Deloitte.

FIRST PLACE FOR YOUTH
MORE IS POSSIBLE

First Place for Youth

Strategic Plan Refresh: Executive Summary

February 3, 2016

Our vision

First Place for Youth's vision is that all foster youth in the United States can achieve self-sufficiency and make a successful transition to adulthood so that the disparities between them and their non-foster care peers are eliminated

The Issue

- Annually, 26,000 youth age-out of the foster care system. For many youth, aging out of foster care means losing financial, educational, and social support, as a result:
  - 40% of former foster youth experience homelessness by age 19
  - 54% will drop out of high school
  - 99% will never graduate from college
  - Only 29% find jobs in the first two years after leaving foster care
- This lack of support extends beyond the former foster care population
  - Every year, over 2 million youth will be homeless for a period of time

Our Solution

- Since 1998, FPFY has ensured that youth have the opportunity to experience a safe and supported transition from foster care
- My First Place provides safe, permanent, and affordable housing with intensive case management and education and employment support services to help youth achieve self-sufficiency, achieving remarkable outcomes. In Fiscal Year 2015:
  - 83% of youth in the MFP program live in stable housing
  - 80% earned their high school diploma, GED, or were actively enrolled in school
  - 91% or eligible youth attended college
  - 86% found employment
- In FY 2015, FPFY provided 464 youth with stable housing through the My First Place program and served a total of 1,632 youth

Source: FPFY Website

Our “end game”: government adoption

We believe that the scale of delivery required to address the challenges facing transition age foster youth—and vulnerable youth more broadly—ultimately requires that government play a key role

- This “end game” would allow for **widespread coverage potential** and the ability for the My First Place program to be integrated into public programs and organizations that **serve transition age foster youth and other vulnerable youth** across the US

- Based on past examples of government adoption of a social program, we have identified the following **requirements for government adoption** of a model:

Prove the concept: Have a rock-solid program that gets superior results

Demonstrate effectiveness at some level of scale: Work across multiple locations (states), types of geographies, and a sizeable number of youth—and have an external evaluation that proves the model works

Show financial viability: Run a cost-effective program

Mobilize significant advocacy efforts: Ensure presence in politically-relevant locations and develop relationships to influence policies and budgets

Our progress to date

In 2013 we laid out a strategy to help us achieve government adoption through direct expansion. While we've been able to demonstrate proof of concept in CA and make progress on the other fronts, we've learned that it will be challenging for us to meet the other requirements for government adoption effectively and economically through a wholly-owned expansion approach

	Progress	What We've Achieved	Challenges We've Faced
Prove the Concept		• **Codified program** in terms of activities, dosage, and culture • Confirmed that **program quality and fidelity remain sound** in the changing funding landscape for foster youth • Demonstrated **strong outcomes**	
Demonstrate Effectiveness		• Validated success of program through a formative evaluation in 2010-2012: ▪ Almost 72% of young people in cohort obtained new jobs while in the program ▪ 68% of young people in the cohort began a new education program after entering MFP	• Confirmed that **an RCT is not a possibility in the next 3-5 years** as it would require that we serve 1000+ youth simultaneously and for a duration • Conducted a **feasibility study with MDRC** demonstrating that changes to the population and program warrant **delaying the evaluation timeline**
Show Financial Viability		• **Increased our public funding to 75% of total costs** • Identified **our primary cost drivers** (vacancy rates and partial case loads) and worked to reduce costs • Established **cost-effective ongoing program** operations	• **The MFP infrastructure needed in new locations (e.g., LA) is extensive** and it has been challenging to achieve economies of scale in our overhead costs • Learned that **a sustainable funding source** (e.g., government funding) is crucial, and that a mixture of funding sources is required • Experienced **difficulty building a reserve fund**
Mobilize Advocacy Efforts		• **Built effective relationships** with county agencies and other stakeholders • **Influenced the Fostering Connections to Success Act**	• Realized that as a service provider with wholly-owned sites, **advocacy for government adoption of our model is likely to be viewed skeptically** as advocating for more funding for ourselves

Looking ahead: Our options

To accelerate our progress and overcome these barriers, we recognized the need to explore different approaches to expansion

Wholly-Owned

Description:

This is the path we're currently on, expanding through wholly-owned replication of the MFP program

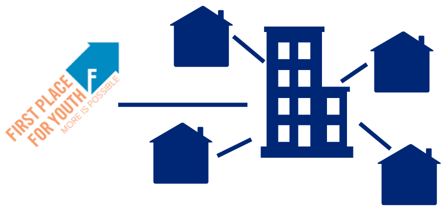
Benefits:

- We believe we could maintain a **high level of control and a high level of quality** through fidelity to the model

Challenges:

- To **achieve the scale we need** for government adoption, the **relative effort and timeframe required would be extensive**
- It would be **very expensive**

Joint Venture



Description:

We would identify a national organization to partner with who would implement MFP as an add-on program

Benefits:

- MFP would **develop credibility at the national level** as part of a bigger organization's success
- It would allow us to **get bigger in a faster and less expensive way**

Challenges:

- Finding a partner that would **meet our criteria is unlikely**
- We may experience **significant operational challenges** working with a partner
- We're **unsure about being able to ensure fidelity** to the model and produce high-quality outcomes

Affiliate Network

Description:

We would identify local, independent organizations to partner with to implement MFP in locations of interest. We would develop business infrastructures to support affiliates through various services (e.g., training, TA, data analysis)

Benefits:

- We could expand in a **cost effective way by investing solely in the MFP program** and relying on an affiliate's existing organizational infrastructure
- We could build a **movement and influence through relationships,** and particularly through **youth voice**

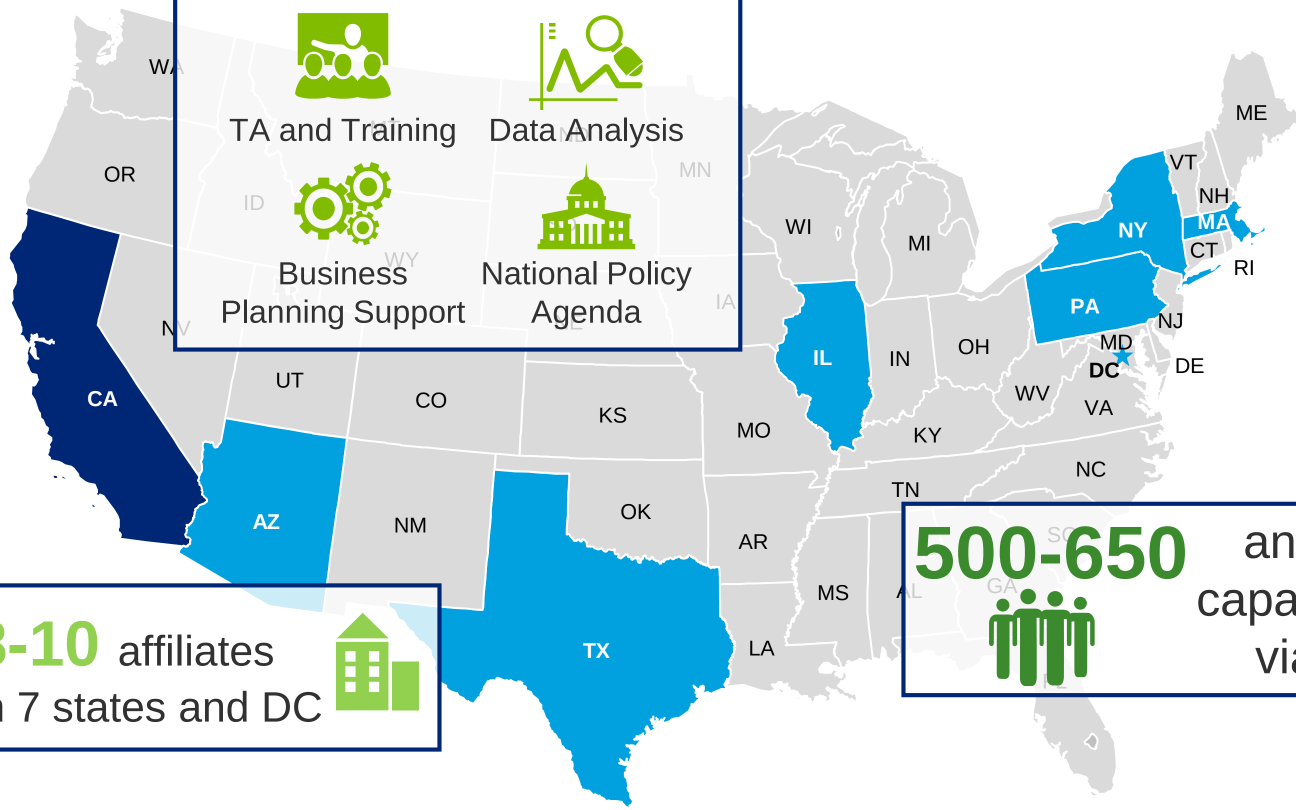
Challenges:

- We would have to **rely on affiliates to deliver MFP with fidelity**
- We would need to **develop new capabilities** to support our affiliates

After this exploration, we identified that the fastest and most effective path to government adoption of MFP will be through the launch of an affiliate network comprised of independent 501(c)3 organizations

Our recommended path forward: pursue the affiliate network model

We will partner with independent 501(c)3 organizations to launch 8-10 affiliate MFP programs and serve 500+ youth annually (at scale)



FPFY SERVICES PROVIDED

- TA and Training
- Data Analysis
- Business Planning Support
- National Policy Agenda

8-10 affiliates in 7 states and DC

500-650 annual youth capacity at scale, via affiliates

Key

- FPFY headquarters and branches
- States where we expect to have an affiliate

Comparison: Affiliate Network Expansion vs. Wholly-Owned Expansion

Major differences between the affiliate network expansion plan (new growth strategy) and the wholly-owned expansion plan (former growth strategy) can be seen by comparing across four key categories

	Affiliate Network Expansion	Wholly-Owned Expansion
Number of Locations	• 8-10 affiliate locations across the US	• 1-2 new sites outside of California
Geographic Reach	• Continued operations in existing CA locations • Planned coverage in multiple states in US such as AZ, TX, IL, NY, MA, PA, and DC	• Continued operations in existing CA locations • States targeted for possible expansion: TX, IL, MI, GA, PA, NY, MA, MD, and DC
Annual Youth Served	• 500 – 650 annual youth capacity at scale, via affiliates	
Infrastructure	• Invest in supporting existing organizations to implement the MFP program, using the organization's pre-existing administrative infrastructure	• Invest in creating new sites, including the administrative infrastructure, to implement the MFP program

 Source: Bridgespan Strategic Plan, FPFY Website

Key Benefits

Through this approach, we will be able to more rapidly demonstrate the effectiveness of our model at a level of scale, reduce our financial burden, and be better positioned to pursue a national policy agenda

Key Benefits	Requirements Addressed
• Enable us to **expand more quickly in geographies we care about** and work with more youth (and youth of varying populations), providing data for a quasi-experimental evaluation: **more places, more impact, more outcomes**	***Demonstrate Effectiveness***
• Leverage partner organizations' existing infrastructure and talent, **taking advantage of economies of scale**	***Show Financial Viability***
• With the support of independent affiliates, **mobilize a national movement** to advocate for better services and funding to support at-risk youth	***Mobilize Advocacy Efforts***
• Build on existing analysis and evaluation work to ensure MFP **standards are upheld across the network and show that the program can be adopted by others with similar strong results**	***Demonstrate Effectiveness***
• Fundraise as a national program with **more reach** than we currently have and obtain **access to new funders**	***Show Financial Viability***
• Access to affiliate partners' **relationships and broader networks** in specific locations	***Mobilize Advocacy Efforts***
• Learn from partner organizations on **best practices** and adopt if relevant / additive	***Prove the Concept***

Key Risks

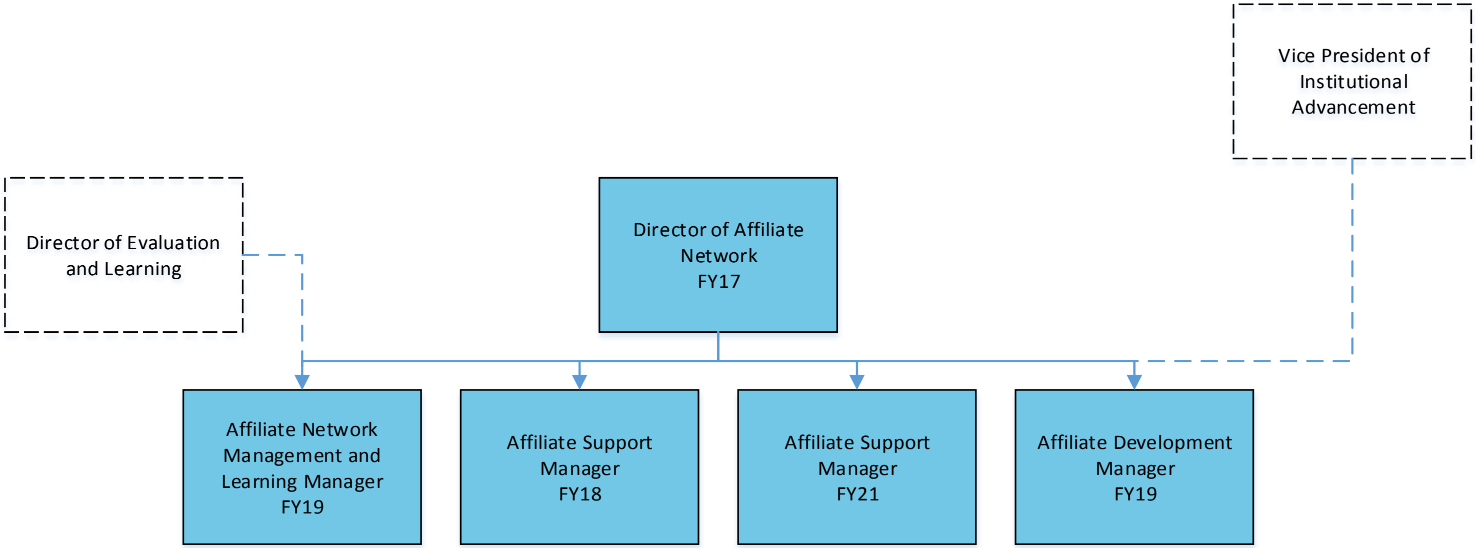
We recognize that this approach is not without risks. We see five primary types of risks, introduced here along with how we plan to mitigate the risks

	Risks	Mitigation Approach
Ability to Find High Quality Affiliates	• Inability to identify quality affiliates • No potential affiliates exist in key locations	• Vet potential affiliates using the Partnership Scorecard • Expand through a wholly-owned site only in very limited circumstances
Program Implementation	• Inconsistent program quality • Degradation of program outcomes • Difficulty managing affiliate relationship	• Document the codified MFP program • Establish MFP outcomes standards for affiliates • Create a robust training and TA program • Require affiliates to use Apricot and submit program data • Clearly define expectations on the relationship between FPFY and an affiliate in the Partnership Agreement • Detail FPFY's course of action should an affiliate not meet standards in the Partnership Agreement
Brand	• MFP brand tarnished • FPFY brand tarnished	• Trademark MFP • Establish clear requirements to use MFP brand • Include the gives / gets and ability to exit an ineffective partnership in the Partnership Agreement • Keep regular cadence of checkpoints with affiliate
Talent & Resources	• Inability to continue serving our wholly-owned sites effectively • Affiliate fails to recruit quality staff	• Establish a Affiliate Network Management function • Support affiliates in recruiting and hiring MFP staff
Financial Implications	• Uncertainty about cost of growth strategy • Unknown fundraising needs	• Utilize the Affiliate Network Economic Model to understand the anticipated incremental costs to FPFY • Analyze additional fundraising needs using the model

Key Organizational Changes: New Affiliate Network Management function

A new function at FPFY HQ, Affiliate Network Management, will support affiliate's MFP startup, launch, and maintenance on an ongoing manner

Steady-State Org Chart for the Affiliate Network Management Function



Proposed New Hires

- **Director of Affiliate Network:** Manage affiliate network, including launching a new affiliate and ensuring affiliate network coordination
- **Affiliate Network Management and Learning Manager:** perform affiliate site visits, assess affiliates, learn based on outcomes and develop reports
- **Affiliate Support Managers:** "Case manage" the affiliate, to provide in-person training and technical assistance to the MFP staff at launch and periodically on program delivery, administration, and management
- **Affiliate Development Manager:** Support affiliates' initial fundraising efforts

Key Organizational Changes: Summary of New Personnel Required

We envision hiring 9 new personnel to support FPFY in developing and maintaining an affiliate network, the majority of which will form a new function within FPFY to manage the Affiliate Network. Existing personnel at FPFY will support Affiliate Network Management staff for evaluation, policy and fundraising needs

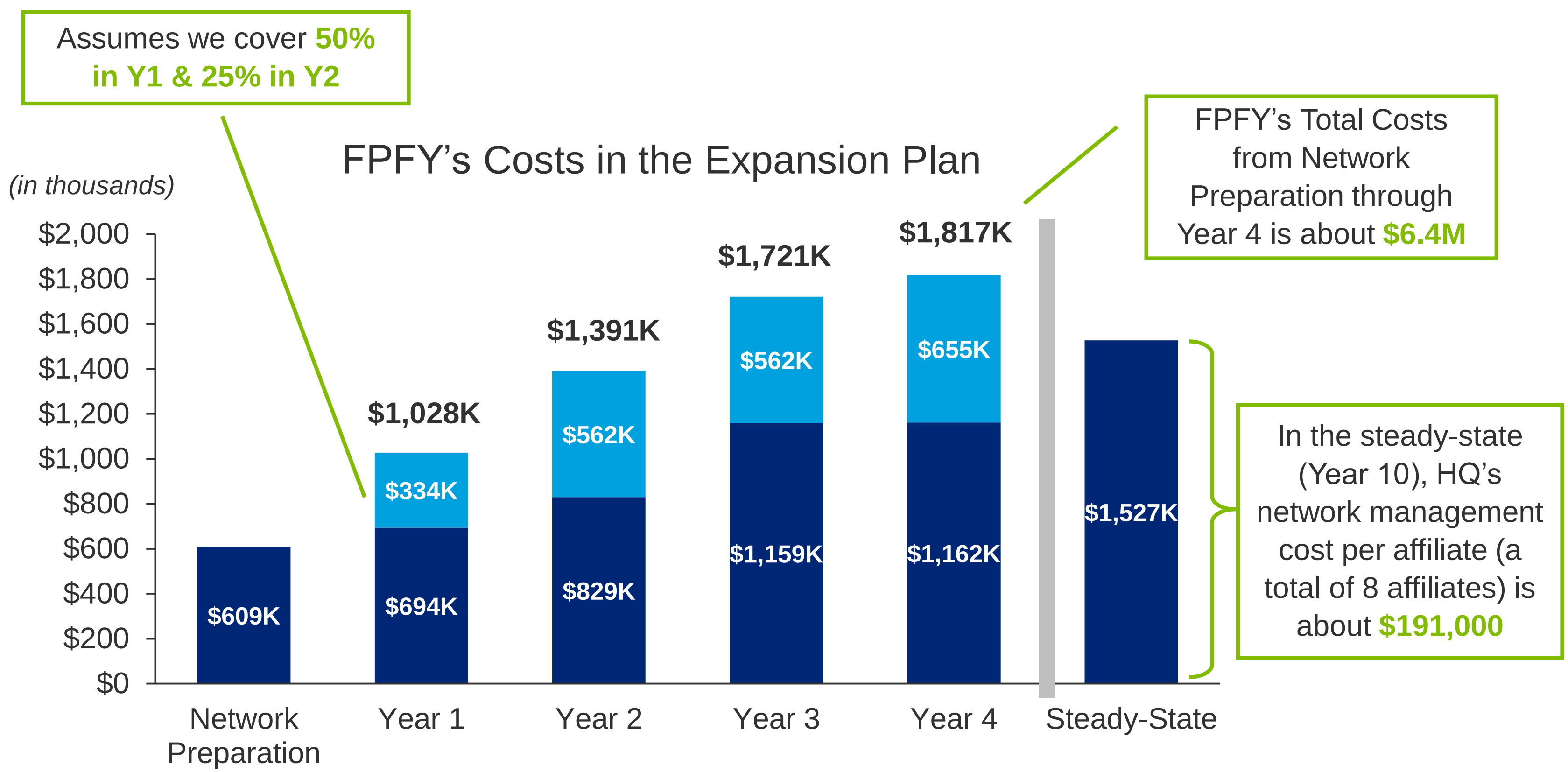
# of Affiliates		1	2	3	4	8
Function	**Role**	**FY17**	**FY18**	**FY19**	**FY20**	**Steady-State**
Affiliate Network Management	Director of Affiliate Network	1.0	1.0	1.0	1.0	1.0
	Affiliate Network Management and Learning Manager			1.0	1.0	1.0
	Affiliate Support Manager		1.0	1.0	1.0	2.0
	Affiliate Development Manager			1.0	1.0	1.0
Evaluation and Learning	Data Systems “Help Desk” Analyst	1.0	1.0	1.0	1.0	1.0
	Data Systems Technician			1.0	1.0	1.0
Policy	Policy Manager			1.0	1.0	1.0
Finance	Staff Accountant, Network		1.0	1.0	1.0	1.0
Summary		2.0	4.0	8.0	8.0	9.0

Note: In the above, FPFY will hire an additional Affiliate Support Manager when the Affiliate Network grows to 6 or more affiliates.

Legend | Indicates additional FTE

Financial Projections: Summary of Annual Costs to FPFY

There is a viable economic case for building and maintaining an affiliate network. Using conservative growth assumptions, we will need to fundraise about $6.4M to develop the Affiliate Network in the first four years



	Network Preparation	Year 1	Year 2	Year 3	Year 4	Steady-State
Total Affiliates		1	2	3	4	**8**
Total Youth Capacity		20	60	120	195	**495**

■ HQ's Costs ■ Affiliates' MFP Operating Costs Covered by FPFY