



Citizen Schools FY2011-14 Business Plan

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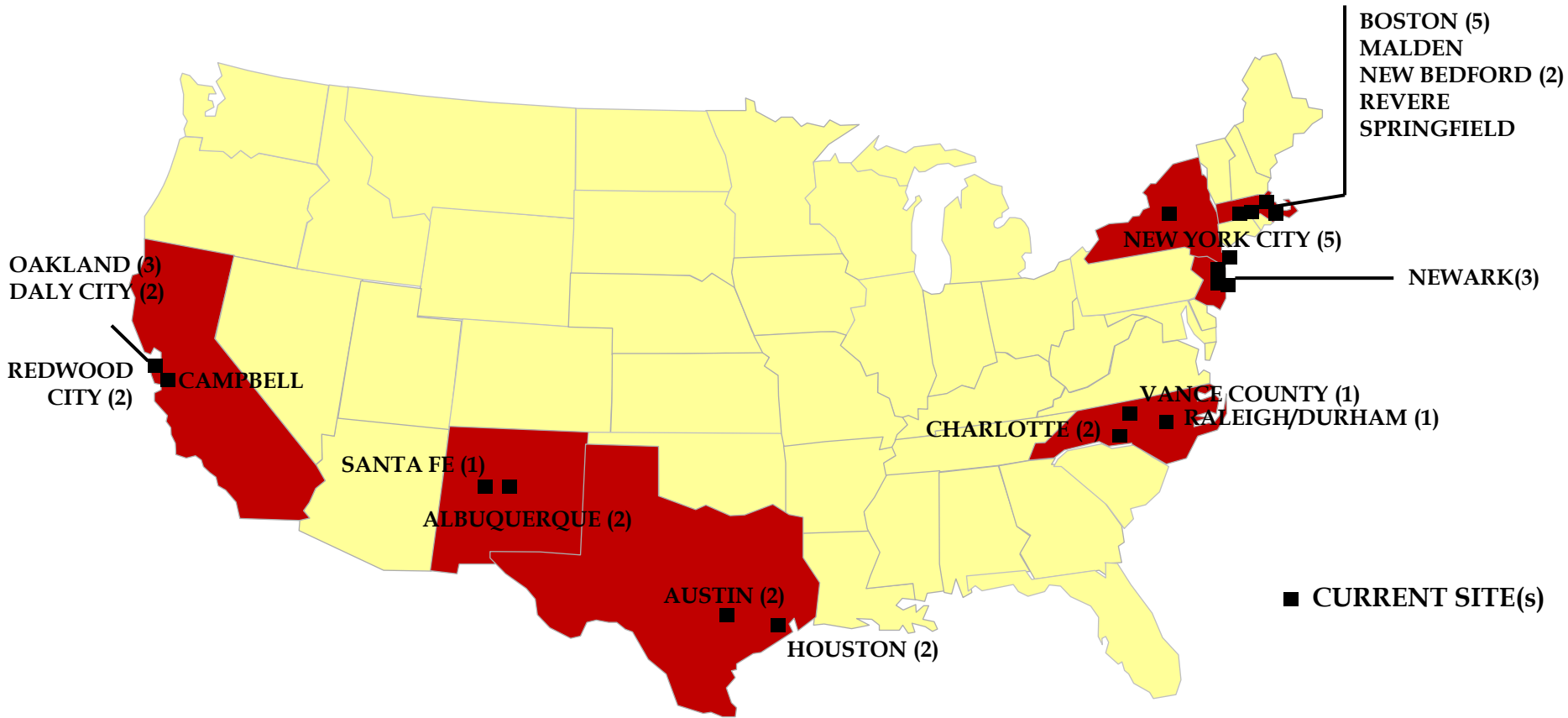
- Since 1995, Citizen Schools has provided middle school students with the opportunity to learn through hands-on projects and to receive targeted academic support and coaching during the afternoon hours
- This part of the school day is taught by a “second shift” of educators, consisting of Citizen Schools’ program staff and “Citizen Teachers,” volunteers with expertise in different fields
- Students who opt into the Citizen Schools’ Out-of-School Time (OST) program are more engaged and successful in school than their peers – even years after the program:
 - 9 out of 10 Citizen Schools alumni passed high school state exit exams in math and English
 - Citizen Schools participants had a 20% higher high school graduation rate than peers
- Citizen Schools today is shifting to a whole-grade, whole-school, Expanded Learning Time (ELT) model to help traditional public schools serving the poorest communities dramatically improve performance
- The ELT model allows Citizen Schools to reach all students in a school and improve its results while reducing costs per enrollment

- We plan to shift the majority of our schools from the OST to ELT model by FY2014, and further prove and sustain ELT through the following three FY2011-14 key strategic priorities:
 - Increase **IMPACT** per student and per school: **We will validate ELT as a school improvement and turnaround model**, demonstrating significant gains in proficiency (15 percentage points or greater) and school engagement (30% reduction in absenteeism and suspensions and improvement in belief/locus of control measures)
 - Increase **SCALE** by 10x to serve more students and schools: We will grow the Expanded Learning Time (ELT) model to serve more students and schools and prove effectiveness at 25 schools across urban and rural school districts
 - Increase organizational **SUSTAINABILITY** and define and create the conditions to scale ELT more broadly beyond FY2014: We will grow renewable/replaceable public and private funding streams to be sustainable at \$31+ million without special infusions of “growth capital”
- The purpose of this document is to describe our model and plan for implementation, including specific goals and objectives and organizational and financial requirements

- Education is the key to individual opportunity and prosperity: College graduates now earn twice as much as those with high school diplomas, and the gap continues to grow
- Middle school reform is a particularly urgent national challenge
 - Hard-won gains from the elementary years are often undermined during these years
 - 6th grade performance is a predictor of long-term success, including high school graduation
- A common feature of the few hundred schools that are delivering great results for poor kids is dramatically more learning time to provide relevant and targeted academic support and coaching
- Offering an effective and sustainable longer learning day requires a 2nd shift of skilled educators and volunteer citizen teachers whose lessons are aligned with the traditional day teachers but offer new techniques to motivate and engage students
- By mobilizing citizens to get directly involved in education, Citizen Schools increases chances for broader school reform while adding relevance to academic work

- Policy changes such as “Race to the Top” have dramatically increased the pace of change in education and openness to “out-of-the-box” solutions to improve results for all children
 - States are creating systems to link teacher performance to student achievement
 - Some new Union contracts offer more flexibility in working conditions and compensation
 - The increase in charters is putting competitive pressure to improve on districts
- At the same time the pressure to improve is increasing, districts face significant budget challenges, with school closings, layoffs and increases in class size common
- As a result, districts are increasingly open to scalable, sustainable, and cost-effective partnerships and outsourcing to improve results
- Citizen Schools offers districts a proven, cost-effective solution to increase student and parent engagement and improve academic results

Today, we are a \$25.5M, 400-employee organization serving ~5,000 students and 3,700 Citizen Teachers in 37 schools across seven states



Vision :

*Close the opportunity and achievement gap
by expanding the learning day and engaging students in real-world learning,
ensuring that all children graduate high school ready to succeed in college and careers*

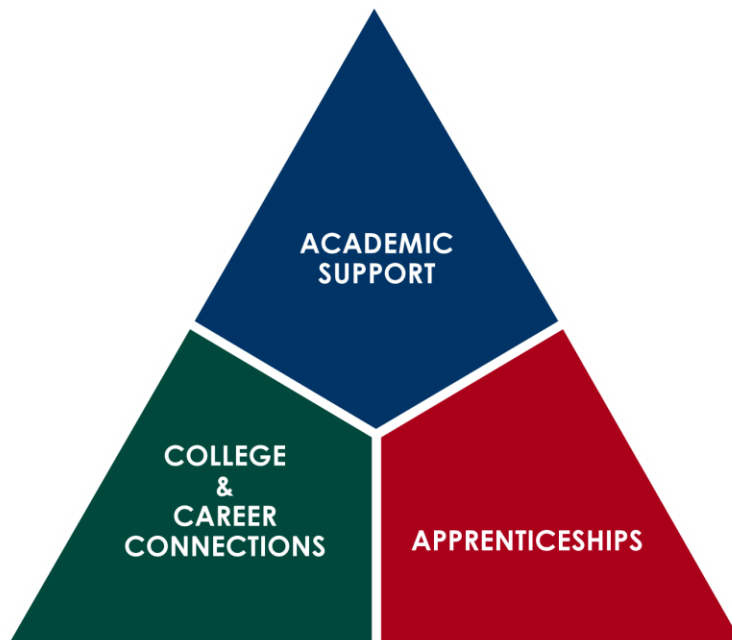
In the long term (FY2020), realizing our vision might look like this:

*Most U.S. schools serving low-income children re-imagine the length and structure of the school day,
thereby closing opportunity and achievement gaps with wealthier students.*

*Thousands of schools move from the six hour day led by a teacher talking to kids -- which had prevailed
in the 19th, 20th, and early 21st century --- to a nine or ten hour day that incorporates master teachers
leading core instruction and a second shift of skilled educators who bring learning to life through
hands-on, real world projects and academic practice.*

*The high school drop-out rate is cut in half; college graduation rates double. The U.S. is first in the
world in education again and the U.S. economy roars back to life, fortified by a new generation of
inventors and collaborators. Our Democracy is stronger too!*

Our program model blends academic support and project-based enrichment for 3 hours per day to close the opportunity and achievement gap for middle school students



ACADEMIC SUPPORT

- Previews and reviews of standards-based Math and English Language Arts skills and concepts
- Targeted homework support
- Time management and self-organization skills

APPRENTICESHIPS

- Aligned to 21st Century Skills
- Semester-long projects that culminate in student presentations
- Co-taught by Citizen Schools staffs and volunteer Citizen Teachers who are experts in their fields

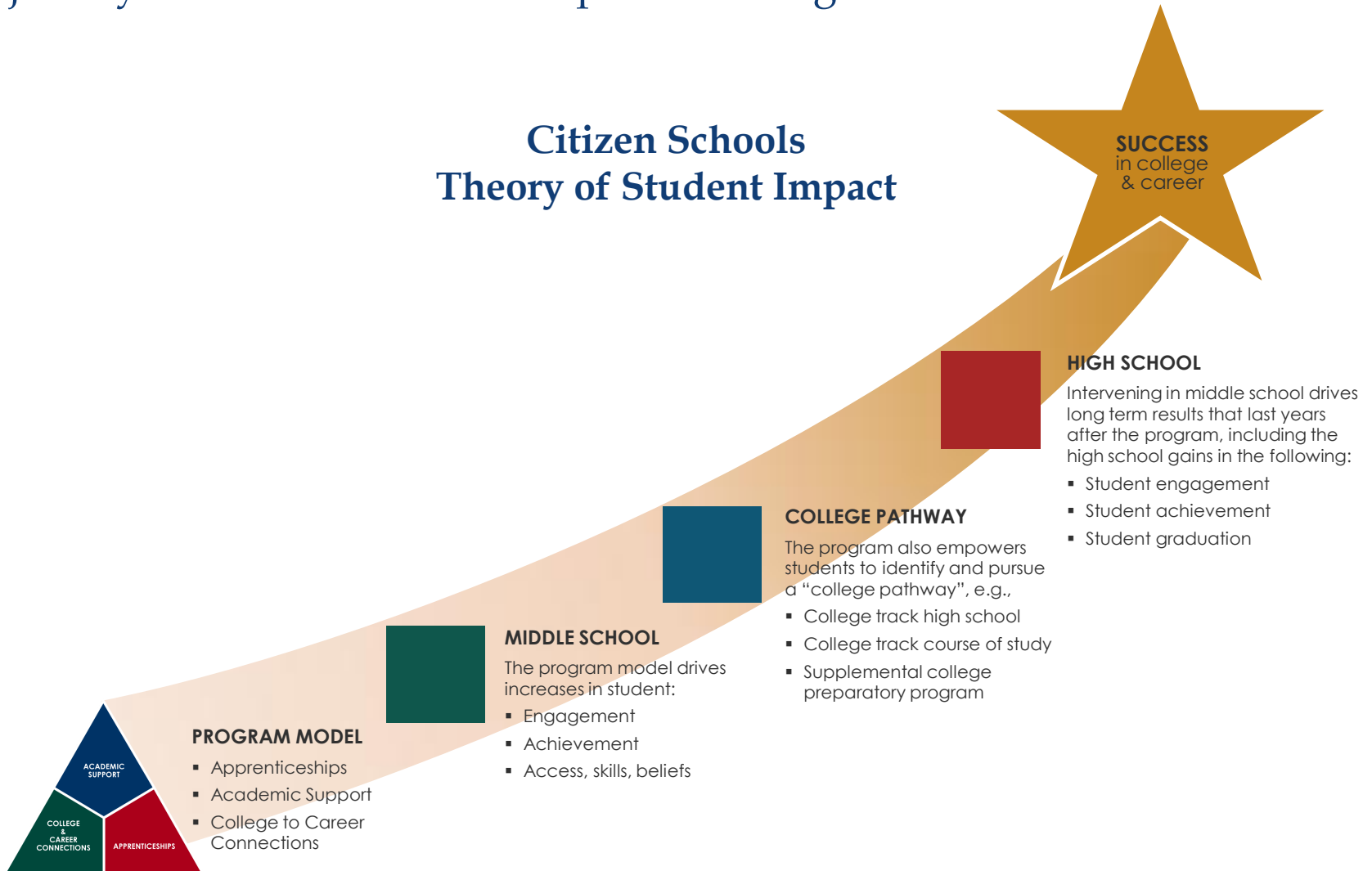
COLLEGE TO CAREER CONNECTIONS

- Explicit instruction in study skills and school success habits
- Exposure to college and career opportunities and pathways , including through 8th Grade Academy
- Individualized report card analysis to set goals for school success

MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY
Homeroom	Homeroom	Homeroom	Homeroom	Homeroom
Literacy & ELA	Literacy & ELA	Literacy & ELA	Literacy & ELA	Literacy & ELA
Math	Math	Math	Math	Math
Lunch	Lunch	Lunch	Lunch	Lunch
Science/ Social Studies	Science/ Social Studies	Science/ Social Studies	Science/ Social Studies	Science/ Social Studies
Elective	Elective	Elective	Elective	Elective
		Transition around 3pm		
SNACK AND CIRCLE	SNACK	SNACK	SNACK	JOINT PROFESSIONAL DEVELOPMENT
ACADEMIC SUPPORT 90 MIN.	ACADEMIC SUPPORT 60 MIN.	ACADEMIC SUPPORT 90 MIN.	ACADEMIC SUPPORT 60 MIN.	
COLLEGE TO CAREER CONNECTIONS 60 MIN.	APPRENTICESHIPS/ 8TH GRADE ACADEMY 90 MIN.	EXPLORE! 60 MIN.	APPRENTICESHIPS 90 MIN.	
		Dismissal around 6pm		
				SATURDAY 8TH GRADE ACADEMY COLLEGE TO CAREER CONNECTIONS

Citizen Schools drives student impact by shifting student's educational trajectory in middle school on a path to college & career success

Citizen Schools Theory of Student Impact



An independent evaluation found Citizen Schools' OST program is associated with significant results for our alumni through high school, years after the program

ENGAGEMENT

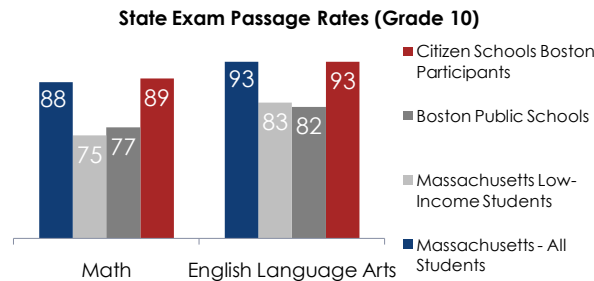
Attendance is one of the best predictors of whether a student will drop out of school. As early as middle school, high absenteeism is a powerful indicator of dropout risk.



Citizen Schools attendance is **higher than** matched peers, reducing absenteeism by 43%.¹

ACHIEVEMENT

Many students lack the academic skills necessary for college and career success. Only one-quarter of high school graduates who took the ACT in 2010 met college readiness benchmarks.²



9 out of 10 Citizen Schools alumni passed state exit exams in math and English, closing the achievement gap with state averages.¹

GRADUATION

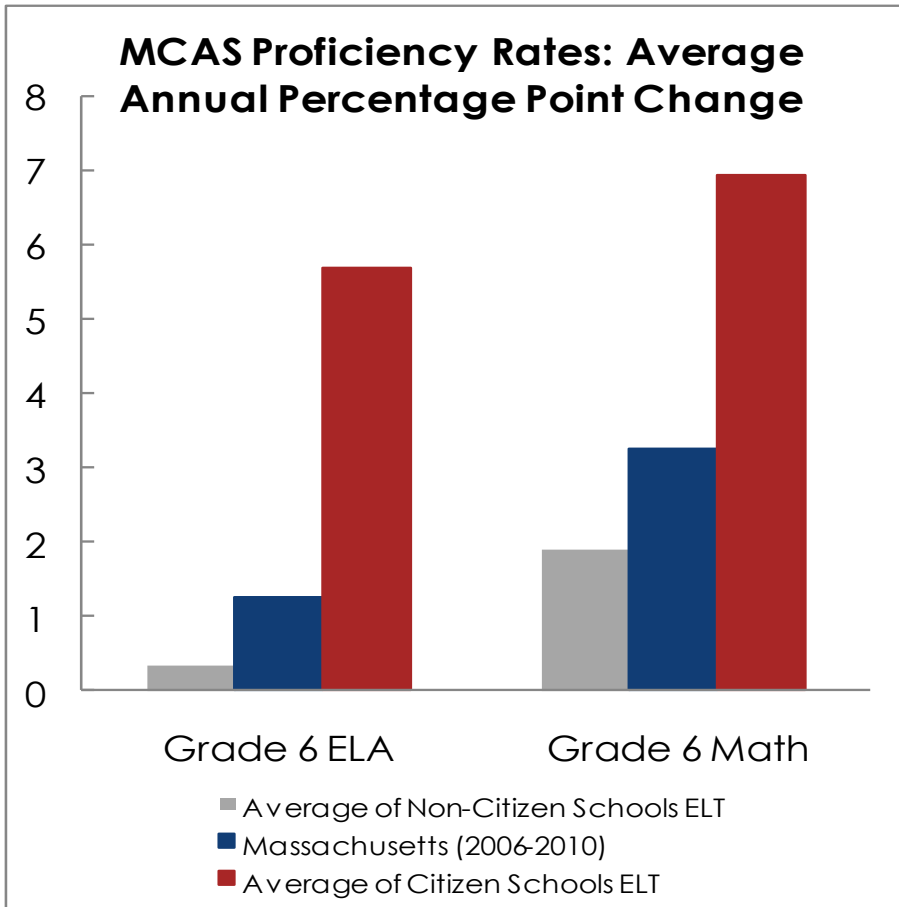
Nationwide, 2.2 million students attend high schools that qualify as “dropout factories.” Each year, more than a million young people fail to graduate with their class.³



Citizen Schools participants had a **20% higher high school graduation rate** than matched peers (71% vs. 59%).¹

1. Arcaira, Vile, and Reisner (2010). *Achieving High School Graduation: Citizen Schools' Youth Outcomes in Boston.*

We are shifting aggressively towards our ELT model, and early results indicate we can drive significant, school-wide results through this model

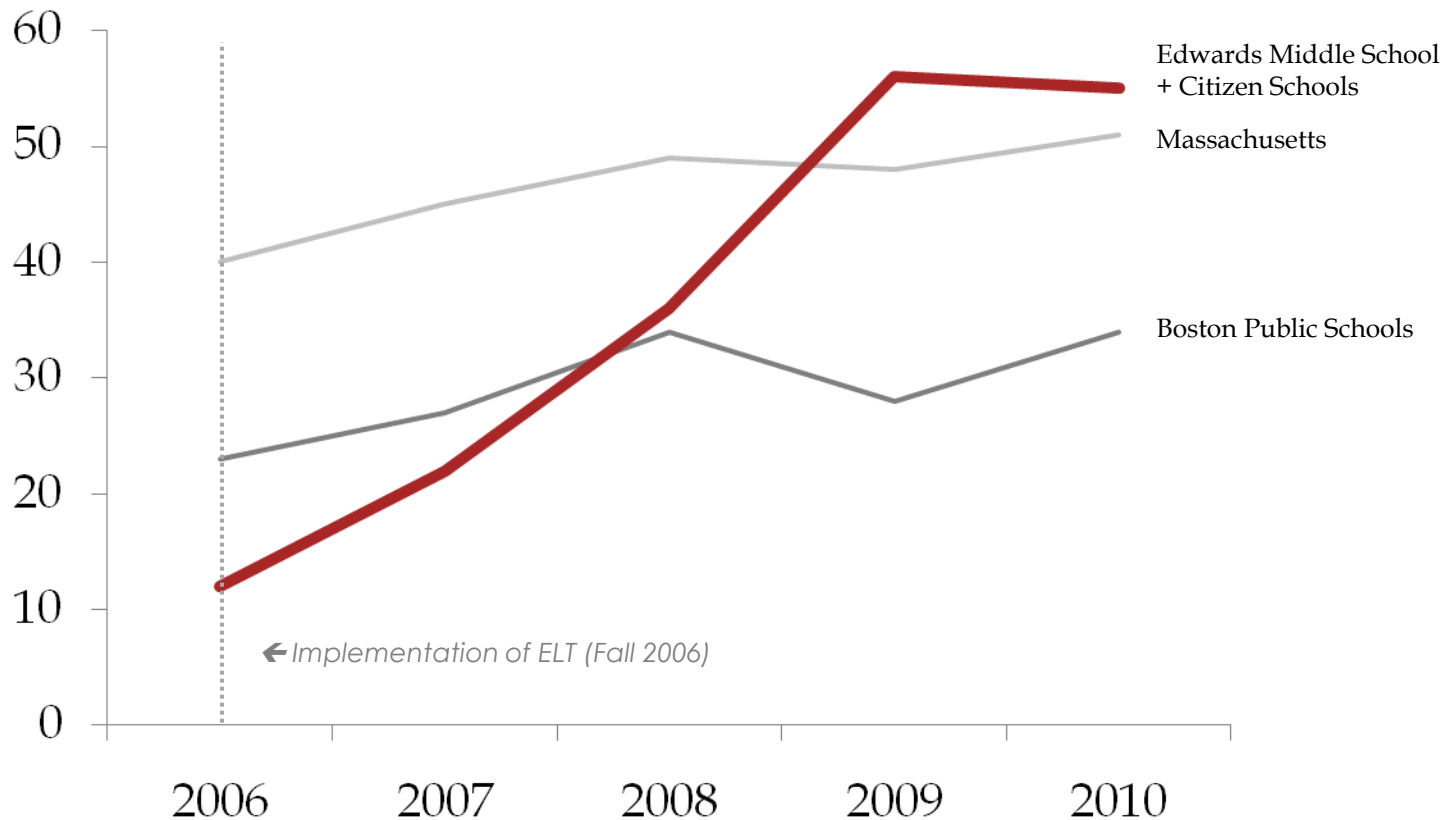


- Four low-achieving schools in Massachusetts that piloted ELT with Citizen Schools saw average annual gains in proficiency that are double to triple the gains for other ELT schools, and state averages
- These gains are consistent with gains seen in a comparative time series analysis by Abt Associates, which showed gains of .2 to .5 standard deviations for Citizen Schools sites in a majority of subjects and years
- When sustained over three or more years, these gains significantly exceed the standard for successful school turnaround (10 pp gain) as defined by the DOE’s Institute for Education Sciences

SOURCES: Massachusetts Dept. of Elementary and Secondary Education. Schools are included for years in which they participated in ELT with Citizen Schools as a partner. Citizen Schools average includes average gains for years in which schools implemented ELT in partnership with Citizen Schools (3 schools in each year). Two schools that participated in both CS and non-CS ELT are included in the appropriate group for each year.

One of the schools in the study, our flagship ELT partnership with the Edwards Middle School in Boston has reversed the state-wide achievement gap

State Exam Proficiency Rates: Grade 8 Math



SOURCES: Fleischman et al. (2010). *Highlights from PISA 2009*.; Arcaira, Vile, and Reisner (2010). *Achieving High School Graduation*; MA Department of Elementary and Secondary Education.

We will prove and sustain ELT through the following three FY2011-14 key strategic priorities:

- Increase our per student and per school **IMPACT**
- Increase our **SCALE** 10x through the Expanded Learning Time (ELT) model to serve more students and schools and prove effectiveness at 25 schools across urban and rural school districts
- Increase organizational **SUSTAINABILITY** and define and create the conditions to scale ELT more broadly beyond FY2014

We define and measure per student and per school **IMPACT** through the following **metrics**, and success through the following targets:

	2010 (baseline)	2011E^^	2012^^	2013	2014
<u>ENGAGEMENT</u>					
Student attendance	90%	91%	91%	92%	92%
Student retention	68%	70%	73%	77%	80%
Average annual reduction in student suspensions*	N/A	-10% (-30% cum. in first 3 years)	-10% (-30% cum. in first 3 years)	-10% (-30% cum. in first 3 years)	-10% (-30% cum. in first 3 years)
<u>ACHIEVEMENT</u>					
Average annual percentage point gains in proficiency on state assessments for ELA, math*	N/A	+5 (+15 cum. in first 3 yrs)	+5 (+15 cum. in first 3 yrs)	+5 (+15 cum. in first 3 yrs)	+5 (+15 cum. in first 3 yrs)
% of students maintaining an A/B or improving a below B ave in ELA, math	66%	71%	71%	75%	80%
<u>ACCESS, SKILLS, & BELIEFS</u>					
% of students reporting access to positive peers, adults, & experiences**^	N/A	60%	65%	70%	80%
% of students demonstrating fall-to-spring growth in 21 st century skills**	79%	75%	77%	80%	80%
% of students reporting strong belief in education-to-success & self-efficacy**	81%	80%	82%	85%	85%

* Measured for ELT campuses only

** Compilation of 2 or more Program Scorecard metrics

^ The access & beliefs survey instruments and targets are informed by national Gallup student survey data showing that in 2010 approximately 55% of middle school students are actively engaged in their learning and 51% are hopeful for their futures

^^ FY2011 represent current year targets; FY2012 targets to be finalized by 6/30/11

We will drive per student and per school **IMPACT** through the following **key tactics**:

CREATE EXCELLENT TRAINING & COACHING SYSTEMS FOR 2ND SHIFT

- Improve our program staff educator training by strengthening the delivery of national summer institute and regional summer trainings
- Strengthen volunteer Citizen Teachers support: curriculum, lesson planning 101 training, enhanced guidance from program staff, and education reform context
- Provide direct field support to Program Directors around ELT planning & implementation, core program model execution, and instructional leadership

CREATE SCALABLE TOOLS FOR INSTRUCTION & MANAGEMENT FOR 2ND SHIFT

- Develop a knowledge capture and sharing system for programmatic best practices
- Invest in an effective, simple to use curriculum dev./lesson planning system
- Document and share models of excellence across program elements and aligned with the Instructional Rubric/Assessing Apprenticeship Quality Tool
- Develop “Our Shared Culture” Plan including trainings/ standards/ tools/ resources for classroom management, goal-setting, character/student success

CREATE STRONG SCHOOL PARTNERSHIPS

- Refined school selection/cultivation criteria that reflect critical factors including school leadership/academic team leadership, high need student population
- Seamless integration of the 1st and 2nd shift, including a shared vision of student expectations, shared instructional practices and student level assessments

VALIDATE ELT RESULTS THROUGH EVALUATION

- Engage Abt Associates to evaluate our ELT model through a school level quasi-experimental study consistent with What Works Clearinghouse standards

We define and measure **SCALE** through the following **metrics**, and success through the following targets:

	2010 (baseline)	2011E	2012	2013	2014
Student Enrollment*	3,490	3,887	4,569	5,519	6,585
ELT campuses	2	10	19	23	25
OST campuses	35	27	12	7	7
Citizen Teachers	3,090	3,630	4,264	5,151	6,146

* Student enrollment is the average enrollment in week four/day one of the first and second semester. Total students served has historically run 20% or more above enrollment.

We will drive **SCALE** through the following **key tactics**:

CREATE RELIABLE TALENT PIPELINES FOR 2ND SHIFT

Create reliable talent pipelines for program staff educators by:

- Investing in college partnerships and tightening the implementation of our candidate selection model/criteria
- Using data comparing candidate hiring rubric scores and on campus performance to drive continuous improvements in sourcing and selection
- Sourcing Campus Directors via Teaching Fellowship and TFA alumni partnership

Create reliable pipelines for high-quality volunteer Citizen Teachers by:

- Investing in corporate partnerships to deliver excellent partner-led apprenticeships
- Investing in social media to develop and mobilize community of Citizen Teachers to drive retention and recruitment

CREATE STRONG DISTRICT PARTNERSHIPS THAT DRIVE STUDENT SUCCESS

- Refined district selection/cultivation criteria that reflect critical factors including district level support for ELT as a lever for reform and funding
 - ELT Summit: Convene ELT practitioners and other partners to create a community of practice, inspire excellence, establish a network of ELT experts and ambassadors
-

We define and measure organizational **SUSTAINABILITY** through the following **metrics**, and success through the following targets:

	2010 (baseline)	2011E	2012	2013	2014
Annual revenue \$M	\$22.4	\$26.5	\$27.7	\$29.7	\$32.1
% of budget raised for next year	49%**	50%	50%	50%	50%
Direct cost per enrollment	\$2,528	\$2,993	\$2,566	\$2,398	\$2,235
Total cost per enrollment (direct and indirect)	\$4,850	\$5,053	\$4,512	\$3,973	\$3,531
Total operating reserve \$M (months)	\$6.9M (3.7)	\$7.6 (3.5)	\$8.1 (3.6)	\$9.0 (3.7)	\$10.5 (4.1)

** As of July 26, 2010 (almost one month into the FY11 fiscal year)

Note: We will define specific metrics to “create conditions for future growth of ELT beyond FY2014” over the course of the plan

We will drive organizational **SUSTAINABILITY** through the following **key tactics**:

INCREASE PRIVATE FUNDING BY FOCUSING ON 6-7 FIGURE GIFTS

Build strong national and regional boards capable of generating large gifts directly and through their networks

- Focus senior level time to develop and expand the national and regional boards
- Continue to build the National STEM Advisory Board and Education Advisory Board as pipelines – along with the regional boards -- for the National Board
- Increase collaboration amongst the respective boards

Increase foundation support from funders who are aligning with districts and interested in school transformation strategies

Drive large gifts through our corporate sponsorship efforts with national players who have a presence in multiple Citizen Schools’ regions

- Focus on STEM and Finance sectors to quadruple \$100,000+ corporate partners
- Hone national corporate partnership program to clarify benefits to lead sponsors; continue to invest in brand building to increase visibility of partnerships

INCREASE SHARE OF DIRECT CAMPUS COSTS COVERED BY PUBLIC FUNDS TO 70%

- Generate research and case studies that demonstrate how school leaders are freeing up public funds to pay for ELT
- Optimize current public funding sources, including Title I, SES, CLC, SIG, RTTT and state/local formula dollars
- Create stronger relationships with district/school leaders, through our annual ELT Summit in Boston, and tailored cultivation led by state Executive Directors
- Raise expectations for financial commitment from prospective ELT partners; Most new partners/ELT sites for FY12 are committing \$1,000-\$1,200 per student

In addition, we must also **CREATE THE CONDITIONS FOR FURTHER GROWTH** of ELT beyond FY2014 through the following **key tactics**:

CREATE A SUPPORTIVE CLIMATE FOR ELT THROUGH PUBLIC POLICY

- Continue direct federal advocacy, primarily pursuing policy changes to 21st CCLC and maintaining funding for 21st CCLC and AmeriCorps, ESEA reauthorization
- Seek greater emphasis on ELT and better definition within School Improvement Grant program
- Pursue early stage state policy advocacy, including engagement with state departments of education

INCREASE VISIBILITY FOR ELT AS A LEADING SCHOOL IMPROVEMENT STRATEGY

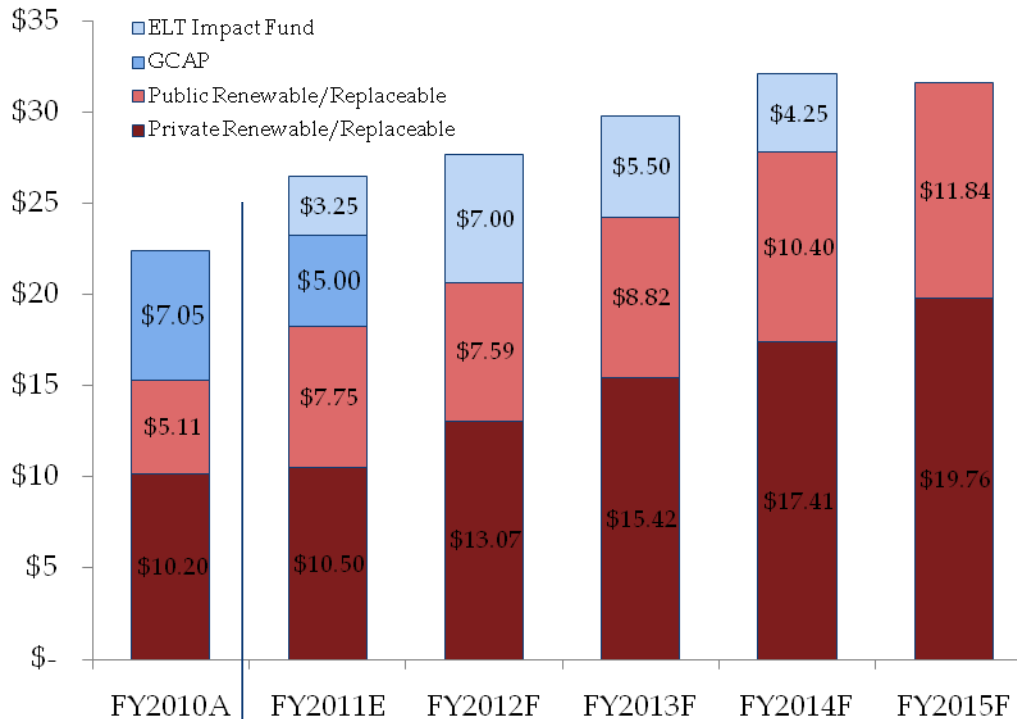
- Pursue third party validation for ELT including books, reports, media coverage including op-eds, endorsement by influential bloggers, academics, and pundits
- Find compelling stories to prove ELT and generate new leads, video, reports, case studies, and share through old and new media
- Align external mass communication policies and systems (constituent database, and how we reach out to constituents)
- Ensure high-functioning internal communications

CREATE AN ELT TOOLBOX FOR USE BY CITIZEN SCHOOLS AND THE FIELD

- Create/ document curriculum, training guides, other materials pertaining to high quality ELT for use by Citizen Schools staff, partners, and the field more broadly

Citizen Schools will build renewable/replaceable revenues to ~\$31M+ by FY2015 through remaining Growth Capital and the ELT Impact Fund

Citizen Schools Network Revenue (\$M)



Grow public funds by FY2015

- District partnerships generate funding equal to 70-80% of direct costs for both ELT and OST
- Influence federal/state policy (e.g., ESEA reauthorization) to create a supportive climate for ELT

Grow private funds by FY2015

- Build board to cultivate individual philanthropy at the national and regional levels
- Develop national corporate partnerships
- Cultivate foundations for education investments

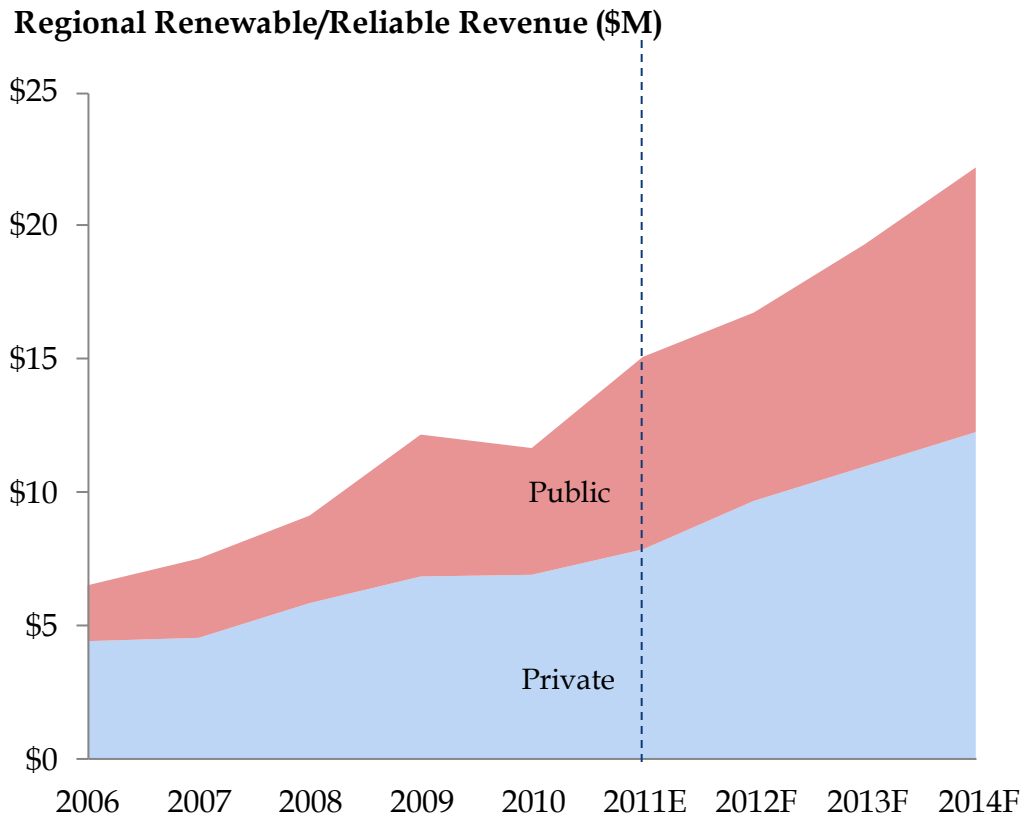
\$20M in new "ELT Impact Fund"

- We plan to raise a \$20M "ELT Impact Fund" to ease the transition as we replace GCAP funding
- The Impact Fund will be raised from private funders including some GCAP investors

	FY2010A	FY2011E	FY2012F	FY2013F	FY2014F	FY2015F
Renew/Replace	\$15.31	\$18.25	\$20.66	\$24.25	\$27.81	\$31.60
GCAP	\$7.05	\$5.00	--	--	--	--
Impact Fund	--	\$3.25	\$7.00	\$5.50	\$4.25	--
Total	\$22.36	\$26.50	\$27.66	29.75	\$32.06	31.60

Note: Forecast assumes \$1M per in year of in-kind in HQ private revenue; Bridgespan scenarios excluded in-kind; includes shortfall allowance of 2%, 5%, and 8% of R/R revenue (net of in-kind) in FY12-14; public funding assumes a 10% cut in AmeriCorps funding from FY2011 levels through FY2014

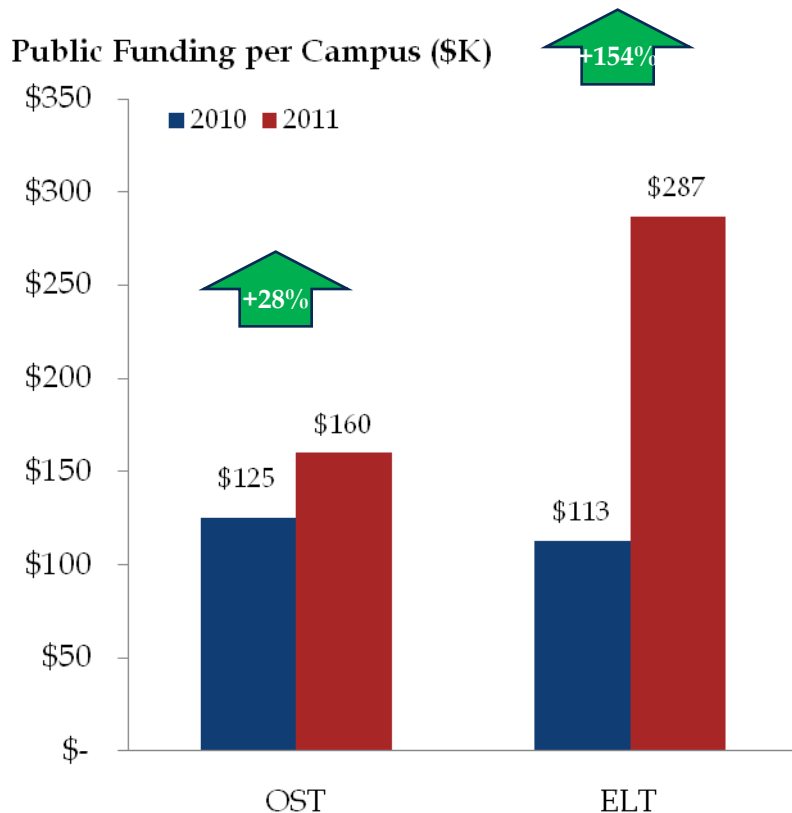
We increased regional renewable/replaceable revenue from \$11.7M in FY2010 to ~\$15M in FY2011; the gains were strongest in public, but we also see momentum on the private side



- Regional renewable/replaceable (R/R) revenue grew from \$6.5M in FY2006 to \$11.7M in FY2010
- Over the same period, we increased the proportion of regional R/R to regional expense from 68% to 86%
- In FY2011 we expect to raise ~\$15M in regional R/R, or ~82% of regional expense
- This figure grows to \$22M by FY2014, which will cover 120% of regional expense, 15% of which will cover national support costs, and the remainder to building our reserve
- Those growth projections are based on steady, not dramatic, continued progress with our public and private funding strategies

Note: FY2011-14 regional renewable/replaceable is discounted by a pro-rated portion of the shortfall allowance equal to 2%, 5%, and 8% of R/R revenue (net of in-kind) in FY12-14 ; public funding assumes a 10% cut in AmeriCorps funding from FY2011 levels through FY2014

In FY2011 we significantly increased public funding per campus, particularly at ELT sites which went from \$113K to \$287K per campus; we believe we can increase this figure at more moderate rates moving forward



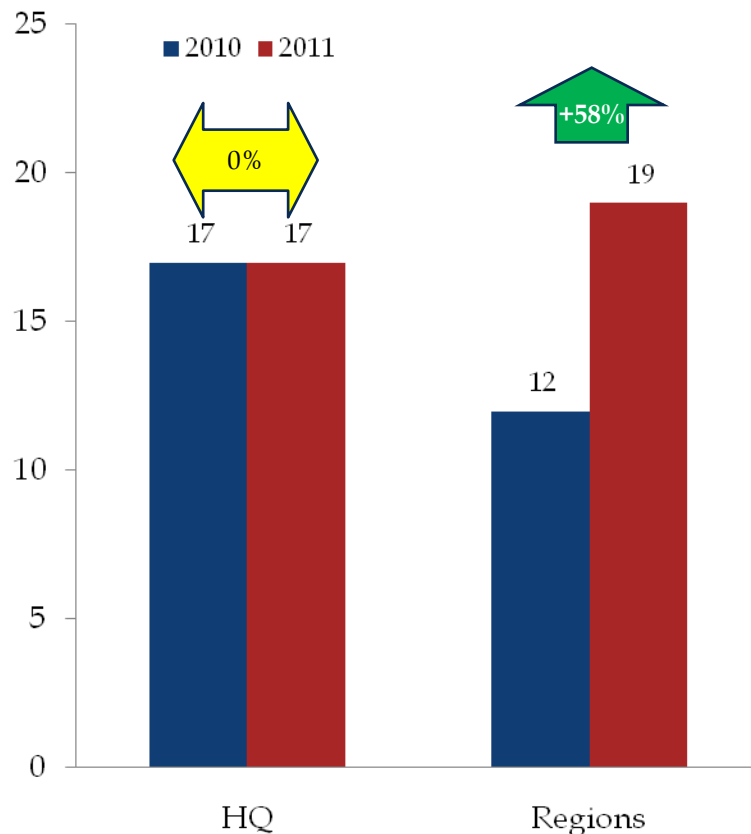
- We increased per campus public funding in FY2011 as we:
 - Clarified our value proposition with districts and schools
 - Added to our body of evidence through the PSA and Abt studies
 - Closed sites where we are not economically sustainable

- This increased the percent of public funds covering direct costs from 52% to 60%, and we believe we can continue this trend
 - The value proposition for ELT with districts is stronger, and economic sustainability is a key growth criteria
 - We plan to aggressively pursue of federal pass through dollars (Title I, SES, CLC, RttT, SIG to fund ELT in partnership with districts
 - We have formed an internal task force to better define our public funding strategy and implementation

- Our current forecast shows exceeding 70% public funding target by FY2014 despite assuming a 10% cut in AmeriCorps funding from FY2011 levels in FY2012-14

We have already significantly increased the number of 6-7 figure gifts within regions and believe we can continue this momentum through board building, corporate partnerships and foundation alignment

No. 6-7 Figure Gifts

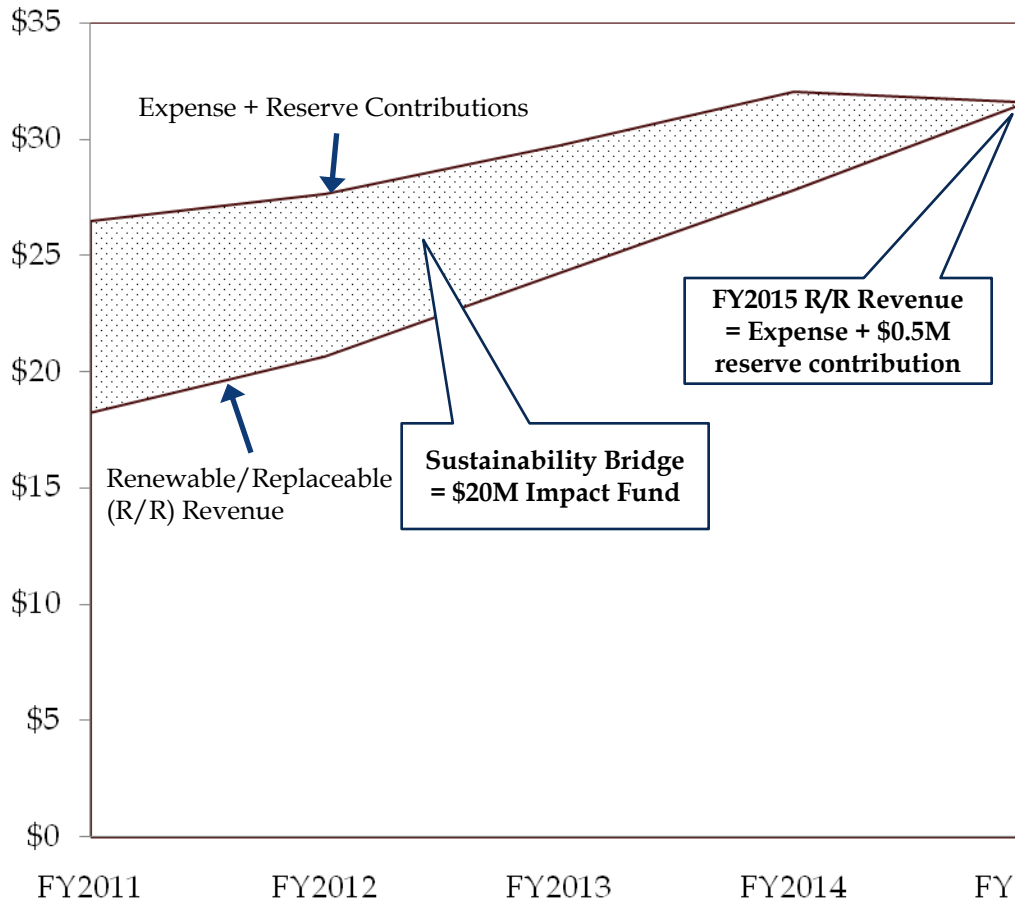


- We increased the number of regional 6-7 figure gifts by 58% and maintained giving levels at HQ from FY2010 to FY2011
- **Corporate partnerships** are growing
 - Our national and regional development and civic engagement departments are collaborating to engage corporate partners around funding and volunteers
 - We are beginning to have a “club” of corporate partners that is drawing unsolicited interest from new partners
 - Our STEM focus is engaging leading science and technology companies across regions, including Google, HP, Cisco, Merck and Biogen Idec
- **National and regional board building** is adding momentum as members are influencing individual and corporate gifts
- District interest in ELT is influencing **regional foundations** looking to support district-led reforms

Note: GCAP investments are included in HQ

A \$20M ELT Impact Fund will enable Citizen Schools to demonstrate ELT effectiveness, and establish renewable/replaceable revenue streams to sustain and grow a \$31M+ organization

Citizen School Forecast (\$M)



- Citizen Schools will leverage a \$20M Impact Fund as a “sustainability bridge”
- This will enable us to demonstrate IMPACT, SCALE, and build towards SUSTAINABILITY
- We expect our renewable/replaceable funding to exceed expenses by FY2015
- As a result, we will be able to sustain at this size indefinitely
- We may pursue further growth beyond FY2014 through a subsequent campaign
- However, this will be a deliberate decision to scale vs. a requirement for sustainability

Note: Forecast assumes \$1M per in year of in-kind in HQ private revenue; Bridgespan scenarios excluded in-kind; includes shortfall allowance of 2%, 5%, and 8% of R/R revenue (net of in-kind) in FY12-14; public funding assumes a 10% cut in AmeriCorps funding from FY2011 levels through FY2014

The Impact Fund will be used to accelerate progress against our core priorities, **Impact**, **Scale** and **Sustainability**, and the associated key tactics

	INVESTMENTS	AMOUNT (\$M)
IMPACT	<ul style="list-style-type: none"> • Development of training & coaching systems for 2nd shift including national and regional trainings, Citizen Teacher training/support, field support • Development of tools for instruction & management including system for best practice sharing, lesson planning systems, documentation of models of excellence and “shared culture” plan • Investment in external evaluation of ELT model by Abt Associates • Regional support of program operations 	\$6.0M
SCALE	<ul style="list-style-type: none"> • Development of national infrastructure to create reliable talent pipelines for both staff talent and Citizen Teachers • Investments in national infrastructure to create strong frameworks and tools for school partnerships, including ELT summits • General operating support for HQ, including national leadership, finance, HR, technology 	\$7.0M
SUSTAINABILITY	<ul style="list-style-type: none"> • Investments in national external relations teams and systems targeted at 6-7 figure gifts and corporate partnership development • Investments strategy and implementation of key public funding strategies • Investments in national, state policy and communications efforts • Investments in regional infrastructure and sustainability including regional strategy development, external cultivation, general operating support • Contributions to operating reserve 	\$7.0M
TOTAL		\$20.0M

- In addition to our baseline, we have created a “downside” scenario
 - The scenario assumes a 5%, 15%, 15% cut to forecast renewable/replaceable funding in FY2012, FY2013, FY2014, respectively; Impact Fund continues to be modeled at \$20M
 - This scenario assumes a small reduction in AmeriCorps in FY2012, consistent with our recent application notification, but a complete cut in FY2013-14, or other event of similar magnitude

- To offset the \$9M in lost funds over the three years, we modeled the following actions:
 - Reduced ELT campuses to 22 and OST sites to 6 in FY2013-14 (\$3.57M)
 - Closed one region in FY2013, and made modest cuts to other regional offices (\$1.79M)
 - Reduction in HQ spending (\$1.55M)
 - Reduction in reserve contributions (\$2.08M)

- While this scenario is viable, it reduces our impact and scale, and increases risk
 - Enrollment of 5,778 at 28 campuses vs. baseline plan of 6,513 at 32 campuses
 - Under this downside scenario, enrollment growth from FY2010 to FY14 is 66% and enrollment in FY2014 is 17% higher than projected in the original FY2007-12 growth plan
 - Reduced HQ and state office capacity limit the resources we can put against our priorities and make attracting and retaining key talent harder as we have less ability to provide resources and compensation/benefits
 - Reduced resources reduces flexibility/adaptability to react to changing circumstances
 - Reduced operating reserve increases our financial/cash flow risk

- We are also developing an upside scenario that adds ELT campuses on a “pay as you go” basis, including increased district per student funding as a percent of direct cost

Risk	Mitigation Plan
Impact Fund goals are not met, or not met on the desired schedule	<ul style="list-style-type: none"> • We are actively managing the pipeline of proof fund prospects; currently ~75% of the funds are committed and we have a clear path for the remainder • In the short term, we have increased our line of credit to \$5M to provide us with additional cash if the issue is timing • We also have contingency plans to allow us to reduce expenses or surplus contributions ranging from modest cuts in discretionary spending to campus and regional closures
Renewable/replaceable revenue goals are not met, potentially including elimination of AmeriCorps funding	<ul style="list-style-type: none"> • We have built a shortfall allowance into the plan, allowing us to fall 2% percent short of region-specific goals in FY12, 5% below goal in FY13, and 8% below goal in FY14 • We have invested in real time data systems to better track and measure revenue performance, allowing us to adjust more rapidly to changes in circumstances • We have created a downside scenario assuming 5%, 15%, 15% cuts in R/R revenue in FY2012, FY2013, FY2014, respectively, in addition to the contingency plans noted above • We recently received notice of a three-year AmeriCorps grant that is 9% lower than we received last year and 1% higher than modeled in our base case plan for FY12-14; While this could be further reduced if AmeriCorps is eliminated or deeply cut, as a “continuation” grantee in FY13 and FY14 we are less vulnerable than we were this year
ELT does not drive the anticipated results in absolute terms, and/or relative to comparison schools as measured by the Abt study	<ul style="list-style-type: none"> • We are investing in real-time data systems to better track and measure programmatic performance, allowing us to adjust more rapidly to changes in circumstances • Message the Abt study as part of the overall body of evidence for Citizen Schools including the PSA studies, Abt memo on MA ELT, and internal results data • Highlight lessons learned from the study in terms of success and challenges and adapt our model accordingly • Position Citizen Schools-led ELT as one of several strong school improvement strategies, not an exclusive strategy
ELT brand is sullied by competing program run by other nonprofits or districts	<ul style="list-style-type: none"> • Clearly define “high-quality ELT” and publicly raise concerns about “more-of-the-same ELT” • Use Abt study to differentiate Citizen Schools-led ELT from different ELT models, including those Abt is studying directly in MA and NY
Citizen Schools experiences significant senior staff turnover	<ul style="list-style-type: none"> • We have detailed succession planning at CEO/President/Vice President level • We are investing more in coaching and learning opportunities for Leadership Team • We are returning to larger investments in merit-based salary increases and will invest more in benefits, including retirement contribution as the economic climate improves

- APPENDIX I: Plan Forecast (Baseline)
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Our baseline projections for growth through FY2014

	FY 2010A	FY 2011E	FY 2012F	FY 2013F	FY 2014F	FY2011-14	Notes
PROGRAM							
Region	7	7	7	7	7		
Campuses (ELT)	37 (2)	37 (10)	31 (19)	30 (23)	32 (25)		
Enrollment (ELT)	3490 (353)	3887 (1462)	4569 (3336)	5519 (4784)	6585 (5850)		
Students (ELT)	4488 (376)	4688 (1462)	4816 (3336)	5666 (4784)	6732 (5850)		
REVENUE							
<u>HQ</u>							
Private	\$ 3,303	\$ 2,652	\$ 3,475	\$ 4,688	\$ 5,588	\$ 16,402	Assumes \$1M of in-kind in FY11-14
Public	\$ 351	\$ 523	\$ 525	\$ 500	\$ 500	\$ 2,048	
Total HQ renewable/reliable	\$ 3,654	\$ 3,175	\$ 4,000	\$ 5,188	\$ 6,088	\$ 18,450	
<u>Regional</u>							
Private	\$ 6,892	\$ 7,845	\$ 9,859	\$ 11,515	\$ 13,280	\$ 42,499	
Public	\$ 4,762	\$ 7,230	\$ 7,215	\$ 8,770	\$ 10,775	\$ 33,990	Assumes 10% AmeriCorps cut f/ FY11 levels
Total regional renewable/reliable	\$ 11,654	\$ 15,075	\$ 17,074	\$ 20,285	\$ 24,055	\$ 76,489	
Shortfall allowance	\$ -	\$ -	\$ (410)	\$ (1,224)	\$ (2,331)	\$ (3,965)	Assume 2%, 5%, 8% of r/r rev (net in-kind)
Existing Growth Capital	\$ 7,050	\$ 5,000	\$ -	\$ -	\$ -	\$ 5,000	Assume \$1M in FY12 GCAP moved into FY11
Proof Fund	\$ -	\$ 3,250	\$ 7,000	\$ 5,500	\$ 4,250	\$ 20,000	Includes \$1M in Picower funds in FY12
Revenue	\$ 22,358	\$ 26,500	\$ 27,664	\$ 29,749	\$ 32,061	\$ 115,974	
EXPENSE							
National	\$ 7,359	\$ 8,567	\$ 8,961	\$ 9,096	\$ 9,232	\$ 35,856	
In-kind	\$ 1,272	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 4,000	Assumes \$1M of in-kind in FY11-14
Stone Soup offset	\$ (645)	\$ (1,197)	\$ (1,717)	\$ (2,350)	\$ (3,054)	\$ (8,318)	
Net National	\$ 7,986	\$ 8,370	\$ 8,245	\$ 7,746	\$ 7,178	\$ 31,538	
Regional Office	\$ 4,815	\$ 4,812	\$ 5,440	\$ 5,565	\$ 5,648	\$ 21,465	
Campuses - OST/affiliate	\$ 8,046	\$ 7,246	\$ 3,586	\$ 1,773	\$ 1,799	\$ 14,404	
Campuses - ELT	\$ 776	\$ 4,175	\$ 8,140	\$ 11,460	\$ 12,915	\$ 36,690	
Stone Soup	\$ 645	\$ 1,197	\$ 1,717	\$ 2,350	\$ 3,054	\$ 8,318	
Total regional costs	\$ 14,282	\$ 17,430	\$ 18,883	\$ 21,147	\$ 23,417	\$ 80,877	
Expenses	\$ 22,268	\$ 25,800	\$ 27,128	\$ 28,893	\$ 30,595	\$ 112,416	
Cost per student	\$ 3,771	\$ 4,183	\$ 4,281	\$ 3,876	\$ 3,454		
SURPLUS (DEFICIT)	\$ 91	\$ 700	\$ 536	\$ 856	\$ 1,466	\$ 3,558	
Margin	0.4%	2.6%	1.9%	2.9%	4.6%	3.1%	

Note: Forecast assumes \$1M per in year of in-kind in HQ private revenue; Bridgespan scenarios excluded in-kind

- APPENDIX I: Plan Forecast (Baseline)

- APPENDIX II: Plan Forecast (Downside)

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Our downside projections for growth through FY2014

	FY 2010A	FY 2011E	FY 2012F	FY 2013F	FY 2014F	FY2011-14	Notes
PROGRAM							
Region	7	7	7	6	6		
Campuses (ELT)	37 (2)	37 (10)	33 (18)	28 (22)	28 (22)		
Enrollment (ELT)	3490 (353)	3928 (1468)	4815 (3240)	5206 (4576)	5778 (5148)		
Students (ELT)	4488 (376)	4420 (1468)	5130 (3240)	5332 (4576)	5904 (5148)		
REVENUE							
<u>HQ</u>							
Private	\$ 3,303	\$ 2,708	\$ 3,428	\$ 4,280	\$ 5,069	\$ 15,484	Assumes \$1M of in-kind in FY11-14
Public	\$ 351	\$ 524	\$ 483	\$ 445	\$ 443	\$ 1,895	
Total HQ renewable/reliable	\$ 3,654	\$ 3,232	\$ 3,911	\$ 4,724	\$ 5,512	\$ 17,379	
<u>Regional</u>							
Private	\$ 6,892	\$ 7,510	\$ 9,418	\$ 10,241	\$ 11,778	\$ 38,948	
Public	\$ 4,762	\$ 7,009	\$ 7,106	\$ 7,346	\$ 8,381	\$ 29,842	Assumes 10% AmeriCorps cut f/ FY11 levels
Total regional renewable/reliable	\$ 11,654	\$ 14,519	\$ 16,524	\$ 17,587	\$ 20,159	\$ 68,790	
Shortfall allowance	\$ -	\$ -	\$ (389)	\$ (1,066)	\$ (1,974)	\$ (3,428)	Assume 2%, 5%, 8% of r/r rev (net in-kind)
Existing Growth Capital	\$ 7,050	\$ 5,000	\$ -	\$ -	\$ -	\$ 5,000	Assume \$1M in FY12 GCAP moved into FY11
Proof Fund	\$ -	\$ 3,750	\$ 7,000	\$ 5,250	\$ 4,000	\$ 20,000	Includes \$1M in Picower funds in FY12
Revenue	\$ 22,358	\$ 26,501	\$ 27,047	\$ 26,496	\$ 27,698	\$ 107,742	
EXPENSE							
National	\$ 7,359	\$ 8,297	\$ 8,413	\$ 8,540	\$ 8,668	\$ 33,917	
In-kind	\$ 1,272	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 4,000	Assumes \$1M of in-kind in FY11-14
Stone Soup offset	\$ (645)	\$ (1,197)	\$ (1,716)	\$ (2,100)	\$ (2,594)	\$ (7,607)	
Net National	\$ 7,986	\$ 8,100	\$ 7,697	\$ 7,440	\$ 7,074	\$ 30,310	
Regional Office	\$ 4,815	\$ 4,922	\$ 4,995	\$ 4,320	\$ 4,385	\$ 18,622	
Campuses - OST/affiliate	\$ 8,046	\$ 7,383	\$ 3,995	\$ 1,520	\$ 1,542	\$ 14,439	
Campuses - ELT	\$ 776	\$ 4,254	\$ 8,174	\$ 10,962	\$ 11,365	\$ 34,755	
Stone Soup	\$ 645	\$ 1,197	\$ 1,716	\$ 2,100	\$ 2,594	\$ 7,607	
Total regional costs	\$ 14,282	\$ 17,755	\$ 18,881	\$ 18,902	\$ 19,887	\$ 75,424	
Expenses	\$ 22,268	\$ 25,855	\$ 26,578	\$ 26,341	\$ 26,960	\$ 105,734	
Cost per student	\$ 3,473	\$ 4,095	\$ 3,627	\$ 3,458	\$ 3,197		
SURPLUS (DEFICIT)	\$ 91	\$ 646	\$ 469	\$ 155	\$ 738	\$ 2,007	
Margin	0.4%	2.4%	1.7%	0.6%	2.7%	1.9%	

Note: Forecast assumes \$1M per in year of in-kind in HQ private revenue; Bridgespan scenarios excluded in-kind

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Our strategy must address all of the following elements:

IMPACT/SCALE
 SUSTAINABILITY

<p>1 STRATEGY NARRATIVE</p> <p><i>What are the key elements of the story we are telling?</i></p>	<p>3 RESULTS</p> <p><i>How will we measure success?</i></p>
<p>2 OPERATIONAL SCALING</p> <p><i>What operational needs must we fulfill to enable us to make the story reality?</i></p>	<p>4 POLICY & FIELD BUILDING</p> <p><i>How will we leverage policy & field building in our efforts?</i></p> <p>5 SUSTAINABILITY</p> <p><i>What are the financial strategies we must pursue to sustain our work?</i></p>

The following represents our “strategy on a page” – the essential story line that describes our national strategy

IMPACT/SCALE SUSTAINABILITY

<p>1 STRATEGY NARRATIVE</p> <ul style="list-style-type: none"> • Middle school reform is a critical step in enabling all children to graduate from high school ready for success in college and careers • Our core program model (apprenticeships, academic coaching, C3) is an effective middle school reform strategy for ELT and OST; 8GA, STEM remain critical • Our ELT model is an effective school improvement solution and is optimal to advance our mission – OST remains relevant but a lesser focus • Scale our ELT model to 22-25 persistently low-performing middle school partners in ~10 districts, and 7 or more states • Leverage our results to put ELT front and center in the education reform and school turnaround debate by FY2014 • This will position us to grow the ELT model to additional schools and help others adopt the model at thousands of schools beyond FY2014 • Other options we will <u>not</u> pursue represent lower value activities for the next 3-5 years (e.g., 10,000 volunteers, extended alumni support, affiliate sites) 	<p>3 RESULTS</p> <ul style="list-style-type: none"> • Validate results consistent with school turnaround (e.g., proficiency) via Abt study • Validate results consistent with long-term student success (e.g., maint/impr grades) via internal data • Continue to validate long term results through internal data and/or select external studies
<p>2 OPERATIONAL SCALING</p> <ul style="list-style-type: none"> • Create reliable talent pipelines for second shift educators, including CTs and program staff, particularly 1st/2nd year educators and Campus Directors • Create scalable training and development to prepare our CTs and program staff to succeed • Consistently create strong school partnerships that drive student success • Create scalable tools for instruction and management, including curricula and training materials available on-line, and integrated real time student data/data to action and professional development systems • Improve the effectiveness, efficiency of our operations/support functions 	<p>4 POLICY & FIELD BUILDING</p> <ul style="list-style-type: none"> • Leverage an “inside the beltway” strategy to enhance the operating/funding environment for Citizen Schools in the next 1-3 years • Leverage our ELT results, beltway supporters and a growing “outside the beltway” movement to create or favorably modify public funding and overall climate for ELT in the next 3-5 years
	<p>5 SUSTAINABILITY</p> <ul style="list-style-type: none"> • Significantly increase our public funding from 50% to 80% of direct costs by getting a greater share of existing funds and reducing per unit cost • Significantly increase our private dollars by focusing efforts on 6-7 figure gifts • Contain cost and maintain operating reserves at the campus, national, regional levels