

# Fatherhood, Philanthropy, and a Crusade for Young Children

J.B. Pritzker, heir to the Hyatt fortune, says early-childhood education is the key to the nation's economic future. He wishes more donors agreed.

By NICOLE WALLACE

CHICAGO

**A**N ARTICLE in *The New Republic* sparked J.B. Pritzker's philanthropic passion for helping babies and toddlers learn.

The author argued that investing more in programs for very young children could rein in ballooning elementary- and secondary-school budgets. Intrigued, Mr. Pritzker, a Chicago businessman and heir to the Hyatt hotel fortune, met with advocates, philanthropists, and scholars to find out more. As the new dad learned how critical the first years of life are for brain development and building a strong foundation for future learning, he knew he had found a cause he could dig into.

"I was just blown away by the impact that you could have on people's lives," he says. "The other thing that blew me away was how few philanthropists were engaged in it."

## \$1 Billion in Giving

At 51, Mr. Pritzker has already made a name for himself in philanthropy. He led the fundraising campaign to build the Illinois Holocaust Museum and Education Center, which opened

in 2009. Last year, he and his wife, M.K., gave \$100 million to endow Northwestern University's law school and support social-justice centers that take on cases and train students in areas such as wrongful convictions, international human rights, and justice for children and families.

## GIVING

For nearly 15 years, early-childhood development has been an integral part of the couple's giving. Their biggest commitment to date has been a \$25 million pledge through their family foundation, made as part of the White House Summit on Early Childhood Education in 2014. Among the beneficiaries: Educare, a network of child-care centers for kids from low-income families, run by the Ounce of Prevention Fund. Mr. Pritzker and the couple's foundation have also experimented with a new form of financing — social-impact bonds — to expand high-quality preschool in Chicago and Salt Lake City.

Now the Pritzkers plan to significantly expand their giving to support very young children. The J.B. and M.K. Pritzker Family Foundation, which also supports health care and civil rights, expects to spend more than \$1 billion over the next 20

*Continued on Page 36*



JOHN R. BOEHM

## STRONG FOUNDATIONS

J.B. Pritzker, shown at a pallet company his investment firm owns, has geared his philanthropy toward ensuring that all kids start school ready to learn.

## WORK HARD, THEN GIVE

Family-philanthropy experts often advise donors to add their teenage children to the board of their foundations or give them a pot of money to distribute — but J.B. Pritzker doesn't buy it.

People treat you differently when you have money to give, the father of two says. All of a sudden, you're handsome, funny, the most important person in the world.

"Those things are hard for a young person to process as something other than power," he says. "So you can disable a child and their ambition by giving them power without having to go earn it."

Philanthropy will be more meaningful for wealthy young people if they first find something they're passionate about and strive to excel at it, Mr. Pritzker says.

"Go fight like heck to be successful at something," he says. "Then giving something away is a kind of reward for yourself, what you get to do as a result of having worked hard."



*Continued from Page 35*

years, with the largest portion likely to go to early-childhood development.

Their goal is an ambitious one: to ensure that all children in the United States enter kindergarten ready to learn.

"There's an architect of the City of Chicago named Daniel Burnham who is famous for saying, 'Make no little plans,'" says Mr. Pritzker. "When I think about our philanthropy, I think, 'Make no little plans.'"

### Seeking Partners

Even so, with an estimated 6 million children at risk of starting school unprepared, the couple knows they'll need to enlist other donors. The Pritzker Family Foundation teamed up with the Bridgespan Group, a nonprofit-strategy consulting firm, on a report that analyzes the field of early-childhood development and offers donors a guide to where their gifts can make the biggest difference. Mr. Pritzker makes speeches across the country to rally other businesspeople to the cause.

Government also has to be part of the solution, he says, because "there's not enough philanthropy in the world" to meet the needs of all the children who are at risk of starting school unprepared to learn.

To that end, the Pritzker Family Foundation has started to support policy work, making grants to the First Five Years Fund, which aims to encourage greater federal investment in early childhood, and the Center for Early Learning, an effort by the Silicon Valley Community Foundation to advocate for the same in California.

"It takes philanthropic leadership to do the research, to do the model programs, to figure out what scales well," he says. "That's the risk capital, as I would say in our business, that leads the large funders, which are states and cities and, of course, the federal government, to be willing to put their capital forward."

### Investing in Impact

While Mr. Pritzker grew up in Silicon Valley, his family has deep roots in Chicago. Evidence of the family's generosity is all around the city. The Pritzker School of Medicine at the University of Chicago, Jay Pritzker Pavilion in Millennium Park downtown, the Pritzker Galleries of Impressionism and Post-Impressionism at the Art Institute of Chicago are just a few of the landmarks that bear the storied name.

The family fortune grew out of manufacturing and the Hyatt hotel chain, which J.B.'s father and uncle built. When a legal battle split up the family empire, J.B.'s share was reported to be at least \$1.3 billion. He started a venture- and private-capital company with his brother, Tony, and his net worth has since grown to \$3.4 billion, according to a *Forbes* estimate, thanks to savvy early investments in companies like Facebook and Dollar Shave Club.

Many of the questions that Mr. Pritzker asks as a philanthropist are the same ones he asks as a venture capitalist, says Janet Froetscher, president of the Pritzker Family Foundation. What's the nonprofit's strategy? How strong is the leadership team? Is the organization financially sound?

The only difference, she says, is that while he would ask how a company plans to increase its revenue, he asks how a charity plans to increase its impact. "He looks at it as an investment," says Ms. Froetscher.

As Mr. Pritzker tries to persuade other philanthropists to support early-childhood development, he lays his argument out as a business proposition.

"The single greatest key to our nation's economic security, even potentially to our nation's survival, isn't liquidity in our capital markets or efficient industrial assets or a stabilized currency," he told an audience of corporate leaders in San Diego in February. "Instead, our economic destiny as a nation is dependent on educating the next generation."

No other charitable investment, he told the business leaders, will earn as high a social return — and waiting until children are older to try to fix the achievement gap would be a lot more expensive.

The message resonated, says Laura Kohn, executive director of the Education Synergy Alliance, the nonprofit that hosted the event. One of the alliance's board members, inspired by the talk, committed \$100,000 to the group's P3SD — or Prenatal to 3rd Grade — program, Ms. Kohn says, and a local family foundation added early childhood to its giving priorities.

"It's just really different when someone from the business community says, 'This is fundamental to our economy. This a way we're going to develop our future work force,'" Ms. Kohn says. "People listen to that voice in a way they don't listen to the actual providers."

### Formative Years

Mr. Pritzker dove into early-childhood development around the time his children were born. As he learned about programs that taught parents about different forms of play and how important it is to talk, sing, and read to their children, he was able to apply the lessons at home.

"The parent education that other people were getting, I was getting, too," he says. "It didn't matter your income level, these were all basic principles of raising a family."

Even now that his kids are older, he says, he's aware of the powerful impact that parents have on their children: "They're mimicking your behavior whether they're 1 year old or 13 years old."

Mr. Pritzker's own life changed forever when he was 7 and his father died of a heart attack. His mother died a decade later, before he graduated from high school.

"I don't know whether it led me to early childhood" as a cause, he says. "I don't think I came to it with that in mind, anyway — maybe subconsciously."

But his philanthropy has colored the way he thinks about his difficult childhood. Having learned how important the first years of life are to a child's development, Mr. Pritzker is thankful for how strong his family was during that formative period.

"I had a terrific period of time in my life during those very earliest years, so I feel extraordinarily lucky," he says. "Whether it's made me more compassionate, I'm not sure."

He is certain that his family's long history of giving shaped his bedrock belief in trying to make a difference.

Mr. Pritzker's great-grandfather arrived in the United States from Kiev at age 10. He sold copies of the *Chicago Tribune* on street corners while his father looked for work.

In his first year in the United States, Mr. Pritzker's great-grandfather caught pneumonia

and was treated at a local hospital, even though the family couldn't pay the bill. The nurses had to burn his clothing because it was infested with lice. But eventually the child got better, and when he left the hospital, one of the doctors gave him a dollar and a set of clothes.

That little boy grew up, became a lawyer, and started a successful firm. Many years later, his son — Mr. Pritzker's grandfather — pointed to the treatment his father received as one of the reasons he made a gift to the University of Chicago that put the family name on the medical school.

"I come by it honestly," says Mr. Pritzker.

### Taking Risks

Mr. Pritzker's entrepreneurial spirit, combined with a desire to experiment with new ideas to expand learning programs, has led him to become an early investor in social-impact bonds.

The idea behind this new form of financing is that private investors pay the upfront costs of a social program that has specific performance goals. If an independent evaluator finds that the program met the targets, the government repays the investors and — depending on how good the results were — may add a profit. If the program fails to deliver, investors lose their money.

In 2013, Mr. Pritzker invested \$2.4 million in a social-impact bond in Utah — just the second pay-for-success contract in the United States —

to expand availability of quality preschool to low-income children. The next year the Pritzker Family Foundation invested \$4 million in a similar deal to expand preschool for poor children in Chicago.

Early results have been promising. Of the 595 3- and 4-year-olds in the first year of the Utah effort, 110 of the 4-year-olds tested as likely to need special education when they entered school. But after a year of high-quality preschool, only one child needed special education, exceeding the goal of the program and triggering a financial return to investors.

Government and politics are familiar territory for Mr. Pritzker. He ran for Congress in 1998 and served as national co-chair of Hillary Clinton's 2008 presidential campaign. His sister, Penny Pritzker, is the current U.S. secretary of commerce.

His comfort with both finance and politics makes Mr. Pritzker a formidable proponent for social-impact bonds, says Jeff Bradach, managing partner at the Bridgespan Group.

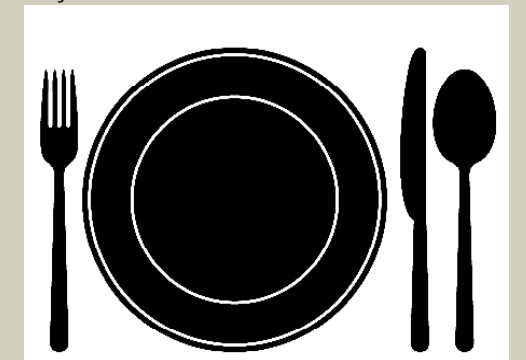
"He has a knowledge of government and politics that make things like the Utah deal something that's exciting and interesting to him," he says. "Not like, 'Oh, this is complicated. I'm going to steer away from those.'"

Getting in early and testing an unproven form of financing that, if successful, could significantly expand early-childhood education is exciting, says Mr. Pritzker.

"I love that," he says. "I love the idea that in philanthropy, we can take some of the risk."

## DINNER ON THE DONOR

J.B. Pritzker played a very public role in Invest in US, the White House's 2014 summit on early-childhood development. He spoke at the gathering and committed \$25 million to help at-risk children prepare for kindergarten. But out of the spotlight, the night before the event, he hosted a dinner for several hundred people who work on early-childhood development. There was no agenda, just a chance for folks to catch up and celebrate, says Diana Rauner, president of the Ounce of Prevention Fund. "Nobody knew about it other than the people who came," she says. "He just did it to be nice."



### NONPROFIT RULE #13:

## FRIENDING PROSPECTS ON FACEBOOK DOES NOT QUALIFY AS CULTIVATION.

**Campbell & Company**

Fundraising • Communications • Executive Search • Strategic Information Services

After 40 years, we've learned the rules for engaging donors. From providing expert guidance in advancement planning, strategic information services, fundraising or communications to helping your organization recruit the brightest talent, Campbell & Company brings together the people, resources and ideas you need for success.

Visit us at [www.campbellcompany.com](http://www.campbellcompany.com) to learn how we can help you today.

(877) 957-0000 TOLL-FREE • [www.campbellcompany.com](http://www.campbellcompany.com)

