



Youth Policy Institute
Strategic Business Plan
2016 – 2019

Preface

In August 2015, the Youth Policy Institute (YPI) began a strategic business planning process to guide the agency's direction over the next several years. This came at an important reflection point for the agency, amid tremendous growth in its size, and building on key investments in leadership and mind-shifts toward results-based accountability.

YPI engaged Blue Garnet to facilitate planning, by guiding a Strategic Planning Working Group through a 7-month process.

This planning process had several key objectives:

1. Define YPI's vision for impact with a clear, holistic theory of change to guide action and prioritization over time.
2. Develop a multi-year strategy tied to outcomes, and a Board-approved scenario.
3. Guide process to bridge YPI's desired impact with pressing operating priorities of today.
4. Engage key stakeholders to build shared leadership, organizational capacity and learning culture to deliver results.

Planning was structured into two phases:

- Phase 1 involved more hands-on involvement by Blue Garnet in active data gathering and analysis, and meeting facilitation.
- In Phase 2, Blue Garnet's role shifted to more of a coaching and guidance role to support YPI's leadership to drive the process and develop key implementation tools for making strategies real.

An overview of the planning process and major activities involved are highlighted in the table on the next page.

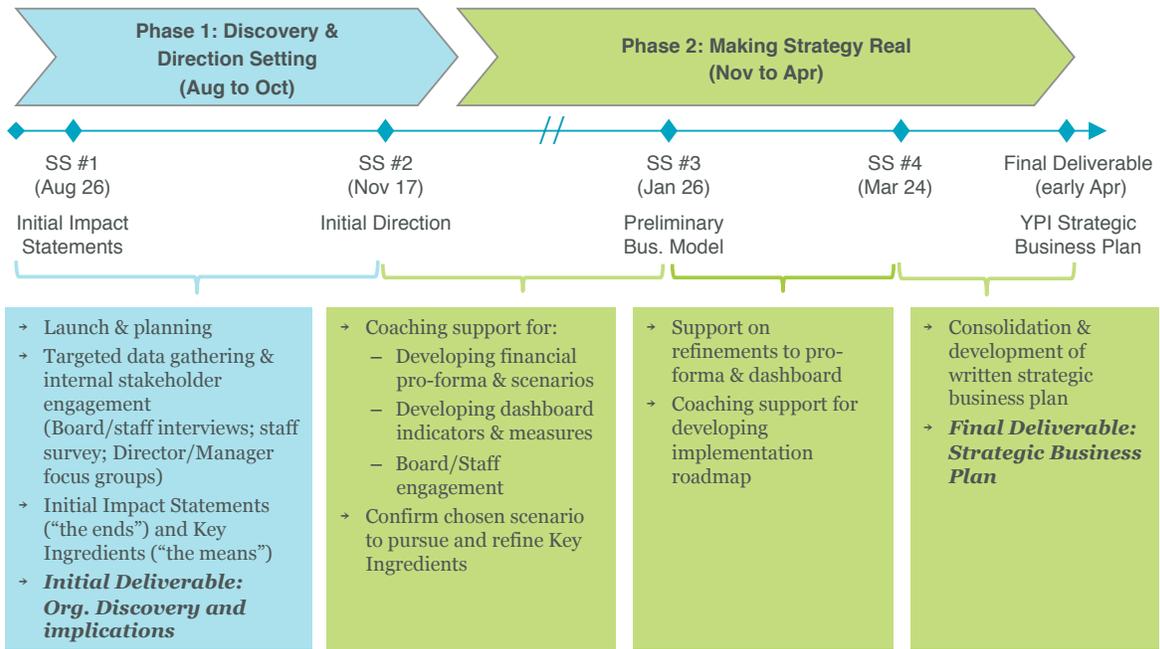


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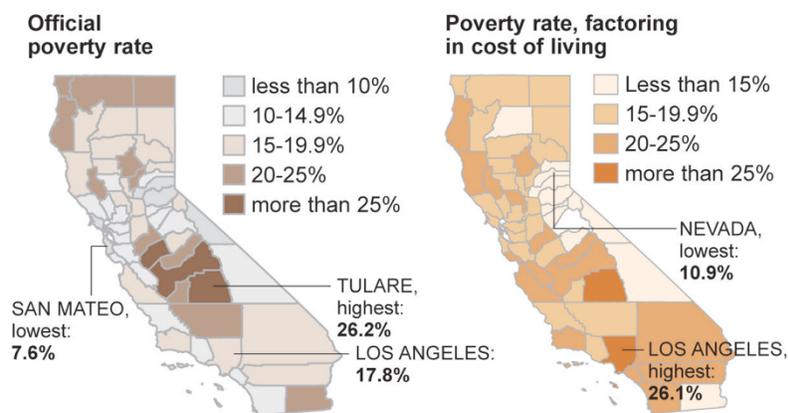
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The Need

Over the past several years, California has collectively made progress recovering from the Great Recession—at least on the surface. As the nation as a whole has recovered, California has kept pace with national trends, as jobs continue to grow and unemployment now nears pre-recession levels.¹ But diving deeper, it's clear that tremendous challenges still exist with economic inequality across different parts of the state. Los Angeles, in particular, sees some of the greatest needs.

According to 2014 Census data, California's official poverty rate is at 16.4%², up from 12.4% in 2007. Yet when taking into account factors such as public benefits and cost of living, the federal Supplemental Poverty Measure shows California's poverty rate is 23.4%—the highest in the country. Furthermore, a pathway out of poverty is made even more challenging given California's low levels of spending on K-12 education, which ranks 42nd in the nation.³

Figure 1: Poverty rates in California (via the Los Angeles Times)



Within California, Los Angeles County has the highest levels of poverty when taking into account more-comprehensive factors such as cost of living. This measure—known as the California Poverty Measure⁴ (CPM)—shows that 26% of the population in Los Angeles lives in poverty (see Figure 1).⁵

¹ California's job growth since 2011 is 3%, outpacing the national average of 1.9% while unemployment was 5.8% during the past four years; Public Policy Institute of California, Jan. 2016.

² Based on a federal threshold of \$24,230 for a family of four.

³ \$10,139 per student in 2014-15; California Budget Center Fact Sheet, Nov. 2015.

⁴ CPM was developed by the Public Policy Institute of California and the Stanford Center on Poverty and Inequality, and accounts for the cost of living and family resources (including social safety net benefits).

⁵ Maps via the *Los Angeles Times*, as of Nov. 13, 2015.

Why YPI?

For more than 30 years, YPI has been breaking the cycle of intergenerational poverty by providing access to education, workforce training, and essential services for youth and families.

Originally part of the Robert F. Kennedy Memorial, YPI was founded in Washington, D.C., in 1983. In 1996, YPI relocated to Los Angeles to focus on direct education and comprehensive services including early childhood education, tutoring, operating K-12 schools, college preparation, computer labs, case management, financial capability, and job training.

In Los Angeles, YPI focuses on serving key high-need communities in Pacoima and Central LA where it can saturate neighborhoods with needed resources and support services. This approach is best exemplified through the Los Angeles Promise Neighborhoods in Pacoima and Hollywood, and the Los Angeles Promise Zone which encompasses East Hollywood, Thai Town, Little Armenia, Koreatown, and Pico Union / Westlake.

Although each neighborhood represents distinct communities, they face similar challenges to breaking out of the cycle of poverty. Between 50%–60% of residents in the Promise Neighborhoods and Promise Zone live below 185% of the federal poverty limit (compared to 43% citywide). Among the residents, 30%–40% are not U.S. citizens, and a large proportion of adults—including more than half of the adults in Pacoima—do not have a high school diploma. These factors are additional disadvantages for finding work in an already-difficult economic environment, and the 14% unemployment rate in the Promise Zone is nearly double the 7.5% unemployment rate for Los Angeles.

To address the needs of its target communities, YPI provides a vast array of programs throughout the cradle-to-career pipeline: early childhood 0–5 year olds and their parents; children in K-12; Opportunity Youth who are out-of-school and not working; and adults. In addition to direct services (including direct operations of five schools), partnerships are a critical component of YPI's approach, pulling together sectors that historically work independently of one another in education, housing, safety, workforce development, and service providers.

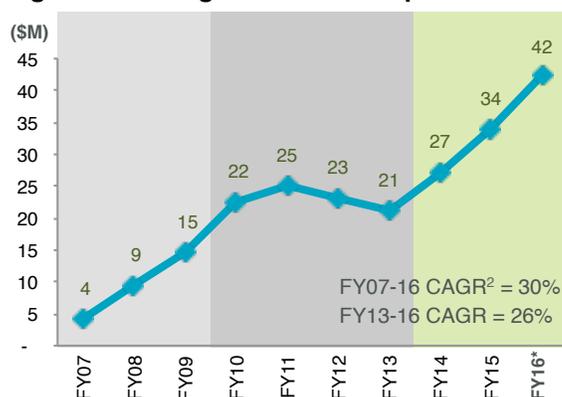
The success of YPI's programs has gained national prominence and recognition. It is the only nonprofit to receive all three signature White House Neighborhood Revitalization Initiative grants: Promise Neighborhoods (covering both Hollywood and Pacoima), Choice Neighborhood, and Byrne Criminal Justice Innovation. In 2014, YPI became the lead implementation partner for the Los Angeles Promise Zone initiative, which brings together leaders from government, the private sector, and community organizations to

target resources to create jobs, boost public safety, improve public education and stimulate better housing opportunities.

Mission and Vision for Impact

YPI’s mission is to “transform Los Angeles neighborhoods using a holistic approach to reduce poverty by ensuring families have access to high quality schools, wrap-around education and technology services, enabling a successful transition from cradle to college and career.”

Figure 2: YPI’s growth over the past decade



This commitment permeates YPI and has guided its evolution during the past decade.

YPI focused intentionally on a place-based approach, with a focused pursuit to attain resources to saturate key neighborhoods in Pacoima, Pico Union, and Hollywood—including securing the White House Neighborhood Revitalization Initiatives and Promise Zone designation that all support this approach. The result was an impressive ten-fold growth through expanded reach, services, and prominence (see Figure 2⁶).

Now as YPI enters a new era in its evolution, it is investing further in becoming an impact-driven organization. Building on intensive trainings that YPI leadership has completed in Results-Based Accountability (RBA), YPI is working to expand this mindset throughout the agency. This work, along with the strategic planning efforts, promotes a critical mind-shift to not only consider the number of individuals YPI **serves**, but to ensure there is an overall impact, or positive change, in the lives of the individuals and in the communities it serves.

⁶ FY11-15 data from Audited Financials; FY07-FY10 data from IRS 990s; FY16 budget as of Aug. 2015.

Guided by the larger overarching mission, a more concrete strategic direction and prioritization is defined through YPI’s 10-Year Impact Statement and Key Ingredients for Success:

Impact Statement

YPI defines its intended impact via an Impact Statement:

By 2025, poverty in the Los Angeles Promise Neighborhood and Promise Zone regions will be reduced, via 19,000 more individuals equipped with jobs and skills for college and career success.

Key Ingredients

In order to achieve this impact, YPI must:

- A. Implement an integrated cradle-to-career service model in targeted place-based communities to prepare youth and adults for college and career success.**
- B. Deliver and invest in community development efforts within Los Angeles.**
- C. Promote public systems change to effectively align public resources.**
- D. Identify, build capacity, and collaborate with key partner service agencies in Los Angeles.**
- E. Strengthen internal operations, staff capacity and supporting infrastructure.**

Collectively, the above are part of YPI’s Impact Formula, or theory of change, for reducing poverty, and is the guiding framework for this strategic plan. To reduce poverty, YPI recognizes the critical need to ensure children and adults are equipped with jobs and skills for college and career success.

As such, for the next nine years, YPI will annually **serve** more than 100,000 people through its range of programs—infants, K-12 students, parents, adults, and Opportunity Youth.

As a result, over this 9-year period, 19,000 people will achieve the following **outcomes**⁷:

- Students enter post-secondary education⁸.

⁷ An important distinction is that a smaller subset of the 100,000 served each year are considered “equipped” by YPI’s definition. For example, YPI does not assume a Pre-K child is equipped for college and career immediately—rather, it recognizes the critical value of supporting individuals throughout the cradle-to-career pipeline that prepares them for lifelong success, and in turn enables them break out of the cycle of persistent intergenerational poverty.

⁸ Including 2-year college, 4-year college, or vocational school.

- Opportunity Youth⁹ enter post-secondary education or gain full-time employment.
- Adults gain full-time employment.

Throughout the 9-year period, additional pipeline outcomes will be tracked to ensure that K-12 students are on-track for college and career success. These outcomes include readiness for kindergarten, English proficiency in 3rd grade, Math proficiency in 8th grade, completing college-ready coursework, and high school graduation rates. These pipeline outcomes will help track YPI's progress toward its overall impact. Each of these outcomes are also an integral part of the story for what it takes to reach college and career success for YPI's participants.

Focusing impact geographically in the Promise Neighborhood and Promise Zone guides prioritization of YPI's place-based efforts into key communities where significant investments in resources, programming, and collaborations have already been made and momentum exists.

In conjunction with the integrated approach, YPI has a wide umbrella of programs, some that may not operate within the Promise Neighborhood and Promise Zone, and some that operate within these communities, but in a location without the integration of other YPI services. For example, a school site may only partner with YPI via its after school programming; or a workforce center may be outside of YPI's designated impact boundaries.

Such **freestanding programs** will continue to be an important part of YPI's work. YPI's focus on these programs will ensure high-quality services and strengthen program delivery in areas that align with its impact goals, such as academic proficiency and job placement. For freestanding programs that currently exist within the Promise Neighborhood and Promise Zone, YPI leadership will prioritize integrating additional services at these sites to provide a wrap-around approach to participants and their families, and to reach YPI's intended community impact goals.

Key Ingredients for Creating Impact

To achieve YPI's intended impact, Key Ingredients highlight the five main strategies YPI must act on. These are informed by findings from YPI's Organizational Discovery¹⁰ conducted at the beginning of its planning process, where input was gathered from internal stakeholders across the agency to highlight existing strengths to build on, and identify key areas for improvement.

⁹ Between ages 16–24 who are neither in school nor working.

¹⁰ Organizational Discovery conducted by Blue Garnet from Sep.–Oct. 2015. This included interviews with the Executive Team, a focus group with Directors, a town hall with Managers, and an online survey that included all of these groups, in addition to Board members and other staff.

These strategies recognize needs across the agency to keep pace with its rapid growth, including development and delivery of comprehensive cradle-to-career services, larger collective impact efforts in collaboration with government and partner service agencies, and building of equally strong internal infrastructure and operations.

Below is an overview of the five Key Ingredients, with the immediate priorities focused on Ingredients **A** and **E**:

A. Implement integrated cradle-to-career service model in targeted place-based communities to prepare youth and adults for college and career success.

YPI recognizes that an integrated model is more effective and creates positive change that is long-lasting and sustainable. This involves providing a pipeline of services across age ranges, in particular, to ensure that youth are progressing on the path toward college and careers. A key priority in the immediate stages of the plan is to build on YPI's successful program experiences to develop its integrated program model, and expand this approach to different segments of the population.

Implementing these efforts includes:

- Assess each strategy by program and component to develop and build out the integrated program model.
- Align YPI's organizational structure and build staff capacity to its impact goals.
- Raise public and private funds to support integration of programs and to build systems such as agency-wide intake and case management.
- Develop and implement an integrated data system.

B. Deliver and invest in community development efforts within Los Angeles.

C. Promote public systems change to effectively align public resources.

D. Identify, build capacity, and collaborate with key partner service agencies in Los Angeles.

Ingredients B, C, and D are all critical components of broader collective impact efforts to reduce poverty in the Promise Neighborhood and Promise Zone. As a key leader in these regions, YPI has an important role to play, as this effort requires bringing together leaders from government, private, philanthropic, and nonprofit sectors to develop coordinated action.

As a result of the focus on prioritizing Ingredients A and E, YPI's efforts in B, C, and D in the immediate upcoming years will be to:

- Maintain existing efforts to promote policies and public systems change in the Promise Zone and Promise Neighborhood.

- Assess and define the role YPI should play in collective impact efforts.

E. Strengthen internal operations, staff capacity and supporting infrastructure.

Having experienced rapid and unprecedented growth, YPI's recent Organizational Discovery highlighted the critical need and opportunity to invest internally in infrastructure, key staffing, facilities, and data and management systems. These efforts will improve internal efficiencies and practices, and equip staff at all levels to be more effective in serving the communities.

Building on the Organizational Discovery's key findings, key activities prioritized include:

- Assess internal systems and develop action plans.
- Review and revise YPI headquarters' organizational structure to most effectively and efficiently support programs.
- Improve communications and feedback loops by developing and implementing a communications plan / tree in phases.
- Build accountability systems for ensuring quality services and continual improvement.
- Engage and support staff to promote morale and retention, including looking at compensation, professional development, and the role each plays in helping achieve YPI's impact.

Overall, YPI's strategic planning represents a significant shift in its programming, and also signifies clear prioritization of internal infrastructure. The purpose of this shift is to ensure that YPI provides the highest quality services, and to create positive, long-lasting change in the lives of its participants and the conditions of the communities it serves. While key elements will evolve, this work builds on YPI's learnings and successes with comprehensive place-based services and partnerships, supports ongoing organizational shifts toward outcomes-oriented efforts, and invests in supporting one of its greatest strengths: its people and talent.

Decision-Making Criteria for Future Opportunities

YPI's strategic plan will guide the agency over the next several years, yet YPI must also remain adaptable and strategically opportunistic to respond to the realities of a constantly changing environment—including emergent and unique opportunities that may not immediately align with its vision for impact.

To assess the fit of new opportunities, YPI will consider its ability to meet the following criteria:

- 1) Alignment with YPI's mission and Impact Statement (poverty reduction and college/career readiness).
- 2) Location in Promise Neighborhood or Promise Zone.
- 3) Key learning opportunity to be leveraged toward achieving Impact Statement.
- 4) Staff capacity to successfully execute (including time required, and what this would pull staff time away from).
- 5) Agency expertise to successfully execute (including whether YPI is uniquely positioned to deliver, and past performance with similar opportunities).
- 6) Coverage of full costs (including coverage of administrative expenses; no additional matched funds required).
- 7) Reputational value brings high profile recognition to Los Angeles, YPI, or its partners.

The above criteria are intended to help leaders focus toward similar strategic discussions and embed the practice across different leaders. They are **not** meant to replace discussions via a set score, but rather to provide structure and questions for discussions. Criteria will be put into practice when assessing grants, and are also applicable to other non-grant related emergent opportunities.

Performance Dashboard

Key performance measures will be used to ensure YPI is effectively making progress toward its long-term impact and each of its key strategies. While data is tracked across all levels throughout YPI, the following represents the Board-level dashboard: higher-level performance measures to help the Board and executives track progress of larger organizational targets, and use the data to continually learn, adapt, and refine efforts. Assessing progress against expectations at intermediate milestones provides the opportunity to “course correct” when strategies are not realizing anticipated results.

Figure 3: Initial Board-level performance dashboard

<i>i</i>	A	B, C, D	E
1. # Students entering post-secondary	1. # & % Children kinder-ready	1. YPI's collective impact role clarified	1. # Grants submitted and % awarded
2. # Opportunity Youth entering post-secondary	2. # & % Students ELA proficient in 3 rd grade		2. Assessment of org. structure
3. # Adults & Opportunity Youth gaining full-time employment	3. # & % Students Math proficient in 8 th grade		3. Alignment of programming to drive results
4. # Individuals reporting they are "ready"	4. # & % Students on track in 10 th grade (passing college-ready curriculum)		4. Diversity of funding sources (% gov't, % private)
5. [additional poverty measures developed w/ collective impact partners]	5. 4-yr graduation rate		5. % Unrestricted contributions
	6. # & % Participants who complete intake plan & access XX resources identified in intake plan		6. # Months of reserves
	7. # & % Participants who felt YPI met their needs/helped them resolve their needs		7. \$ awarded to integrated model vs stand-alone services
	8. % Saturation in targeted places & populations		8. \$ Board Giving
			9. \$ Individual giving
			10. Ratio growth to infrastructure needs assessment
			11. On track with roadmap timeline
			12. # Performance plans/ measures developed for depts./programs
			13. Salary compensation assessments
			14. Staff satisfaction and morale (survey)
			15. % Staff retention rate

See the **Appendix** for additional details on how dashboard performance measures collectively fit together.

Financial Projections

A multi-year financial model developed through the planning process helps project what it will cost to successfully implement this plan. The financial model serves as a dynamic, editable tool that grounds YPI's ambitions with the financial realities of achieving impact, and links to YPI's Impact Formula.

Cost to Deliver Impact Growth

Implications of Integrated Model

Providing the full array of YPI's integrated services is resource-intensive. Yet the reality is most government contracts typically only cover single "stand-alone" services.

Given this funding environment, YPI has options for how it can afford to provide its integrated programming:

- Securing government contracts that cover higher costs of integrated services

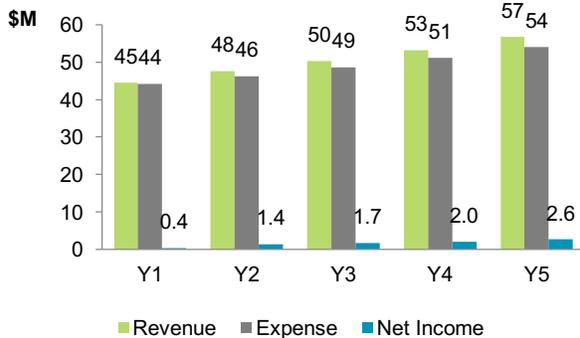
- Supplementing government contracts with private funding

- Leveraging opportunities where multiple government contracts are available to serve key population segments (e.g. at targeted schools eligible for multiple programs)

Financial projections estimate individuals YPI can serve through the first two options above. This number grows over time, and by FY17 this means YPI will provide its integrated services to:

- 90 children under 5yrs, and their parents
- 2,000 high school students
- 3,100 adults
- 1,000 Opportunity Youth

Figure 4: Projected growth in revenue & expenses



YPI must grow to an operating budget of \$54M by FY21 to implement its strategic plan over the next five years—a compound annual growth rate of 5%. This is primarily driven by a combination of three major cost drivers:

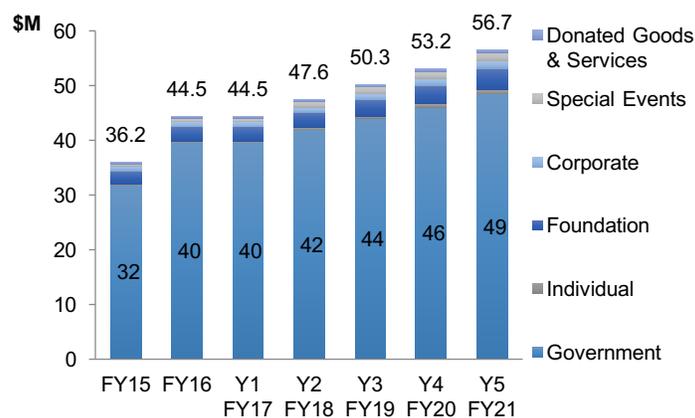
- Costs of serving individuals via integrated program model.
- Growth in the number of individuals served via YPI’s integrated service model.
- Critical one-off and ongoing investments in YPI’s internal infrastructure (people and systems) to further strengthen program effectiveness and organizational sustainability.

How YPI Will Afford It

To support additional costs, revenue is projected to grow from \$44.5 million in FY17 to \$56.7 million by FY21, representing a compound annual growth rate of 6% (outpacing the rate of expenditure growth). YPI will continue to leverage its strengths in identifying and securing government grants and contracts, which will remain the main source of funding.

Actual revenue generated will inform the rate of growth in expenditures, as YPI aims to generate and increase net income in upcoming years. This enables a building of operating reserves to keep pace with the larger scale of the YPI’s operations. If projections are met, cash reserves are projected to grow to \$11 million by FY21—covering 2.5 months of operations (with a continued additional growth in reserves desired).

Figure 5: Projected revenue growth by source



Moving forward, the primary funding source for YPI will remain government grants. However, increasing private fundraising is a vital strategy to provide more flexible resources—critical for investments in the integrated program model and organizational infrastructure. YPI aims to shift reliance on government funds from 89% in FY15 to 85% of revenue by FY21.

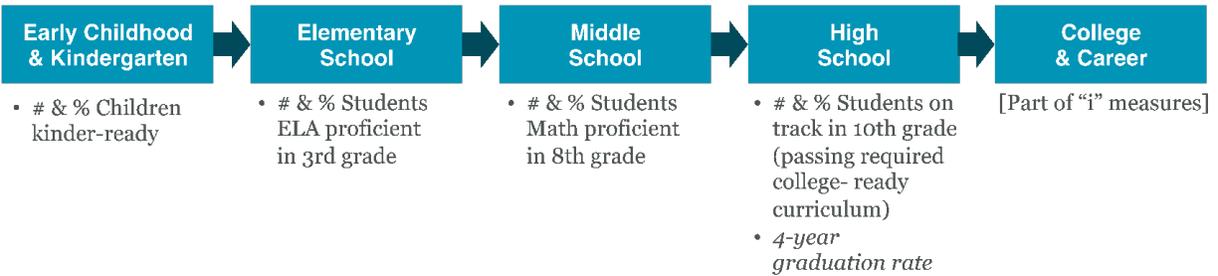
Acquiring more flexible funding means increasing fundraising efforts with foundations, individuals, corporations, and special events. Collectively, revenue from these sources is projected to grow from \$4.4 million to \$7.5 million by FY21. This will require intentional efforts to implement strategies outlined in YPI's development plan—including increased engagement and growth from the Board of Directors in fundraising efforts.

Appendix

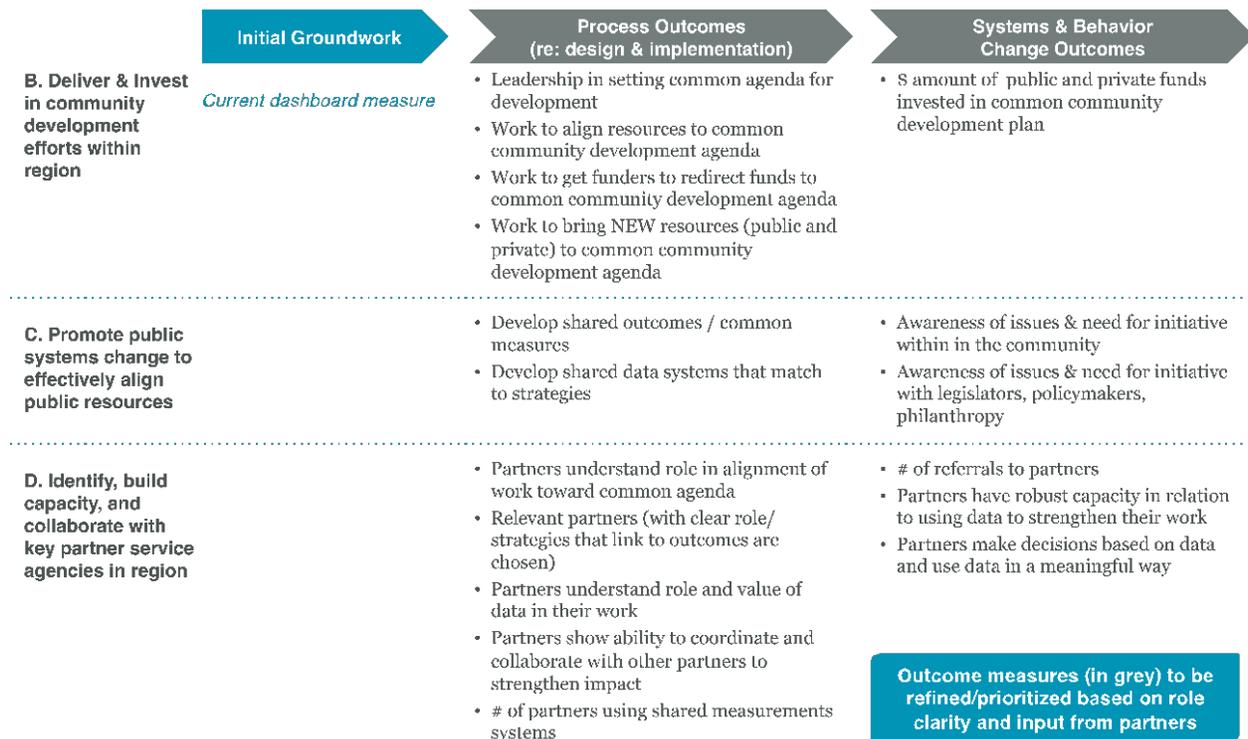
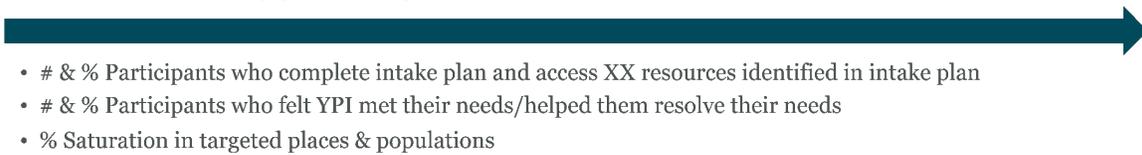
Additional Details on Performance Measures

A. Implement integrated cradle to career service model in targeted place-based communities to prepare youth & adults for college & career success

A1. Key outcome measures across pipeline



A2. Measures of how well pipeline is implemented



E. Strengthen internal operations, staff capacity & supporting infrastructure

Performance Measures

Development	<ul style="list-style-type: none">• # of grants submitted and % awarded
Organization: What is the best staffing structure/org. to manage & deliver programming results? What capacity building is needed?	<ul style="list-style-type: none">• Assessment of organizational structure / alignment of programming to drive results
Funding: What will it take to raise flexible funds needed to meet capacity required for growth?	<ul style="list-style-type: none">• Diversity of funding sources (% & \$ govt; % & \$ private)• % unrestricted contributions• # months of operational reserves• \$ funds awarded to integrated model vs stand-alone services• \$ of Board Giving• \$ individual giving
Accountability: How are we holding ourselves accountable?	<ul style="list-style-type: none">• Ratio of growth to infrastructure needs assessment• On track with roadmap timeline• # of performance plans/measures developed for departments/programs
High-Quality Staff & Retention: How do we ensure YPI is an agency that is desirable to work for?	<ul style="list-style-type: none">• Salary compensation assessments• Staff satisfaction and morale (survey)• % staff retention rate