



10-Year Youth Development Social Investment Strategy

Executive Summary | August 2020

Our mission is to invest in and help strengthen youth-serving organizations in Connecticut so they can work effectively, reliably, and sustainably with young people ages 14 to 22 who are disengaged or disconnected in order to help them re-engage in and complete secondary education, then transition successfully to the pursuit of post-secondary education, such as a technical certification, military enlistment, or an academic degree – with the ultimate goal that all young people will achieve satisfying employment that supports their agency and self-sufficiency.

More than one in five high school students are disengaged or disconnected from school and opportunity in Connecticut. In other words, 39,000 young people have fallen off-track and are at-risk of not graduating and failing to gain satisfying employment that supports their agency and self-sufficiency. The need is urgent and widespread, impacting nearly every community in the state and resulting in almost \$1 billion in lost revenue and additional expenses every year.

Young people who are disengaged or disconnected need support that extends far beyond the walls of a school building. Particularly for those youth who have dropped out of high school or who are at the highest risk for doing so, non-profit organizations provide essential services intended to reach them and help them re-connect to education and opportunity. Youth development specialists who work for such non-profit organizations are heroes for their commitment to young people and their steadfast efforts to help them succeed.

However, current efforts to re-engage young people are being undermined by systemic challenges that are pervasive in the not-for-profit sector. Youth-serving organizations generally lack access to the unrestricted, substantial, long-term capital that would allow them to focus on their missions and invest in building the competencies required to do excellent and highly effective work. Instead, they must often chase funding opportunities that pull them away from their respective missions to stay in business. And even when these organizations set their sights on high performance, they often lack access to outside expertise to support the learning and organizational development required to get there. Without access to these critical ingredients for success, Connecticut’s youth-serving organizations struggle to produce positive, long-term outcomes for young people who are disengaged or disconnected despite their passion for and commitment to the work.

In 2017, Dalio Education launched the Connecticut Opportunity Project (“CTOP”) by making initial, trial investments in both non-profit and public sector organizations that, in various ways, work with young people in Connecticut who are disengaged or disconnected. Based on lessons learned from the initial

two-year pilot, CTOP sharpened its theory of change and target population in 2019. CTOP also refined the criteria and terms under which it would select organizations to join its social investment portfolio as grantee partners and has made general operating support grants to COMPASS Youth Collaborative, Domus, and Our Piece of the Pie. These grants are of \$1 million annually over a projected five-year commitment (totaling \$5 million for each grantee partner). CTOP has also provided \$250,000 in funding during the first year of the grant restricted for developing the organization’s data and IT system, as well as \$100,000 in funding to help meet basic needs in response to the COVID-19 pandemic plus substantial non-financial capacity-building resources valued at nearly \$1 million.

This work has led to the development of CTOP’s youth development social investment strategy. The strategy’s 10-year goals are to:

1. Increase the number of active service slots¹ across multiple youth-serving organizations working effectively,² reliably,³ and sustainably⁴ with young people who are disengaged or disconnected from 0 to 1,250 within 5 years and to 2,500 within 10 years; and
2. Achieve measurable improvements in young people’s lives and prospects – specifically, in their re-engaging in and completing secondary level education and successful and sustained participation in the labor market.

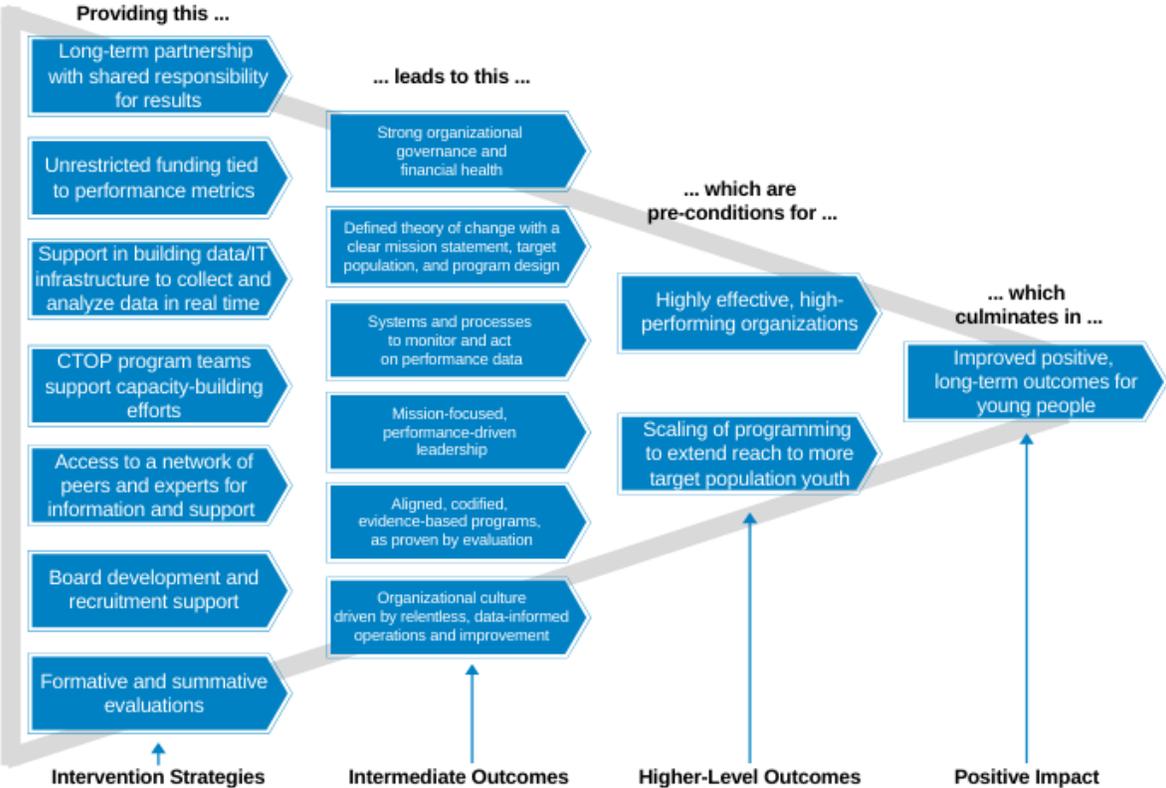
To achieve these goals, CTOP will identify potential grantee partners through a comprehensive landscape analysis and will not consider unsolicited proposals. CTOP will partner with and invest in non-profit organizations that serve a target population of young people that has meaningful overlap with CTOP’s target population, which is youth ages 14 to 22 who are disengaged or disconnected from education and/or work. Potential grantee partners must create or have the potential to create social value, which CTOP defines as helping young people achieve positive, long-term outcomes – specifically high school completion and subsequent successful transition into some form of technical certification, secondary education, or the military. Potential grantee partners must have a strong commitment to learning from their work and a growth orientation that leads them to constantly strive for higher performance.

CTOP intentionally invests in single-service or multi-service youth-serving non-profits as opposed to other entity types because the structure of non-profits is best suited to the capacity-building CTOP is designed to offer. While CTOP does not invest directly in government programs such as public services, schools, workforce investment boards, and housing authorities, or collective impact initiatives and youth coalitions, we see such anchor institutions as essential collaborative partners to our grantees in their work supporting youth to succeed.

¹ **Active service slots:** Target population youth receiving the appropriate quality and dosage of services called for in the youth-serving organization’s theory of change.
² **Effectively:** The disengaged or disconnected young people participating in the organization’s core programming progress as expected in attaining essential short-term outcomes, make timely progress in achieving key intermediate outcomes, and eventually succeed in arriving at long-term educational and employment outcomes.
³ **Reliably:** No fewer than 60 percent of target population youths enrolled in core programming who complete the full program arc and achieve the intended outcomes.
⁴ **Sustainably:** The organization is able to maintain effectiveness and reliability consistently and secure the revenues it needs to do so for the foreseeable future.

CTOP has adopted *The Performance Imperative* framework created by the Leap of Reason Ambassadors, a community of non-profit thought leaders, practitioners, researchers, and policymakers. This framework delineates the seven core domains of organizational capacity that support high performance and details what excellence in each domain looks like. As summarized in the figure below, CTOP’s theory of change incorporates and builds on the *Performance Imperative* framework to create a comprehensive set of intervention strategies that comprise the support we provide to our grantee partners to help them strengthen their organizational capacity and become highly-effective, high-performing organizations capable of driving positive, long-term outcomes for youth.

Figure 1. The Connecticut Opportunity Project’s Theory of Change



We intend this Youth Development Social Investment Strategy to provide the conceptual framework for CTOP’s next 10 years. We anticipate at least five years of capacity-building work before grantee partner organizations are able to drive intended youth outcomes effectively, reliably, and sustainability. We will evaluate progress every year using performance data and we will conduct an initial strategic review after five years. Along the way, we will make decisions as necessary to improve CTOP in furtherance of its mission. We will also explore whether other funders wish to support CTOP and its grantee partner organizations in helping to improve the lives and prospects of disconnected and disengaged young people in Connecticut.

In looking at possible youth-serving organizations in which to invest, and to structure our investments, we have organized them into five tiers based on their size as well as their commitment to and capacities

for working effectively with disconnected and disengaged young people to help them complete their education and ultimately obtain satisfying and self-sustaining employment.

Tier 1: Small Connecticut-based organizations working with young people in one local context that need support prior to engaging in meaningful organizational development

Organizations in Tier 1 have budgets under \$1.5 million and will receive a one-year grant of \$100,000 in general operating support as well as limited technical support from CTOP staff with a focus on development to grow in the ways necessary to be eligible for the due diligence process that precedes possible entry into CTOP’s Tier 2 portfolio. In addition to growing their budgets to reach at least \$1.5 million, these organizations will be expected to continue and strengthen their focus on CTOP’s target population of youth, growing the percentage of CTOP target population youth served to at least 50 percent; to adopt CTOP’s long-term outcomes as the goal to which they are working; and to begin to monitor how the young people they serve are progressing toward those outcomes.

Tier 2: Relatively small Connecticut-based organizations working with young people in one local context

Organizations in Tier 2 have a budget of at least \$1.5 million. For these organizations CTOP will commit to a performance-based four-year investment consisting of \$500,000 per year general operating support over a four-year period, with the payment of each year’s tranche of funding depending on the organization having met previously negotiated and agreed-upon developmental milestones.

Tier 3: Mid-sized Connecticut-based organizations working with young people in a local context that need organizational development before they can produce youth outcomes reliably and sustainably

Tier 3 organizations have a budget of at least \$5 million. CTOP’s investment in them will be a performance-based general operating support grant structured at \$1 million per year over a five-year period, with the payment of each year’s tranche of funding depending on the organization having met previously negotiated and agreed-upon developmental milestones.

Tier 4: Mid-sized to large organizations that are high performing and have been proven to be effective in delivering youth impacts reliably and sustainably, while working with young people in one or more Connecticut localities

Organizations in Tier 4 will have budgets of at least \$9 million. CTOP investments will consist of four one-year phases, with future investments then to be determined accordingly. CTOP’s Tier 4 approach recognizes that significant scaling up often results in losses of quality and effectiveness in programming and services; and seeks to mitigate such risk through the work in each of the phases of this Tier. The investment will be a performance-based general operating support grant structured at \$1.5 million per year, with the payment of each year’s tranche of funding depending on the organization having met previously negotiated and agreed-upon developmental milestones.

To support organizations in Tiers 1 – 4 in their journey to high performance while they navigate the challenges presented by the usual categorical funding streams, CTOP will cultivate a number of effective

technical assistance providers and consultants to provide essential non-financial supports to grantee partner organizations as they develop necessary capacities and competencies, such as in the following areas:

- Ongoing support in the implementation of the organization’s theory of change;
- Support in developing necessary financial management infrastructure with accompanying individualized coaching;
- Support in developing job competencies and aligned performance management tools and processes;
- Coaching across all levels of the organization as necessary to develop job competencies; and
- Training and coaching to equip staff to deliver Cognitive Behavioral Skills for youth.

The following figures illustrate the phases of CTOP’s investments organized by Tier levels:

Figure 2. Due Diligence Process for Selecting Partners

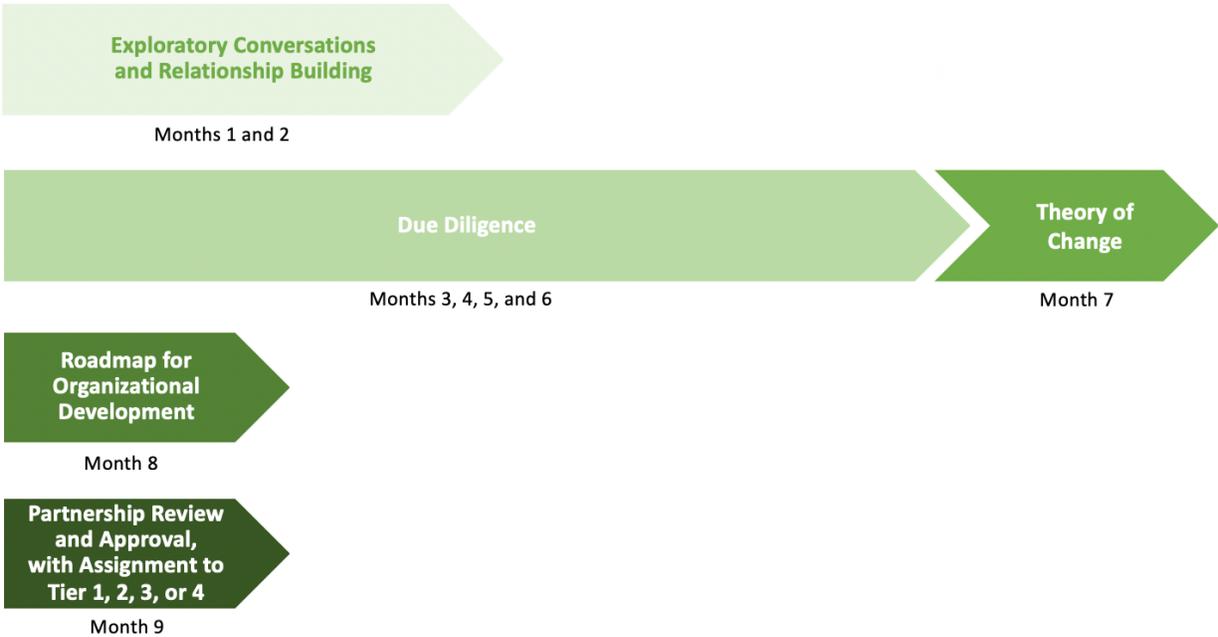


Figure 3. Investment Arc for Partners Entering Tier 2



Figure 4. Investment Arc for Partners Entering Tier 3



Figure 5. Investment Arc for Partners Entering Tier 4



Tier 5: National or regional organizations that have proven impacts and are improving the lives and prospects of young people ages 14 to 22 who are disengaged or disconnected, and which are interested in replicating their models at one or more sites in Connecticut

In order to realize its goal of increasing the number of active service slots for target population youth from 0 (as of July 2020) to 1,250 within five years and to 2,500 within 10 years – and thereby achieve measurable improvements in these young people’s lives and prospects – in addition to investing in Connecticut-based nonprofit organizations CTOP will bring the programming and services of at least one or maybe two such high-performing organizations to Connecticut, where 100% of the young people they serve from day one are disconnected or disengaged. This really is a purchase of social value rather than an investment in its creation, as this approach jumps over all the costly and time-consuming organizational development work required in the other tiers and, after a year or so of implementation, is expected to result in the creation of a significant number of active slots for disconnected and disengaged young people.