



**10-Year Youth Development Social Investment Strategy
September 2021**

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Mission & Overview

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. Moreover, the need is compounded by systemic racism and structural inequities that intensify challenges for youth who identify as Black or Hispanic.

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.

Yet current efforts to re-engage young people by Connecticut's non-profit organizations are 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.

The Connecticut Opportunity Project ("CTOP") is designed in response to these challenges by working in partnership with, and investing in, non-profit organizations aligned with CTOP's mission that are committed to high performance in their work with young people who are disengaged or disconnected. ***CTOP's 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.***

In 2017, Dalio Education launched 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. The intent was to explore how to design a social investment approach to building the capacity of organizations in Connecticut so that they can provide the kinds of interventions, supports, and opportunities for young people that will significantly improve their lives and life prospects – and do so effectively, reliably, and sustainably.

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 grantees and narrowed its focus to a cohort of three organizations: COMPASS Youth Collaborative; Domus Kids; and Our Piece of the Pie. Since July 2019, CTOP has made general operating support grants to each of these organizations. These grants are of \$1 million annually over a projected five-year commitment (totaling \$5 million for each grantee). 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.

CTOP has worked intensively with each grantee to help them clarify their strategic objectives and develop rigorous “theories of change,” which are blueprints for designing, implementing, and delivering the programming and services that will help young people re-engage in education and/or successfully enter and participate in the labor market. In addition, CTOP has engaged with each grantee in developing plans to build their organizational capacities and competencies required to advance this work in a way that is increasingly effective, reliable, and sustainable over time. Based on what CTOP and these grantees have learned over the past two years, CTOP has developed a rubric that illustrates stages of organizational development as we have come to understand them. It identifies six such stages and for each identifies reference points for developmental priorities that, if accomplished, will move the organization to the subsequent stage, an evolution that is fundamental for CTOP to achieve the kinds of results to which it is dedicated.

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 years⁵; 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.
3. Contribute to advancing ethnic and racial equity by working to address systemic racism and structural inequities that intensify challenges for disengaged and disconnected youth who identify as Black or Hispanic.

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 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.

⁵ Please see Appendix I for figures charting projected growth in active service slots over time as the number, reach, and effectiveness of CTOP’s grantees grows.

Target Population

The target population of youth that CTOP serves is young people ages 14 to 22 who are disengaged or disconnected based on the following risk indicators:⁶

- Disengaged youth are defined as those showing one or more indicators of being at risk of dropping out of high school, which include chronic absenteeism, 2+ course failures, and/or 2+ suspensions;
- Disconnected youths are defined as those who do not have a high school diploma and are not enrolled in school or work; also, those who do have a high school diploma but are not participating in the workforce. Additionally, disconnected youth have one or more of the following risk factors: involvement with the criminal justice system, previous involvement with the Department of Children and Families including placement in foster care, periods of homelessness, gang affiliation with associated violence (both perpetrating and being victimized by violence), and minimal involvement in pro-social relationships.

In 2016, Dalio Education published the report *Untapped Potential* to define the challenge and opportunity involving young people who are disengaged or disconnected in Connecticut. *Untapped Potential* revealed that 39,000 high school-aged Connecticut youth – more than one in five – are disengaged or disconnected. Nearly every district across the state has at least one such young person, and 113 school systems are each home to at least 50 disengaged and disconnected youths. Not unexpectedly, the report found that the cities in Connecticut with the highest rates of poverty are also those with the most severe concentration of young people who are disengaged or disconnected. The report also revealed multiple dimensions of demographic inequity. Low-income or minority students make up 38 percent of the student body in Connecticut, but they make up 78 percent of the state’s disengaged and disconnected youth population, with 36 percent being boys of color. Similarly, while 15 percent of Connecticut’s students are students with disabilities or English language learners, one-third of disengaged and disconnected youth fall into one of these two categories.

Young people who are disengaged or disconnected are highly at risk of not earning a high school diploma. Students who remain disengaged in ninth grade have only a 48 percent four-year graduation rate, compared to the 88 percent four-year graduation rate for students who are engaged in ninth grade. For students who remain disengaged into tenth grade, their four-year graduation rate falls to 38 percent. If students do disconnect entirely, their odds of ever graduating from high school plummet. Of all the students who ever dropped out of a Connecticut public high school from 2012 to 2014, only 12 percent re-enrolled in school, and only 1 percent earned a high school diploma.

This is a crisis for Connecticut’s young people. As noted in *Untapped Potential*: “For much of the 20th century, students disconnecting from high school could still expect to find a job and career that would support them and their families; today, the evolution of the modern economy has largely taken that option away. Across the nation, young adults without a high school diploma, and even those with a diploma who don’t proceed to any post-secondary education, have a diminishing chance of finding stable employment, while those who do find work see their wages falling further behind those of their peers. Connecticut’s once-thriving industrial cities – now among the state’s most impoverished areas – stand as evidence of the same forces at work in the state.”

⁶ The age range specified for CTOP’s target population applies to age upon enrollment into a grantee organization’s programming. While the age range for CTOP’s target population is identified as 14 to 22, we expect to reach youth up through the age of 24 because we anticipate two years of youth participation, on average, in programming.

Youth Development Social Investment Philosophy

CTOP is committed to investing in Connecticut's youth-serving non-profit organizations that aim to play a positive role in improving the lives and prospects of young people ages 14 to 22 who are disengaged or disconnected. Through disciplined and strategic social investing, CTOP will provide significant financial and non-financial resources to strengthen these organizations so that they can maximize their ability to help young people get back on track and earn a high school degree. Having done so, young people can unlock access to post-secondary options that will lead to more meaningful and rewarding employment and better lives for themselves and their families. Their success in turn benefits Connecticut's economy as a whole, as higher employment and reduced need for social services yields healthier and more prosperous communities, more taxpayers, stronger economic growth, and improved fiscal sustainability.

Why CTOP invests. CTOP strives to create social value in Connecticut by bringing both financial and non-financial supports to youth-serving non-profit organizations working to help disengaged or disconnected young people overcome structural barriers, re-engage in education, and become ready to participate and succeed in post-secondary education and work that leads to sustainable employment with the agency and self-sufficiency this engenders. CTOP measures its success – or social return on investment – in terms of three major goals:

1. Increase the number of active service slots across multiple youth-serving organizations working effectively, reliably, and sustainably 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.
3. Contribute to advancing ethnic and racial equity by working to address systemic racism and structural inequities that intensify challenges for disengaged and disconnected youth who identify as Black or Hispanic.

How CTOP invests. Ten social investing principles guide CTOP's approach:

- Maintain an ethical duty to do no harm;
- Invest to create social value above all else; in other words, social investing is not charity;
- Hold the grantee organization and the investor accountable for creating social value; the investor (not just the grantee) needs to continuously improve in order to create social value;
- Make investments within a well specified and delimited domain within which the specific outcomes and impacts that will count as social value are clearly identified;
- Make investment decisions based on rigorous selection criteria and due diligence assessments based on them;

- Provide long-term, unrestricted capital aligned to performance metrics for helping organizations build their capacity to deliver effective services reliably and sustainably at high levels of quality;
- Track performance and provide non-financial supports to help organizations succeed in helping people they serve actually improve their lives and life prospects;
- Diminish transaction costs to help organizations stay focused on achieving their missions;
- Protect investments through restructuring and/or non-financial supports as needed and stay committed if grantee organizations demonstrate *the will* to create social value so they have the time necessary to develop *the capacity* to benefit the people they serve; and
- Help organizations build reliable revenue streams that will support them sustainably at the appropriate level of scale.

With these social investing principles in mind, investments can be made in organizations that are at varying levels of development to seed, sustain, or amplify social value accordingly. Investments can be high risk, by which we mean that organizations may initially lack many of the resources, competencies, and capacities needed to do this work with young people effectively, reliably, and sustainably. CTOP works intensively and collaboratively with such organizations and brings not only financial resources to them but also essential non-financial resources to help them build up their competencies and build out their capacities. Investments can also be relatively low risk in that CTOP provides mostly financial resources to organizations that are already performing at high levels, providing effective services reliably and sustainably to young people who are disengaged or disconnected. Such organizations may already be scaled up or be preparing to do so. CTOP does not, however, invest in organizations where no potential exists to create social value for young people who are disengaged or disconnected – for example, non-profit organizations that either do not work with such individuals or have no wish to focus on the education and employment outcomes that are at the heart of CTOP’s mission and which define social value for the work.

When CTOP opens exploratory conversations with a potential grantee, and also during the due diligence process that may follow, CTOP maintains a standard of strict confidentiality; specifically, it will not communicate these proceedings – or a decision to disengage during them – to any third parties. Also, CTOP takes great care to engage and work with organizations constructively, defining CTOP’s success fully in terms of the organization’s successful work with young people. In the cases where, after initial conversations, CTOP decides not to invest, we commit ourselves to full transparency to the organization regarding the reasons why, and also provide the organization with our assessment of the capacities it needs to build and the competencies it needs to develop to improve its performance. Importantly, a decision not to invest need not be permanent and CTOP remains open to revisiting the possibility of engaging with and investing in an organization in the future.

CTOP holds itself and its grantees accountable for creating and increasing social value using their development of explicit organizational capacities and competencies, and then specific education and employment outcomes achieved by the young people they serve, to measure and evaluate what has been accomplished. CTOP provides long-term, unrestricted but conditional general operating support structured against milestones of organizational development that are established collaboratively with grantees. These concrete milestones are intended to help organizations build their capacity to deliver effective services reliably and sustainably to young people who are disengaged or disconnected, and at

high levels of quality. Working with grantees, CTOP tracks their performance and provides non-financial supports (such as technical assistance and coaching) to help them succeed in their mission-driven work with the young people they serve.

CTOP will identify potential grantees through comprehensive landscape analysis and will not consider unsolicited proposals. CTOP will 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 grantees must create or have the potential to create social value, which CTOP defines as helping such 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 grantees must also have a strong commitment to learning from their work and have a growth orientation that leads them to constantly strive for higher performance.

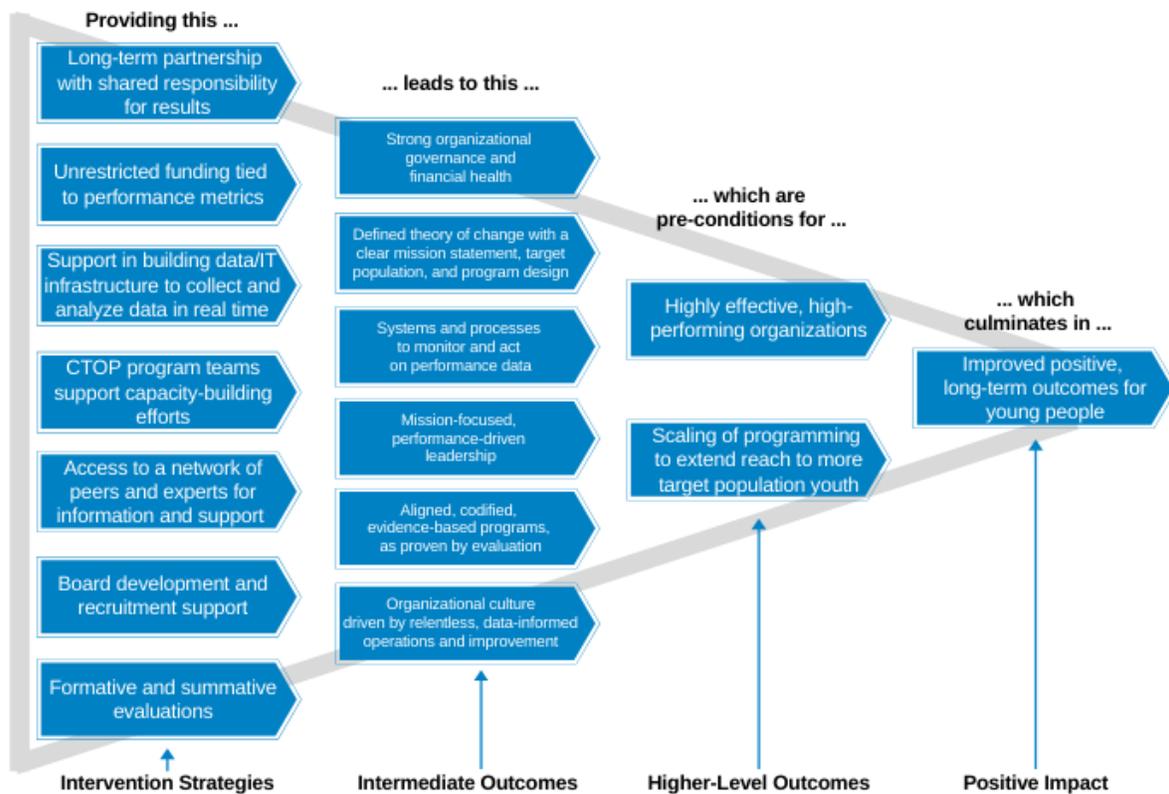
CTOP intentionally invests in single-service or multi-service youth-serving non-profits as opposed to other entity types because the structure of non-profits is best suited to the capacity-building CTOP is designed to offer. While CTOP does not invest directly in government programs such as public services,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

We intend for this Youth Development Social Investment Strategy to provide the conceptual framework for CTOP's next 10 years. We anticipate needing at least five years of capacity-building work before grantee organizations are able to drive intended youth outcomes effectively, reliably, and sustainability. We will evaluate progress every year using 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 organizations in helping to improve the lives and prospects of disconnected and disengaged young people in Connecticut.

Theory of Change and Key Performance Indicators

CTOP has adopted the LEAP Ambassadors' *Performance Imperative* framework, which was developed by over fifty frontline practitioners, leaders, advocates, and evaluators working in the sector of nonprofit social services. This framework delineates 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 grantees 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 anticipate needing at least five years of capacity-building work before grantee organizations are able to drive intended youth outcomes effectively, reliably, and sustainably. Over time, grantees' efforts to strengthen their organizational capacity yield improvements in CTOP's Key Performance Indicators (KPIs), which measure progress toward our north star of improving positive, long-term outcomes for young people.

In addition to tracking improvement in organizational capacity on a quarterly basis, grantees monitor the following KPIs on an annual basis:

1. Level of evidence for core program design, Levels 0 – 4;⁷
2. Level of confidence for core program effectiveness, Levels 0 – 3;⁸
3. Number of CTOP target population youth enrolled in core programming and participating in active slots;
4. Number of CTOP target population youth receiving services but not in active slots;
5. Number and percentage of CTOP target population youth enrolled in core programming who leave in any way other than graduating;
6. Number and percentage of CTOP target population youth enrolled in core programming who graduate; and
7. Number and percentage of target population youth who graduate from core programming and for the following six months are actively enrolled in education leading to high school accreditation, post-secondary education/certification, or maintain unsubsidized employment.⁹

⁷ **Levels 0 – 4 are defined as follows:** 0 = Program design by partner’s staff based solely on their ideas and experience; 1 = program design based on incorporation of widely shared practitioners’ “best practices”; 2 = Program design based on applying fundamental research concepts (e.g., “attachment theory”); 3 = Program design based on combining and incorporating elements that repeatedly are found in programs whose effectiveness has been proven by impact evaluation(s); 4 = Program design based on implementing program in full that has been proven effective through impact evaluation(s).

⁸ **Levels 0 – 3 are defined as follows:** 0 = Asserted effectiveness as supported by anecdotal data; 1 = Apparent effectiveness as supported by internally collected outcome data; 2 = Demonstrated effectiveness as supported by well benchmarked outcome data; 3 = Proven effectiveness as supported by one or more rigorous impact evaluations.

⁹ In the case of an organization intentionally working to help its program participants transfer to another youth development organization, for those participants who are able to make the transition this will count as a success; however, for those who do not transition the long-term outcome as written applies.

Youth Development Social Investment Program Expansion

Over the next four years and beyond, CTOP will advance a three-pronged strategy to expand the scope of its social investing:

- Expanding the number, range, and reach of youth-serving non-profit organizations in Connecticut in which it invests, bringing financial and non-financial supports to bear in helping to advance the developmental progression its grantees;
- Engaging with and supporting the development of local leaders who are dedicated to helping severely disconnected young people in their communities but have little or no organizational context for doing so; and
- Supporting the local replication of high-performing programs that have proven effectiveness working with young people who are disengaged or disconnected and helping them re-engage in education and/or enter and succeed in the labor market.

To inform its efforts within Connecticut, CTOP begins with an extensive due diligence process described in the following section.

RELATIONSHIP BUILDING THROUGH DUE DILIGENCE

Prior to making any new long-term investments in local organizations or leaders working with young people who are disengaged or disconnected in Connecticut, CTOP will engage in an intensive due diligence process that has four phases, as illustrated here:

Figure 2. Due Diligence Process for Selecting Partners



Phase 1: Relationship Building (2 months). This is an exploratory phase of approximately two months, during which CTOP Portfolio Directors, after having identified a youth-serving organization that could become a grantee, get to know its leadership while learning about its mission, the demographic characteristics of the young people with whom it works, the results it intends to achieve, the ways in which it approaches this work, and the challenges the organization faces. CTOP Portfolio Directors are very transparent, discussing the key elements of CTOP’s youth development social investment approach. The intent of this phase is to develop a sense of what conversations with this organization are like, how transparent and productive they feel, and the degree to which the organization’s aspirations, goals, and approach to its daily work align with those of CTOP. The end of this phase is marked by a mutual decision whether to proceed with due diligence to determine whether to make a full capacity-building social investment in the organization.

Phase 2: Due Diligence and Theory of Change (5 months). This period of approximately five months is one of heightened engagement between CTOP and an investment candidate organization. Recognizing that it requires considerable time and effort by the organization’s leadership and staff to meet with

CTOP and provide information about the organization's operations, programming, internal data information system, approach to managing organizational performance, and key stakeholder perspectives, CTOP will make a one-time general operating support grant of \$60,000 to the organization as partial compensation for its transaction costs.

During this period CTOP and the investment candidate organization will develop a sense of what it is like to work closely with one another. After about four months, CTOP will decide whether to proceed to the second step of this due diligence phase: helping the organization to develop a robust theory of change or blueprint for delivering its programming and services to a clearly defined population of young people ages 14 to 22 who are disengaged or disconnected. This blueprint is developed over the period of about a month, and includes working with members of the organization's board, its leadership team, mid-level managers, and front-line staff. It specifies the demographic and risk-characteristics of the young people who will be served; the long-term, intermediate, and short-term outcomes that will be used to manage performance and assess success; the kinds, intensity, frequency, and duration of the programming and services that will be provided; and the metrics that will be used to manage operations and evaluate programmatic effectiveness in engendering the youth outcomes it intends to produce.

A theory of change must be:

- Meaningful to stakeholders and socially significant, that is, its successful operationalization will generate social value;
- Plausible (conforming to common sense and the opinions of recognized experts);
- Doable within contextual and financial constraints;
- Measurable and monitorable (using KPIs); and
- Operational (providing a useful framework for managing organizational performance effectively, reliably, and sustainably).

Theory of change workshops are aligned to an organization's stage of development, with a more robust theory of change articulated in workshops held with organizations at more advanced stages of organizational development.¹⁰

Phase 3: Roadmap for Organizational Development (1 month). During this phase, also lasting approximately one month, CTOP works closely with the organization as it develops plans for making its theory of change operational by specifying the steps it will take to strengthen its competencies and building out its key capacities in the areas of leadership; management; programming and services; financial health; organizational performance culture; internal monitoring of performance; and use of external evaluations for organizational learning and improvement. This process, repeated on an annual basis over the duration of a grant if awarded, yields a set of quarterly milestones that the organization

¹⁰ In the case of nascent "start-up" organizations, CTOP focuses during this stage of the process on helping the organization to develop a strong mission statement that includes an articulation of the organization's long-term outcomes as well as a description of its target population based on demographic and risk indicators, with the comprehensive programmatic and performance management system design work needed deferred to the first year of capacity-building work together.

will use to set and manage its priorities in the year of work ahead, and that, together with CTOP, the organization will use to monitor and assess its progress against those priorities over time.

Phase 4: Grant Review and Approval (1 month). During this concluding phase of the process, CTOP will review both how well its staff and the organization were able to work together over the last six or so months, as well as the quality of the work produced. This review results in a decision whether or not to engage with the organization in an extended investment period that could last as long as five years, as well as the size of the yearly investments that will be made.

Whether or not the decision is made to continue the relationship, CTOP will provide a clear statement to the organization of the rationale for CTOP’s decision, as well as a comprehensive organizational “diagnosis” spelling out CTOP’s understanding of its strengths, weaknesses, opportunities, and threats in order to provide useful information to help the organization’s leadership move forward.

CTOP’S STAGES OF ORGANIZATIONAL DEVELOPMENT

In our approach to social investing, we try hard to understand each organization’s developmental pathway – where it has been, where it is when we first encounter it, where it seems headed. To help us in this work we have developed a rubric that illustrates the stages of organizational development as we have come to understand them, presented in Appendix II. It identifies six such stages from “Start Up” through “Expansion” and for each identifies reference points that indicate developmental priorities that, if accomplished, will move the organization to the subsequent stage. For each stage, we have also estimated the length of time that based on our experience is often required for an organization to develop from one stage to the next.

Figure 3. Developmental Stages with Estimated Durations



It is important to underline that we do not see these developmental stages as fixed like rungs on a ladder or steps on a staircase. What this means is that we don’t expect to find an organization that is a full embodiment of all the reference points that characterize a given stage. Rather, we look at the overall pattern that emerges from assessing these reference points and use them to understand an organization’s developmental strengths and weaknesses, capacities and gaps. So the stages, while built up from reference points, are themselves reference points for understanding what an organization is like and where, it seems, it is heading. Just as no two organizations are the same, so organizations never are the same from one year to the next. They are constantly in motion, taking steps forward in their development or slipping backwards (or simultaneously moving forward in some respects, backwards in others). Even a period of relative stasis or what looks like immobility really is a precursor to subsequent movement – be it in the direction of progress or decline. For all of these reasons, our estimates for the length of time likely required for an organization to develop from one stage to the next are intended to serve only as yet another reference point to inform the work.

So when we describe an organization in terms of the stage that best characterizes it, it is as though we were taking a photograph and therefore have a frozen picture of it – but that static view is an artifact of

the information we have at hand, and its analysis, and is not by any means a full description of the organization in totality and in motion.

What is the relevance of this rubric for our approach to finding, investing in, and supporting nonprofit organizations working with disengaged and disconnected youths and young adults?

Simply put, it provides a framework in terms of which to consider what might be gained from bringing a given organization into the CTOP portfolio, and then how to structure our financial and nonfinancial supports to help each grantee build out its capacities and thereby become more effective, more reliable, and more sustainable. In general, we understand that investments in organizations that are found towards the earlier stages of development will require longer to yield significant social returns on investment (SROI) than those at the more mature stages, and consequently can be thought of as more expensive organizations in which to invest. While this is true, it is equally true that when such “high risk” investments do pay off in the long run, the SROI that emerges where none had been before – that is, the development of their ability to produce desired youth outcomes – is well worth the cost. The rubric presented in Appendix II is designed to help us use financial and nonfinancial supports to help organizations at all stages of development progress in the direction of maturity, and to help mature organizations evaluate and prove their impact on the young people they serve – and then to expand, if feasible, by serving more young people locally or replicating in new sites.

As we already noted, each stage of development is characterized by developmental reference points. We have selected those points which, in our view, indicate areas in which it is essential for nonprofit organizations to perform at high levels of quality and effectiveness. The rubric focuses on five of the seven “pillars of performance” from *The Performance Imperative*, a key framework informing CTOP’s work as discussed earlier.¹¹ To inform and drive our day-to-day work with grantees, we then set quarterly and annual milestones relative to these reference points, with progress against those milestones over time evidencing the development necessary to move from one stage to the next.

Of the six stages of organizational development, the first and the last merit further discussion due to their unique characteristics and considerations.

INVESTMENT IN LEADERS DURING THE START UP STAGE

In CTOP’s landscaping efforts to date, we have found few nonprofit organizations serving disengaged and disconnected young people that meet our investment criteria as described herein. We have, however, identified entrepreneurial individuals who are highly respected in their cities and neighborhoods and who, with little or no organizational context to support their efforts, are struggling to help severely disconnected young people in low-income communities of color. We believe that we must find a way to invest in these individuals, helping them to develop not only as leaders but also helping them to establish and build organizations that, ultimately, become eligible for a traditional CTOP investment that will support their ongoing growth relative to our rubric for the stages of organizational development.

¹¹ The Performance Imperative Pillars are: Pillar 1: Leadership; Pillar 2: Management; Pillar 3: Programs and strategies; Pillar 4: Financial health; Pillar 5: A culture that values learning; Pillar 6: Internal monitoring for continuous improvement; Pillar 7: External evaluation. Of the seven pillars, we focus on five (Pillars 1, 2, 3, 4, and 6) leaving organizational culture and evaluation for relatively late in our work with the organizations in which we invest. Refer to: <https://leapambassadors.org/continuous-improvement/performance-imperative>

We think it is essential to invest in such leaders for two reasons: firstly, because it provides us a way to build up services for the young people who are part of the CTOP target population but whom few other organizations are helping in effective ways; and secondly, because such individuals tend themselves to be members of the same communities of color and from the same neighborhoods as the young people with whom they are working, and that this status, as expressed by Sam Cobbs, “tends to make them invisible to most philanthropic funders.”¹² So this line of work furthers CTOP’s goal to address issues of diversity, equity, and inclusion in our society – in terms of people served, individuals in whom we would invest, and organizations we would help develop.

The goal of investing in entrepreneurial leaders and the nascent youth-serving nonprofits they lead in Connecticut would be to help them develop into organizations that can work effectively, reliably, and sustainably to help the young people they serve to develop a hopeful view of their futures and take steps to improve their lives and life prospects. In terms of our matrix of stages of organizational development, this means engaging with organizations that are in the “Start Up” stage and working with them to achieve the “Build” stage over a 5- to 10-year investment arc – and then, if feasible, begin another arc of investment to help them achieve the “Mature” stage and perhaps even moving in to the “Expansion” stage from there. Or in other words, we aspire to develop a pipeline of such nascent organizations that then develop to a level at which CTOP can invest using the capacities it has developed for social investments in organizations at more advanced levels of development. As indicated in terms of the matrix of stages of organizational development shown in Appendix B, we expect that investments in organizations in the “Start Up” stage will require a total CTOP engagement of 10 to 15 years.

In order to achieve this goal, we have identified two parallel lines of work with such organizations:

(1) Investing in the professional development of the leader, which would entail:

- Paying for the leader’s educational and related professional development activities such as those offered by various nonprofit leadership development institutes;
- Ensuring that the leader has sufficient income during these activities to meet family and other needs and obligations; and
- Providing for extended leadership coaching, technical assistance, and consultation.

(2) Investing in the developmental progress of the organization, which would entail:

- Undertaking a full assessment of the organization’s strengths, weaknesses, opportunities, and risks;
- Identifying a prioritized set of organizational development needs and helping the organization design a plan for addressing them;¹³

¹² Mr. Cobbs is a member of CTOP’s distinguished Advisory Group, and he made this point in a meeting of this group with CTOP leaders and staff on March 24, 2021.

¹³ Well regarded nonprofit organizational assessment tools include: *The Performance Practice*, <https://leapambassadors.org/continuous-improvement/performance-practice/>; Grantmakers for Effective Organizations’ organizational assessment and development tool,

- Undertaking a review of the organization’s target population, intended youth outcomes, programming and services, and performance management methods, through a modified Theory of Change Workshop;¹⁴
- Identifying a prioritized set of staff development and program development needs, and helping the organization design a plan for addressing them;
- Helping the organization identify and explore new funding sources, and advocating for it with potential funders;
- Helping the organization build a business plan for achieving its programmatic and organizational development targets over the subsequent five years; and
- Structuring CTOP’s investments to optimize our financial and nonfinancial supports as indicated by the development plans that it has adopted.

We expect such investments to follow a 10- to 15-year arc, with the first five-year tranche consisting of general operating support at a level equal to 30% to 50% of their budget (assuming an operating budget less than \$500,000).

PROGRAM REPLICATION DURING THE EXPANSION STAGE

The dispositive factor in CTOP’s selection of an “Expansion Stage” organization in which to invest is the findings from the formal external evaluations the organization has conducted. CTOP will only consider those organizations that have proven their fidelity of implementation through a formative evaluation and have proven or are in the process of proving their impacts via a summative evaluation. Additionally, CTOP will prioritize investments in those organizations that have a track record of successfully replicating their program model(s) at numerous sites. Generally, these organizations are well-known nationally and considered “best in class.” Investments in such organizations are intended to support further expansion into one or more sites in Connecticut, and are considered low-risk or “blue ribbon” because the SROI they will produce has already been established, although inevitably there will be significant implementation challenges that CTOP will need to address.

There are a few such large-scale 501(c)(3) non-profit organizations across the country that are achieving impressive impacts working with young people who are disengaged or disconnected. For example:

- Roca’s Young Mothers program helps high-risk young mothers get out of violence and poverty, go to work, and better care for their children. In 2018-19, 96% of the 246 young mothers served by Roca delayed further pregnancies and 85 percent held jobs for one year or more.

<https://www.geofunders.org/resources/strengthening-nonprofit-capacity-710>; and the McKinsey Capacity Assessment Grid, http://www.ungana.org/IMG/pdf/capacity_assessment_grid_-_mckinsey.pdf; however, all these tools are geared toward assessing more mature organizations than those discussed here. This is another instance of such nascent organizations being “invisible” to funders and consultants. So CTOP staff would need to take from and adapt key elements from such tools and produce an assessment tool more appropriate for nascent “Start Up” organizations serving severely disconnected youths in Connecticut.

¹⁴ CTOP has adopted the Theory of Change Workshop approach described fully in David Hunter’s *Working Hard—and Working WELL*, 2013.

- Youth Guidance’s Becoming a Man (BAM) program provides mentoring and small-group sessions to help young people who are at risk for dropout and crime involvement to manage their automatic reactions, slow their thinking, and make different decisions. An RCT published in *Quarterly Journal of Economics* showed that in addition to reducing arrests, BAM increased on-time high school graduation rates by 6 to 9 percentage points (12 to 19 percent).¹⁵
- The Youth Villages Intercept program provides intensive in-home multi-systemic family therapy to families with children at risk of placement into foster care, an event that causes young people to become disengaged or disconnected, delivering as its long-term outcomes placement prevention as well as reengagement in school. A quasi-experimental study commissioned by the state of Tennessee found that the risk of placement for young people served by the program was 53 percent lower than for the children in the comparison group, with a substantially larger impact during the six months following the start of an investigation.¹⁶

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 non-profit 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 disengaged and disconnected young people they serve from day one will be receiving the appropriate quality and dosage of services called for in the youth-serving organization’s theory of change. What this means is that in a relatively short period of time compared with, and complementing, CTOP’s local investments, a substantial number of disconnected or disengaged young people in Connecticut will re-engage in education and make progress toward successful employment.

¹⁵ Heller et al., “Thinking, Fast and Slow? Some Field Experiments to Reduce Crime and Dropout in Chicago.” *Quarterly Journal of Economics*, February 2017, Volume 132, Issue 1.

¹⁶ Huhr and Wulczyn, “Do Intensive In-Home Services Prevent Placement? A Case Study of Youth Villages’ Intercept Program.” The Center for State Child Welfare Data, Chapin Hall at the University of Chicago, January 2020.

APPENDIX I: Growth in Active Service Slots Over Time

Figure 4 presents the minimum expected number of active service slots any one grantee should be delivering to CTOP target population youth over the course of partnership with CTOP, beginning during the emerging stage of development and then progressing through the build and mature stages of development.

Figure 4. Minimum Expected Number of Active Service Slots Per Grantee, By Year of Partnership

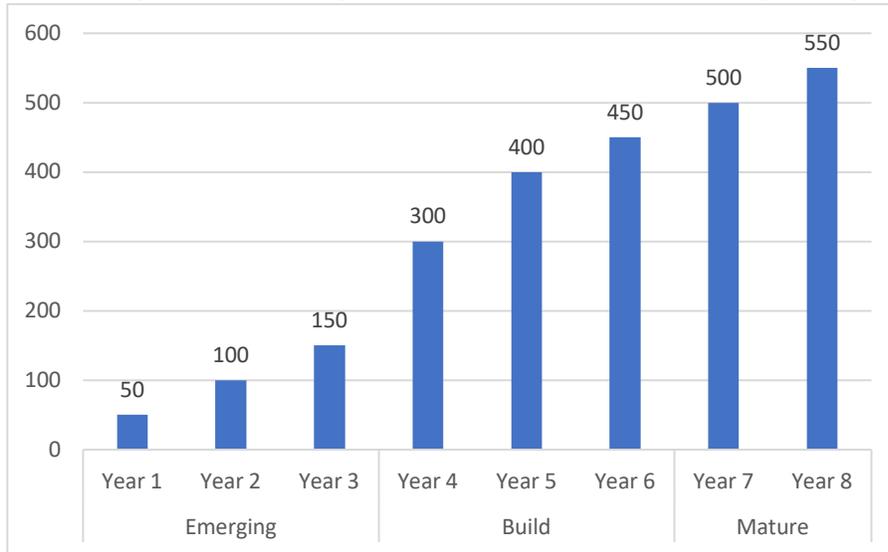
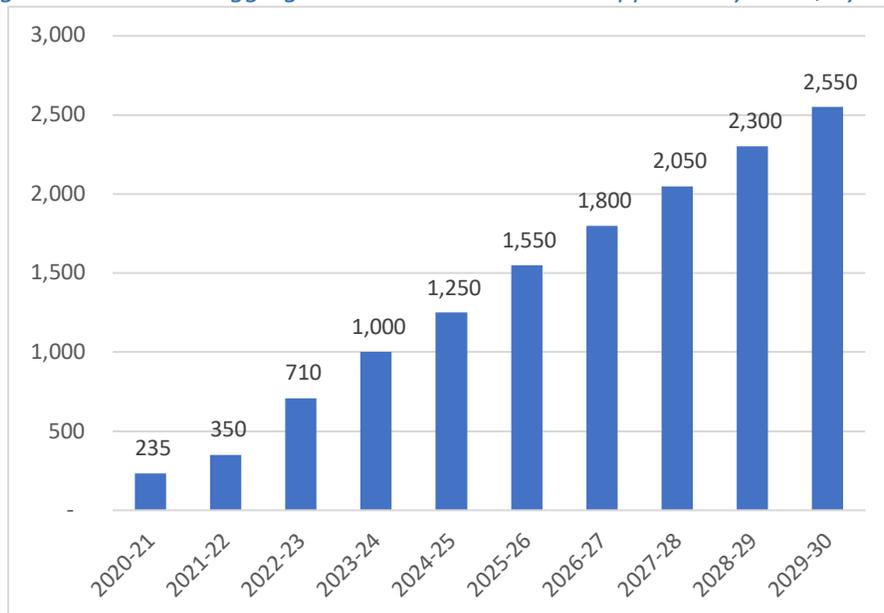


Figure 5 presents projected growth in active service slots over time as the number and reach of CTOP’s grantees grows. CTOP anticipates 1,250 active service slots within five years and more than 2,500 active service slots within 10 years on an annual basis for target population youth.

Figure 5. Growth in Aggregated Active Service Slots Supported by CTOP, By Year



Appendix II: CTOP Rubric for Stages of Organizational Development Using Points of Reference

Estimated time to develop from one stage to the next	Start Up Stage	Early Stage	Emerging Stage	Build Stage	Mature Stage	Expansion Stage
	18-24 months	24 months	36 months	36 months	24-60 months	Indefinite

Performance Pillar 1: Leadership	Start Up Stage	Early Stage	Emerging Stage	Build Stage	Mature Stage	Expansion Stage
<p>Element 1A: Executive Leadership</p> <p><i>Selection Criteria.</i></p> <p>CEO/ED</p> <ul style="list-style-type: none"> • has a strong track record working with disengaged and disconnected youth; • has relevant experience in youth development; • is known and highly respected by local people, leaders, organizations, and institutions. 	<p>CEO/ED</p> <ul style="list-style-type: none"> • is aware of the need to build out the organization, and to clarify roles and responsibilities; • has strong ideas about how the organization needs to develop and the priorities it needs to adopt; and • is known by local community members in a positive light and has strong positive associations with local leaders. 	<p>CEO/ED is actively planning the development of key positions with clear roles and responsibilities to move the organization forward in its progress.</p>	<p>CEO/ED focuses on the development and execution of strategy and long-term planning, in partnership with the board and leadership team.</p>	<p>CEO/ED drives the organization's strategic direction and holds himself/herself accountable for achieving the organization's long-term strategic goals.</p>	<p>CEO/ED</p> <ul style="list-style-type: none"> • holds himself/herself and the organization accountable for high performance in the achievement of key performance indicators (KPIs); and • is recognized publicly for his/her leadership and the organization's program quality, effectiveness, and results. 	<p>Leaders recruited for expansion sites</p> <ul style="list-style-type: none"> • have successful track records of implementing and managing programs; • have good records of managing to KPIs; • understand and are able to drive organizational priorities; and • have sufficient knowledge of local contexts to meet local needs and forge local partnerships.

Performance Pillar 1: Leadership	Start Up Stage	Early Stage	Emerging Stage	Build Stage	Mature Stage	Expansion Stage
<p>Element 1B: Board of Directors</p> <p><i>Selection Criteria.</i></p> <p>The organization has a board that includes community members who are passionate about its mission.</p>	<p>The board members</p> <ul style="list-style-type: none"> • understand and are passionate about the mission and/or • want to advocate on the organization's behalf. 	<p>The CEO/ED and board chair begin developing roles and responsibilities of board members with regard to</p> <ul style="list-style-type: none"> • approving strategy; • ensuring the organization's fiduciary health; and • hiring/firing and supervising the CEO/ED. <p>They also have begun to identify gaps in key board competencies.</p>	<p>Board infrastructure and policies are being developed in response to understanding of board gaps.</p>	<p>Board undertakes formal and comprehensive board self-assessment and CEO assessment.</p> <p>Board regularly adheres to policy, fulfills their key fiduciary responsibilities, and sets goals in response to assessments.</p>	<p>Board composition reflects the community and target population being served, with continuous focus on executing responsibilities and meeting its goals.</p>	<p>Board members for expansion site are aligned to mission and strategic direction and can play a lead role in regional fundraising and advocacy efforts.</p>
<p>Element 1C: Diversity, Equity, and Inclusion</p> <p><i>Selection Criteria.</i></p> <p>Leaders and board members are aware of the importance of DEI, including with respect to the relationship between staff diversity and the profile of youth served, and have the desire to take active steps to address it.</p>	<p>CEO/ED and board members are aware of the importance of the representation of community diversity amongst staff and have the desire to take active steps to address it.</p>	<p>Leaders and board members are developing DEI-focused resources and practices, including recruitment strategies to diversify staff and board.</p>	<p>Leaders and board members prioritize the development of an inclusive culture and execution of new practices that are driving diversity in the composition of board and staff.</p>	<p>Leaders and board members set DEI goals and hold themselves and the organization accountable to achieving them.</p>	<p>Leaders and board members</p> <ul style="list-style-type: none"> • continuously advance DEI goals within the organization and the partner institutions with which it is engaging; and • hold the organization accountable for engaging with other institutions and agencies to change inequitable practices. 	<p>Leaders and board members have fully developed plans and continuously advance DEI goals in the execution of expansion and with partner institutions.</p>

Performance Pillar 2: Management	Start Up Stage	Early Stage	Emerging Stage	Build Stage	Mature Stage	Expansion Stage
Element 2A: Team Composition <i>Selection Criteria.</i> The organization has differentiated management roles and responsibilities.	The leader develops plan and rationale for team growth over time.	Recruitment processes are focused on mission critical staff for program delivery.	Mission-critical roles inclusive of executive team are being filled with qualified staff.	In response to refinements in program design and delivery, organizational structure is refined and roles are filled with qualified staff.	As program design is showing itself to be effective, organizational structure is stable, with performance managed effectively.	The new site leader fills mission-critical roles with qualified staff and works effectively to drive local performance in collaboration with central office.
Element 2B: Staff Development <i>Selection Criteria.</i> Leadership has a desire but underdeveloped resources to train and develop staff to provide effective program delivery.	The organization has identified staff training needs to support effective program delivery.	The organization has instituted staff training to support effective program delivery.	The organization is identifying necessary, evidence-informed competencies and program elements for achieving mission critical goals, and has adopted formal HR processes to achieve them.	The organization has at least one HR staff member with whom individual performance goals are set, and professional development is aligned with these priorities. The organization prioritizes full staff training in CBT.	The organization recruits, develops, and retains staff based on competencies and individual development needs that are mission critical.	The organization recruits, develops, and retains staff based on competencies and mission-critical individual development needs.

Performance Pillar 3: Program Design Informed by Evidence	Start Up Stage	Early Stage	Emerging Stage	Build Stage	Mature Stage	Expansion Stage
Element 3A: Target Population Alignment <i>Selection Criteria.</i> The organization is focused on working locally with young people ages 14 to 22 who are disengaged and/or disconnected.	<p>The organization is focused on working locally with young people ages 14 to 22 who are disengaged and/or disconnected and is beginning to identify indicators that define its target population.</p>	<p>The organization is focused on working with young people and has identified indicators for recognizing youths who are disengaged or disconnected, but has not formalized enrollment criteria using them.</p>	<p>The organization's target population is defined in terms of basic demographics and risk factors that are informed by review of its historical and current data and an assessment of the organization's capacity.</p> <p>The organization is using these indicators to manage enrollment in its core programming.</p>	<p>The organization's target population(s) are well defined in terms of demographic and risk factors that are used for purposes of managing program enrollment.</p> <p>The organization recognizes when it is making exceptions to these enrollment criteria and manages its program(s) accordingly.</p> <p>The organization is planning or undertaking an implementation evaluation to understand how in fact it is working with its target population in core programming, and what kinds of outcomes are being achieved.</p>	<p>The indicators that the organization uses to identify and enroll members of its target population(s) in core programming are informed by well recognized research and accepted practitioner practices.</p>	<p>The organization's target population(s) are clearly defined and an implementation evaluation has documented that these definitions are being used operationally for enrollment purposes as adjusted to contextual needs.</p>

Performance Pillar 3: Program Design	Start Up Stage	Early Stage	Emerging Stage	Build Stage	Mature Stage	Expansion Stage
Element 3B: Theory of Change <i>Selection Criteria.</i> The organization has a clear mission and aims to achieve improvements in young people's lives and prospects.	The organization is developing a mission statement and has begun thinking about its target population and the kinds of long-term and intermediate outcomes for which it will hold itself accountable.	The organization recognizes that it needs to develop a codified theory of change specifying target population, outcomes, and program design as informed by data and recognized good practices.	The organization is taking steps to develop a codified theory of change as it works to improve its program effectiveness for the youth that it serves.	The organization has a theory of change that meets the following criteria: 1) socially significant; 2) logically plausible; 3) doable within existing constraints; 4) measurable and monitorable; and 5) operational. The organization is ready for and undertakes an implementation evaluation.	The organization has a strong theory of change that supports youth in reaching outcomes, has completed an implementation evaluation, and is ready for an impact evaluation.	The organization has clear indicators and standards to drive implementation and replication of its theory of change, and systems and processes in place to operationalize these standards. The organization is planning, undertaking, or has completed an impact evaluation to understand the social value it is producing for target population enrollees.
Element 3C: Program Design <i>Selection Criteria.</i> The organization is willing to use evidence in order to develop or refine its program design to achieve improvements in young people's lives and prospects.	The organization is willing to develop or refine its program design to achieve its mission and desired long-term and intermediate outcomes.	The organization is working on developing or refining its program model informed by data and good practices.	The organization is refining its program model based on what it is learning from performance data and developing active slot definitions.	The organization is testing its program model and active slot definitions and refining these as needed while continuing to learn more about program outcomes.	The organization is delivering appropriate services at an effective dosage level to generate program outcomes for its target population.	The organization has clear indicators and standards for replicating its evidence-based program design, with refinements in response to local site variables.

Performance Pillar 4: Financial Management	Start Up Stage	Early Stage	Emerging Stage	Build Stage	Mature Stage	Expansion Stage
Element 4A: Funding Model <i>Selection Criteria.</i> The organization has a commitment to fundraising for current operational needs and future sustainability.	Funding comes from internal sources or a small external source supporting basic program delivery.	Initial funding strategy supports current program model for service delivery.	The organization has access to some development expertise either internally or externally.	The organization has at least one development staff member who oversees grant writing and fundraising activities. The organization has a business plan that includes specific fundraising objectives and activities for each fiscal year.	A development team manages a robust fundraising approach through the use of a data management system suited for tracking and managing grants and contracts. A multi-year business plan is adopted that is designed to attain sufficient sustainable funding for all program delivery.	The funding model builds on the central office replication and funding strategy, and incorporates local funding sources and partners to drive service delivery in response to local site variables.
Element 4B: Financial Health <i>Selection Criteria.</i> The organization maintains a budget that supports its yearly operation.	Only programming costs are covered, with operating costs using program resources or requiring uncompensated staff time.	All programming and some operating costs are covered on an annual basis.	The organization has no operating deficit for the last three years, and its audits show no significant legal exposures.	The organization has Liquid Unrestricted Net Assets (LUNA) covering at least two months of all operating and program expenses.	The organization has no operating deficit for the last four years and LUNA covers at least three months of all operating costs.	The organization has no operating deficit for the last six years and LUNA covers at least three months of all central hub operating expenses. The expansion site has all programming costs covered by multi-year external funding either directly or via pass through from central office.

Performance Pillar 4: Financial Management	Start Up Stage	Early Stage	Emerging Stage	Build Stage	Mature Stage	Expansion Stage
Element 4C: Financial Capacity <i>Selection Criteria.</i> The organization actively improves its internal financial systems and expertise.	Little to no formal management of finances exists. All support is provided by an external resource.	Access to financial expertise as needed (may be through a board member or fiscal sponsor). Limited financial management and reporting capacity internally.	The organization has at least one finance staff member overseeing management of core accounting functions; some financial reporting available to management and Board.	Financial management reports are generated and tools are used by lead program staff, executive team, and Board to inform program and business decisions. True-cost calculation estimations are in development.	Financial strategy is integrated with long-term strategic planning; CFO or C-suite finance executive in place; organization uses multi-year budgets. True-cost calculations are fully operational and are used to drive financial management of programs.	Central office staff provide support for expansion site and separate budget is built for expansion site management. Expansion site financial management is integrated into central office systems with appropriate siloing structures.
Performance Pillar 6: Internal Monitoring	Start Up Stage	Early Stage	Emerging Stage	Build Stage	Mature Stage	Expansion Stage
Element 6A: Digital Infrastructure <i>Selection Criteria.</i> The organization actively seeks to use technology to improve how they operate and deliver services.	Paper forms are used more or less uniformly and data are maintained in hardcopy form.	Digital devices are used mainly to transfer data from hard copy forms while the organization still relies on paper forms for data collection.	Frontline staff have access to digital devices for data entry and retrieval. An internal system is used for storing data in a centralized location for ease of access.	All frontline staff have dedicated devices for data entry and retrieval. Data are stored in a structured database that supports report generation of individual caseloads and whole program(s).	A robust performance management data system is used to capture all youth data across all programs in real time. The system can generate real time reports easily for use at all levels of the organization.	The local administrative office and frontline staff have access to and use data in real time to monitor and support local service delivery.

Performance Pillar 6: Internal Monitoring	Start Up Stage	Early Stage	Emerging Stage	Build Stage	Mature Stage	Expansion Stage
<p>Element 6B: Performance Management</p> <p><i>Selection Criteria.</i> The organization sees the value of using data to achieve the outcomes it sets for young people.</p>	<p>Data collected are basic and often incomplete (e.g., limited to contact information), and primarily are used for reporting to funders and for maintaining contact with youths served.</p>	<p>Demographic and enrollment data are collected and reported on youth served.</p>	<p>In addition to demographic and enrollment data, the organization assesses risk factors and collects intermediate outcomes (for example, pre-test / post-test data).</p>	<p>Data are used to support youth progress against short-term outcomes and analyzed periodically to learn from the work and make refinements as indicated. To do this, frontline staff actively monitor the frequency and dosage of services provided.</p>	<p>Performance data are monitored daily to manage programs to achieve youth outcomes effectively.</p> <p>Internal teams are actively making adjustments indicated by the findings of an implementation evaluation.</p>	<p>The local site’s back-office needs are fully supported by the central office.</p>
<p>Element 6C: Data Capacity</p> <p><i>Selection Criteria.</i> The organization desires to use data internally through data-informed decision-making at all levels.</p>	<p>Staff have basic data knowledge to support the transfer and management of information across all staff.</p>	<p>Data are reviewed when necessary for reporting and to support the refinement of the program model.</p>	<p>The organization has at least one data staff member committed to overseeing the organization's data system and performance management integrity.</p>	<p>Data are reviewed for programs regularly with all program staff and CEO/COO. This review is used to offer a broader view of program progress and to improve service delivery.</p> <p>The Board has a dedicated list of KPIs it monitors regularly along with program performance data.</p>	<p>A data team supports all internal data utilization for both organizational performance and program delivery by all frontline staff. It routinely analyzes performance data and leads data discussions across the entire organization.</p> <p>The executive team uses data in all of its decision-making and discussions with the Board.</p>	<p>Established indicators and standards are used to monitor and manage implementation at the local expansion site.</p> <p>The central office data team builds out its systems and processes to support the local site.</p> <p>The local site starts with a high level of data analysis and utilization for both organizational and program performance management.</p>