Convening local stakeholders](#) to discuss OZ strategies and investment opportunities

### About the Economic Innovation Group (EIG)

The Economic Innovation Group (EIG) is an ideas laboratory and advocacy organization whose mission is to advance solutions that empower entrepreneurs and investors to forge a more dynamic American economy. For more information, visit [eig.org](http://eig.org).

### [Advancing education and child development in Opportunity Zones](#)

This report and accompanying convening guide were developed with support from the Chan Zuckerberg Initiative.

For more information, visit [eig.org/oz-education](http://eig.org/oz-education).