

YES COLLEGE PREPARATORY SCHOOLS BUSINESS PLAN
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EXECUTIVE SUMMARY

Background

YES College Preparatory Schools has developed a successful educational model serving low-income students in greater Houston. YES's unique model sets high expectations for low-income students by requiring every student to secure acceptance into a four-year college in order to graduate. Since 2001, four classes of YES seniors have graduated and 100% have been accepted to four year colleges across the country.

Over the past ten years, YES College Preparatory Schools has evolved from a program serving 50 students in a trailer behind an economically disadvantaged Houston ISD elementary school to an open-enrollment charter school system serving approximately 1,000 students on three campuses in greater Houston. YES has created a comprehensive sixth through twelfth grade college preparatory model for the "middle 80%" of low-income students who are unlikely to matriculate to college because of their current public school environment. YES has been successfully replicated with the creation of YES Northeast in 2003 and YES Southwest in 2004.

For the last decade, the YES leadership team has learned from each stage of the organization's growth and has applied these lessons as a means to further address the educational challenges and needs of Houston's low-income communities.

Fundamental Beliefs

As YES grows, it will continue to subscribe to the three fundamental beliefs that led to its creation and have driven its development:

1. A necessary condition to improve low-income communities is the creation of a critical mass of college-educated residents;
2. Low-income minority students can achieve at the same academic level as students in more affluent communities when given access to comparable opportunities and resources; and
3. Too few opportunities exist for students in Houston's low-income communities to pursue a college education. As a result, very few low-income students are earning a bachelor's degree.

Student Profile

YES is a relevant and realistic option for most low-income students. YES defines its student profile as "low-income" and from the "middle 80%" - the large group of students who are not the most academically gifted nor require a dropout or credit recovery program. The YES team is not motivated to provide an alternative for students who have access to private school scholarships or magnet school programs and thus are likely to go to college without YES. Historically in Houston, this "middle 80%" has a 50-55% chance of graduating from high school and approximately an 8% chance of finishing a four-year college. YES exists to dramatically alter the odds for this group.

The current profile of the YES student population is 78% low-income, 85% first-generation college-bound and 95% Hispanic or African-American. Further, the majority of students enter YES performing one grade level or more below standard.

Results

Acceptance of the fundamental beliefs discussed above, combined with an organizational commitment to constant improvement, and the investment of students, parents, staff, trustees, and the at-large community, has led to strong results and distinctions:

- YES is the **only** charter system in the state to earn a Texas Education Agency *Exemplary* rating every year of operation – YES Southeast has been *Exemplary* rated since its inception in 1998 and YES Northeast earned an *Exemplary* rating in 2003, its first year of operation;
- All 94 YES alumni in four graduating classes have been accepted to four-year colleges with over 75 graduates expected in the Class of 2005. The students have been accepted to 118 schools nationwide. Cumulatively, YES students have earned over \$5.6 million in scholarships and financial aid awards.
- 76% of YES alumni who have matriculated to a four-year college or university are still enrolled compared to national retention rates of 15-17% for low-income Hispanics and African-Americans. By fall semester of 2005, 90% of alumni are expected to be enrolled in colleges and universities around the country.

Vision, Strategy for Change and Intended Impact

The YES organizational vision is that:

Houston's low-income communities strengthen as a result of increased numbers of college-educated residents positively contributing to their communities

YES's ultimate goal is to open a total of 13 schools in Houston, which when fully enrolled, will double the number of Houston's low-income students who graduate from a four-year college. This goal will be accomplished through three phases of growth:

Phase One

In Fall 2004, YES completed Phase One, which encompassed the development of YES's academic model and operating strategy as it grew from one school to the current three campus system. During this phase, over the past six years, the organization has raised more than \$6.5 million to open the three schools, build a portion of the necessary campus infrastructures and establish a home office to provide accountability and services for the YES system.

Phase Two

Over the next 3-5 years, YES will continue the expansion of its two newest campuses: YES Northeast and YES Southwest. Both campuses have opened within the last two years and began with 100 students in sixth grade. Each successive year, YES will add a new grade level to these schools until they become fully enrolled 6th-12th grade campuses. During this Phase,

YES will initiate a capital campaign to raise funding to cover the ramp-up deficits and to provide long term, permanent facilities for all three campuses.

Phase Three

In Phase Three, YES will add up to ten additional campuses in the greater metropolitan area to achieve the goal of doubling the number of college graduates from Houston's low-income communities. During this Phase, YES will secure both operating and capital dollars to build-out these schools and expand the Home Office accordingly. By the end of this phase, YES will operate a total of thirteen schools in greater Houston.

YES's business plan outlines how YES will be financially self-sustaining at the end of both Phase Two and Phase Three with the funding it receives from state and federal sources. Financial support for the ramp-up and capital expenses during Phase Two and Phase Three will come from both local and national sources including foundations, corporations and individuals (as detailed in the fund development section). The YES leadership team is now prepared to implement the next phase of its growth plan in order to significantly impact the quality of life in Houston's poorest communities.

YES Educational Model

YES has taken on an ambitious challenge: to create a culture of success for students who are more familiar with institutionalized failure. That is, YES is making college completion the expectation for sixth graders previously on track for a 50% high school dropout rate. Most importantly, YES is providing more than just an expectation. The YES approach is unique because it takes a comprehensive view of student development aimed at preparing students for four-year college graduation, while at the same time instilling them with the values of community service and good citizenship.

YES has and continues to refine its model to address the unique challenges faced by its students. The YES program has been developed and tested over ten years and is the result of practical "in the field" experience combined with theory and research. While the overall performance of the schools has been excellent, YES continues to make improvements to ensure the highest proportion of students earn a bachelor's degree. The YES approach is comprehensive and is tailored to the "middle 80%." It includes:

- Small school (capped at 700 students)
- Integrated sixth through twelfth grade program
- Extended school day, Saturday classes, and summer program
- Service in the community
- Summer internships program
- Comprehensive support for academic and non-academic needs
- Annual class-wide research trips to colleges around the country
- Personalized college counseling program
- Support through college via the alumni program

Growth Plan

Throughout Phase One and during its next two phases of growth, YES will ensure that it maintains a structured, quality growth plan that does not compromise the organization's previous success. As the schools grow, YES will:

- Ensure consistently high quality performance for all YES schools by promoting leaders from within and dedicated efforts to recruit mission-driven teachers
- Ensure the YES culture is consistently implemented at each school
- Provide ample support/resources to schools through a tightly managed school launch process (phase three)
- Focus school growth within Houston's low-income communities
- Address the fiscal challenge of facilities development through public advocacy, active facilities cost management and, if required, capital fund-raising

To ensure quality growth, YES will evolve in a manner that aligns with its strategy and core operating principles, including:

Home office organization. During Phase Two and Phase Three, YES will grow its home office in a manner that progressively increases management capacity and functional expertise in anticipation of the system's growth.

School organization. As the schools grow, YES will increase school level autonomy through the delegation of responsibility for core element implementation, staff and student recruiting, budget management, and daily operations.

Strategic processes and systems. YES will implement consistent processes and systems that support high quality school and home office performance.

Performance measurement. YES will implement a comprehensive performance measurement and assessment process.

Financial Requirements

Operational: YES has developed its school model and home office in an economical manner that delivers its high-performance program at a minimum cost. The YES model delivers a program significantly more comprehensive than other public schools on a revenue base that is lower or comparable. The organizational goal is operational sustainability at both the campus and home office level:

- The existing campuses and future schools will reach operational sustainability at full capacity in their seventh year.
- Home office will reach operational sustainability through a service fee paid by the schools.

While the base case financial plan demonstrates the ability to reach operational sustainability on state and federal revenues, YES will require financial support to fund ramp-up deficits. The expected fundraising requirement is:

- During Phase Two, YES must raise \$6.7M to fund the remaining ramp-up deficits for the existing three schools and the home office. For the ten new schools in Phase Three, the ramp-up deficits will total \$22.7M.

Capital: The capital requirements to replicate the YES model represent the largest funding need to accommodate growth. The projected development cost for each campus is \$7M. The YES team has created a financial plan that can cover \$3.5M of this through debt service paid by the per-pupil revenue it receives from state and federal sources. In Phase Two, YES must raise \$8M to fund the capital expansion needed on its existing three campuses. At the end of Phase Two, all three campuses will be fully built-out and will thus provide an asset base that can be leveraged towards the capital needs in Phase Three. The total capital support YES must raise in Phase Three will be \$31.5M.

Fund Development

YES has developed a detailed plan to raise the support it needs to complete these two phases of growth:

Private Funding: YES's Board of Trustees has begun the initial process of planning a major capital campaign to raise the funds necessary for Phase Two. YES has targeted foundations and corporate donors who have the capacity to lead a capital campaign of this magnitude. In addition, YES is exploring the use of private facilities that may be available below market-rate as well as a partnership with Houston ISD to utilize any existing facilities. Either of these solutions would significantly lower the total capital funding needed in both phases.

Public Funding: YES and other charter schools in the State have formed the Texas Charter Coalition (TCC), an advocacy group that has made considerable progress during the last 16 months. The TCC has enlisted the support of the Governor's Office, the Governor's Business Council, and other key business and political leaders around the State to develop a plan to provide facility funding for high-performing charter school operators. This kind of support would have a significant impact on the total funding YES must raise during its phases of growth. YES recognizes that even though the outlook for public funding is favorable, it will still need private funding due to the timing of state funding and to mitigate against an uncertain political environment.

YES's fund development strategy involves multiple funding programs and sources:

- Relationships with national foundations are expected to result in funding for ramp-up deficits in Phase Two and Three which will provide leverage for Houston-based institutions to meet the overall funding requirements.
- Existing local sources and new relationships in Houston will be cultivated to augment national foundation support for ramp-up and capital expenses.
- A capital fund-raising process is being initiated to meet facilities funding requirements.

HISTORY

YES College Preparatory Schools is a ten-year old organization created and grown to address the unmet needs of low-income students in Houston who desire high-quality educational opportunities. YES's history to date has been characterized by three stages of development:

Stage 1. An experimental program to provide middle school students with an alternative educational environment

Stage 2. A small middle and high school distinguished by a high-expectations, college preparatory program tailored to the needs of low-income students

Stage 3. A documented model that has been successfully replicated and is now ready to be launched in low-income neighborhoods throughout greater Houston.

Through each developmental stage, the YES leadership team has maintained its commitment to:

- eliminating barriers to student success;
- developing a high-quality and results-oriented program; and
- continuous improvement of the model.

Responding to an Unmet Need: Project Youth Engaged in Service (YES)

YES grew out of a grassroots movement launched in 1995 at Rusk Elementary School, located in one of Houston's poorest Hispanic communities. Chris Barbic, a Teach For America corps member, assembled a group of concerned parents, educators, and community members to address personal concerns regarding the inadequacies of the secondary school system in the community. While Mr. Barbic's sixth grade students at Rusk performed well, their educational prospects unraveled as they entered the local middle school. Within months, many students fell prey to the institutionalized culture of failure that dominated the local middle school. Mr. Barbic grew frustrated as he witnessed good students becoming involved in gang activity, drug abuse, and teenage pregnancy prevalent in the neighborhood schools. Without the financial means to enroll in good private schools and the fact that the city's magnet school programs select students based on academic admissions criteria, most low-income families had no means to send their children to a program with a college preparatory focus.

The stakeholder group quickly recognized that a new solution had to be created. Mr. Barbic submitted a proposal to the Houston ISD Board of Education to create Project Youth Engaged in Service (Project YES), a middle school program to be housed in empty classrooms at Rusk and designed to integrate a service learning program into the academic curriculum of a small middle school. 300 parents car-pooled to a Houston ISD Board meeting where students and parents presented their proposal and received approval.

Over the next three years, the core elements of the YES approach were developed. With a longer school day and quality instruction, Project YES made a dramatic impact on the children in the community. In just three years, Project YES earned an *Exemplary* rating from the Texas

Education Agency (TEA), the highest possible, based on state standardized test scores and attendance.

Developing a College Prep Solution: YES College Preparatory School

By 1998, the Project YES team was once again faced with a difficult dilemma: **Project YES had outgrown its space at Rusk and the students who had experienced success in middle school once again had limited academic options for high school.** The staff and parents decided to meet this new challenge with a new solution. The Texas Legislature recently had passed charter school legislation and the team decided to apply to become an open-enrollment state charter. Project YES became YES College Preparatory School, an open-enrollment state charter school integrating middle and high school grade levels and providing a comprehensive college preparatory program to low-income students. The school adopted the motto “*Whatever It Takes*” and mandated in the charter that every student gain acceptance to a four-year college or university in order to receive a high school diploma.

In just its first year of operation outside of Houston ISD, YES College Prep once again earned an *Exemplary* rating from the TEA and the high school program was ranked highest in the state in only its second year. In June 2001, the first class of seniors graduated with 100% gaining acceptance to a 4-year college or university. The success achieved by this inaugural class of seniors marked an important milestone in proving the feasibility of the YES model.

Piloting Growth: YES Northeast Campus

With overwhelming demand within the community for YES to expand, Barbic, his leadership team, and board of trustees developed a plan to open a new campus that would replicate the success of its first. The team was committed to preserving the rigorous academic model and culture of high expectations that made YES so successful. Months of research and planning led to a growth plan that now forms the core elements of the YES growth philosophy:

- Developing school leadership from within the YES team; and
- Managing a controlled and deliberate growth schedule while maintaining YES’s standards of excellence.

The team selected three veteran staff members (co-directors and a lead teacher) to lead YES Northeast, secured seed funding from local and national sources, and chose to launch with a sixth grade class, adding subsequent grade levels each year.

The growth strategy paid off: **in just its first year of operation, the YES Northeast campus received an “Exemplary” rating with over 96% of the students passing both sections of the new and more challenging state-mandated Texas Assessment of Knowledge and Skills (TAKS) exams.**

Creating a Model for Replication: YES Southwest Campus

Four months after YES Northeast opened in 2003, the George Family Foundation of Fort Bend County approached the YES leadership team about opening a third YES campus in the Richmond/Rosenberg community (near Houston). With a successful second campus in operation, the YES team leveraged its growth experience to execute an effective launch of its third YES campus. YES Southwest, which opened in August 2004 with nearly 90 sixth grade students, represents the first public school of choice in the Richmond/Rosenberg area.

The cumulative experience of the leadership team combined with the an impressive track record of sustained results over ten years provides a level of confidence and expertise to consider a new growth phase with larger impact goals. In its next stage of development, YES will build on a strong organizational foundation and a commitment to a quality program that enables every student to matriculate to a four-year college or university.

YES COLLEGE PREPARATORY SCHOOLS RESULTS TO DATE

YES College Prep has successfully managed significant organizational growth

- 3 schools with 10 total grades serving 950 students today and over 2,000 students when all three existing campuses reach full capacity
- Operating budget has grown from \$3.7 M to \$8.3M over past three years
- Teaching and other staff has grown from 49 to 95 over past three years
- YES has raised \$6.9M over the last 6 years for both capital and operating expenses

YES College Prep schools have maintained a consistently high standard of quality

- YES earned *Exemplary* ratings for 2003/04 at both the Southeast and Northeast campuses, and is the only charter school (out of nearly 200 in the state of Texas) to receive an *Exemplary* rating from the TEA every year of operation
- In 2002, YES was one of only nine schools in the nation to receive the Hewlett-Packard *High Achieving Schools Award*
- In 2003, YES was one of only 20 schools nationwide to receive the Department of Education's *Dispelling the Myth* award for educational excellence in low-income communities

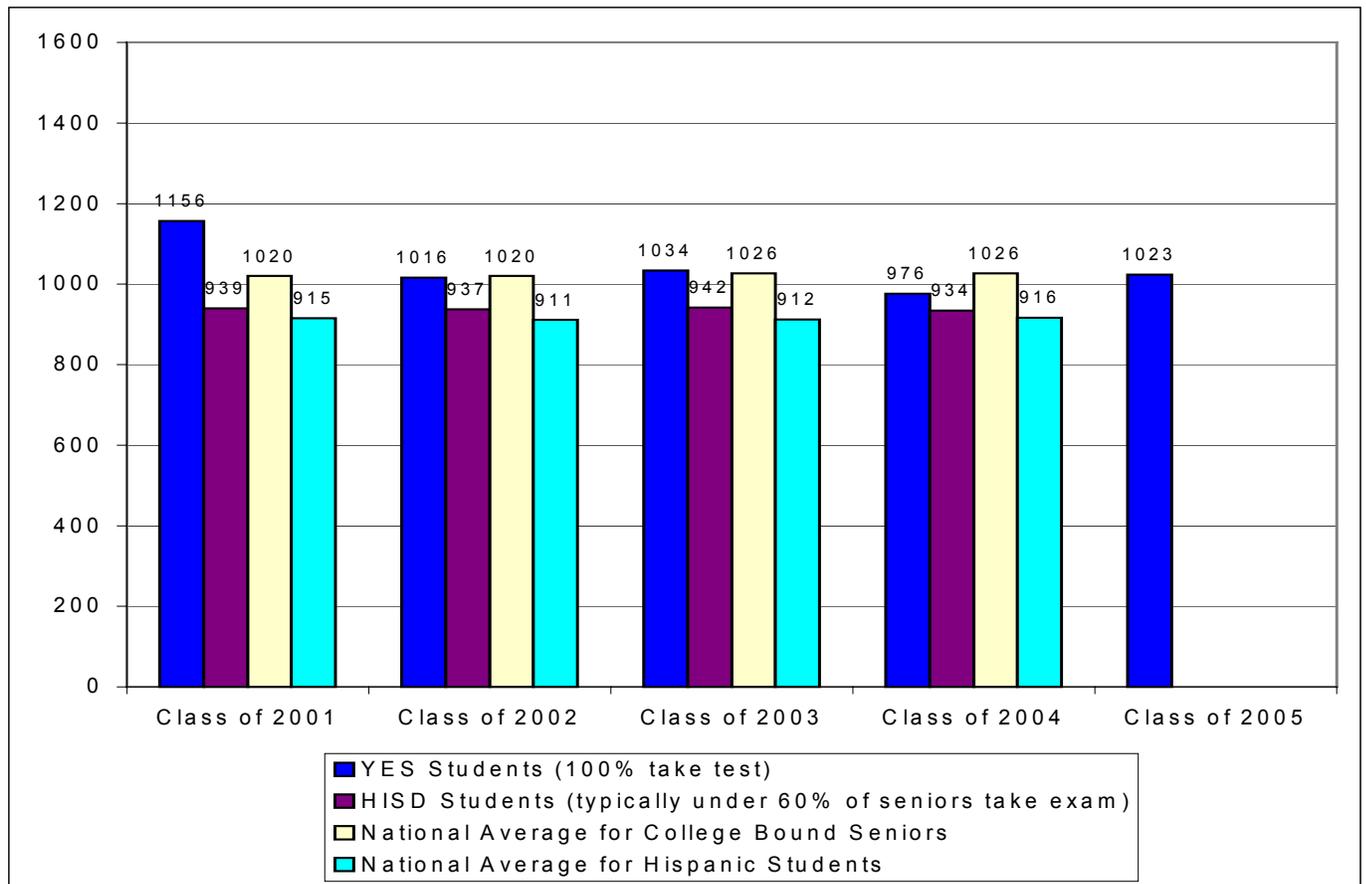
Students at YES College Prep have measured favorably on academic assessments relative to their peers

- On the 2003-2004 Stanford Achievement Tests, YES 6th graders averaged gains in grade level equivalency of 1.85 years in reading, 2.2 years in math, 1.7 years in science, and 1.9 years in social studies
- 80% of the students who took an AP exam in 2002 and 2003 received qualifying scores of 3 or better. Using this criteria, YES is among the top ten public high schools in the state for percentage of students taking and passing AP Exams.

YES College Prep TAKS scores compared to Houston ISD

	6th Grade			7th Grade			8th Grade			9th Grade			10th Grade			11th Grade		
	Reading	Math	All Tests Taken	Reading	Math	All Tests Taken	Reading	Math	All Tests Taken									
2003-2004																		
YES	93	95	90	96	91	88	98	96	80	95	87	86	97	91	85	96	99	92
HISD	78	62	57	77	57	52	87	56	53	78	44	43	66	50	34	80	79	61
2002-2003																		
YES	95	94	89	96	93	91	100	100	100	98	97	96	99	97	88	94	94	85
HISD	79	66	60	85	59	53	85	62	58	74	48	46	62	59	39	60	61	39

YES College Prep SAT Scores Compared to Houston ISD and Nation



YES College Prep prepares low-income high school graduates to succeed in a four-year college or university

- YES's 94 alumni have matriculated to 44 colleges and universities around the country
- 100% of the graduating seniors have been accepted to a four-year college or university (college acceptance is a graduation requirement at YES)
- YES seniors have been accepted to 118 schools nationwide, including Brown, Columbia, Cornell, Georgetown, Notre Dame, Penn, Stanford, Texas A&M University, University of Texas-Austin, and 23 other Texas schools
- 76% of YES alumni are still enrolled in college (compared to the national retention average of 50% for all ethnic groups and 22% for Hispanic-Americans)
- YES graduates have received \$5.6 million in scholarships and financial aid
- 85% of the students are first-generation college-bound

YES College Prep's alumni, parents and teachers are highly satisfied with the school

- Nearly 80% of alumni rate the support they get from YES as alumni as important to their college completion
- On 2002-03 parent surveys, 95% of parents reported that YES College Preparatory School "is preparing my children for college"; 88% described YES College Preparatory as "a caring and nurturing place that supports my children well"; and 90% stated that they would recommend YES to other families
- In 2003-3004, over 90% of teachers reported professional satisfaction working at YES, and 96% of survey respondents reported that they were "learning and developing as a teacher"

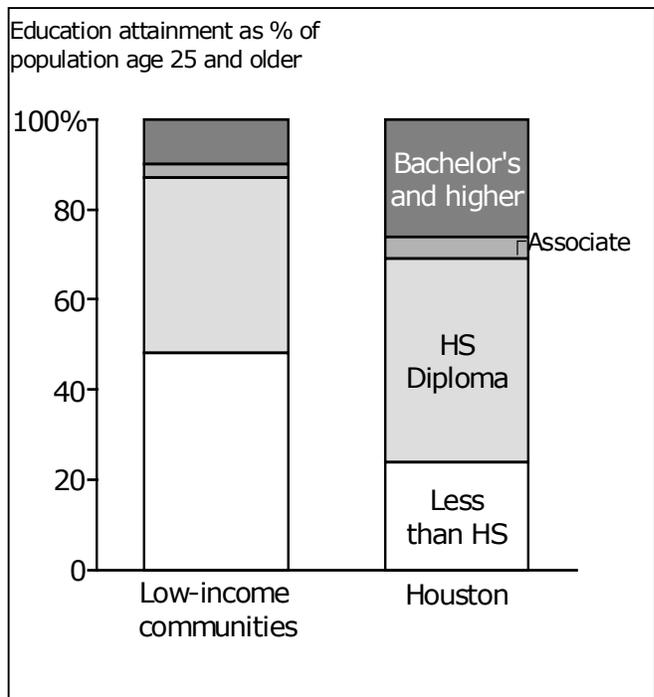
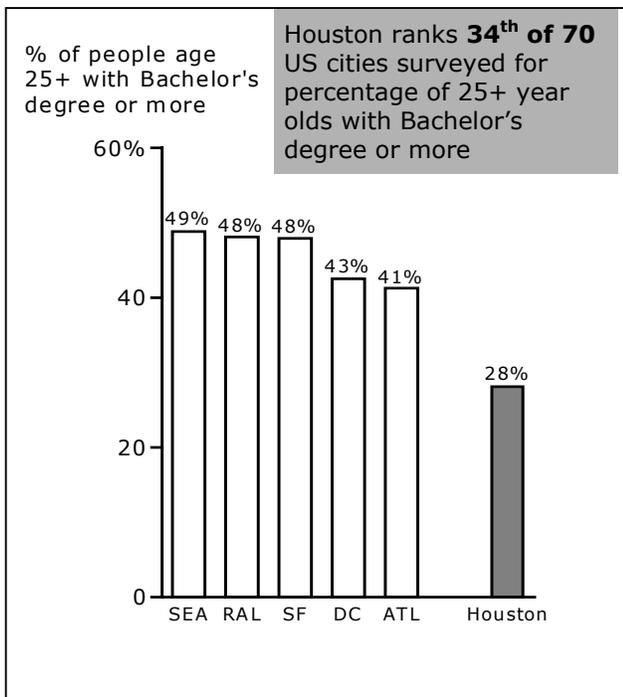
YES COLLEGE PREP'S ULTIMATE VISION, INTENDED IMPACT AND STRATEGY FOR CHANGE

YES College Preparatory Schools' ultimate vision is that:

Houston's low-income communities strengthen as a result of increased numbers of college-educated residents positively contributing to their communities

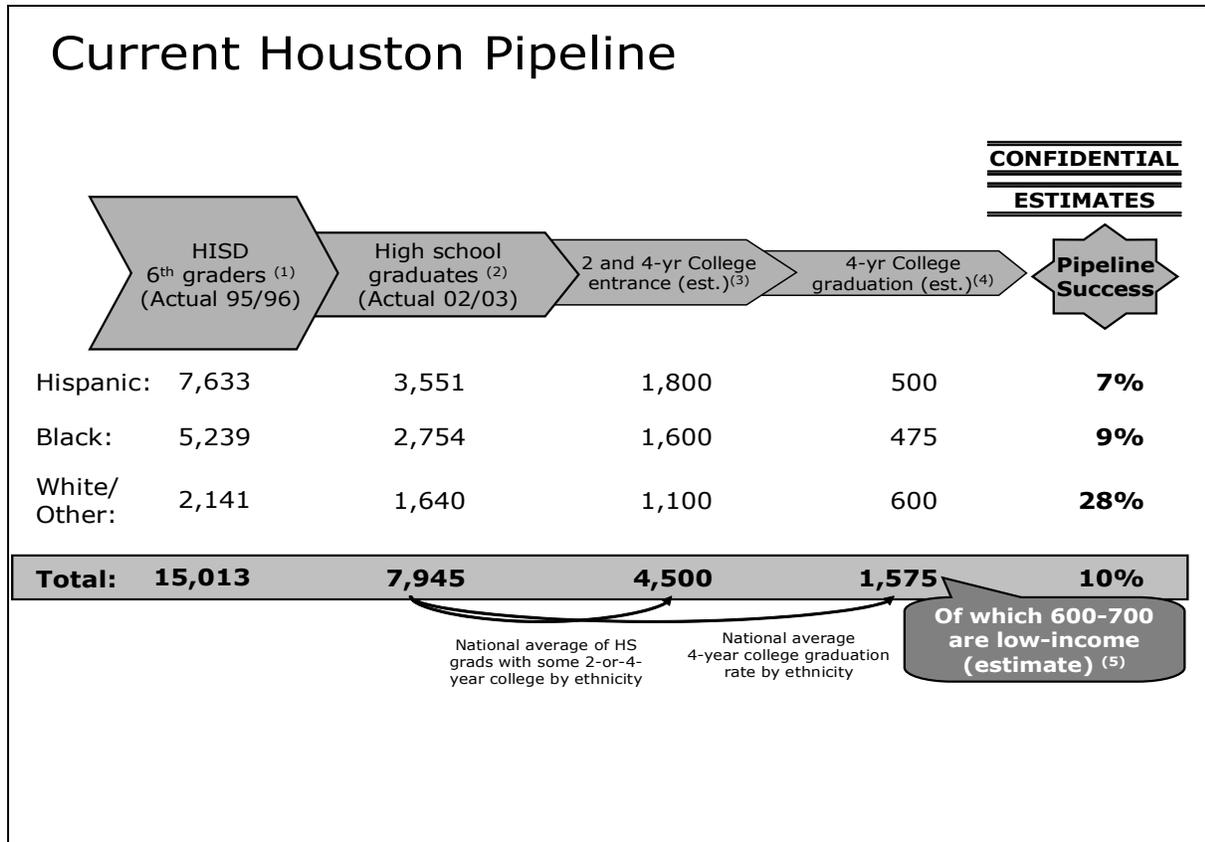
YES believes that the route to prosperity and safety of America's low-income communities is through college completion. CEOs for Cities, a national leadership organization whose mission is to advance the economic competitiveness of cities, reported in March of 2004 that improved educational attainment is the key driver of urban economic growth. The nation's strongest cities and communities have invested resources in developing human capital and have achieved their position as a result of their ability to develop, attract, and retain college-educated people.

The graph below illustrates that Houston falls short nationally in the educational attainment of its residents. Houston's low-income communities, in particular, suffer from a profound dearth of college-educated residents and this lack of human capital creates a barrier to the broader prosperity of the region. Children in these communities are in desperate need of access to educational opportunities that will provide them opportunities to improve their individual quality of life while at the same time preserving Houston's overall economic sustainability.



To date, Houston’s educational system has failed to provide the means for low-income Houstonians to obtain a 4-year college education and use it as a lever to strengthen the entire community. The statistics are disturbing:

- It is estimated that an average sixth grade student in Houston ISD who qualifies for the free and reduced-price meals program has less than **an 8% chance of graduating from a 4-year college.**
- In a sixth grade classroom of our nation’s public schools today, **only 2-3 students out of 30 will likely graduate from college.**



The chart above illustrates the current public school system’s inability to provide a college-preparatory education to its low-income residents.

- Of the 15,000 sixth graders in Houston ISD, only an estimated 1,575 will graduate from a four-year college or university.
- Of the 1,575 total above, 600-700 meet the federal standard for the free and reduced-price lunch program.

YES believes that Houston’s future prosperity requires that **all** young people be given the opportunity and the means to graduate from 4-year colleges and become successful citizens who contribute to the overall improvement of the region.

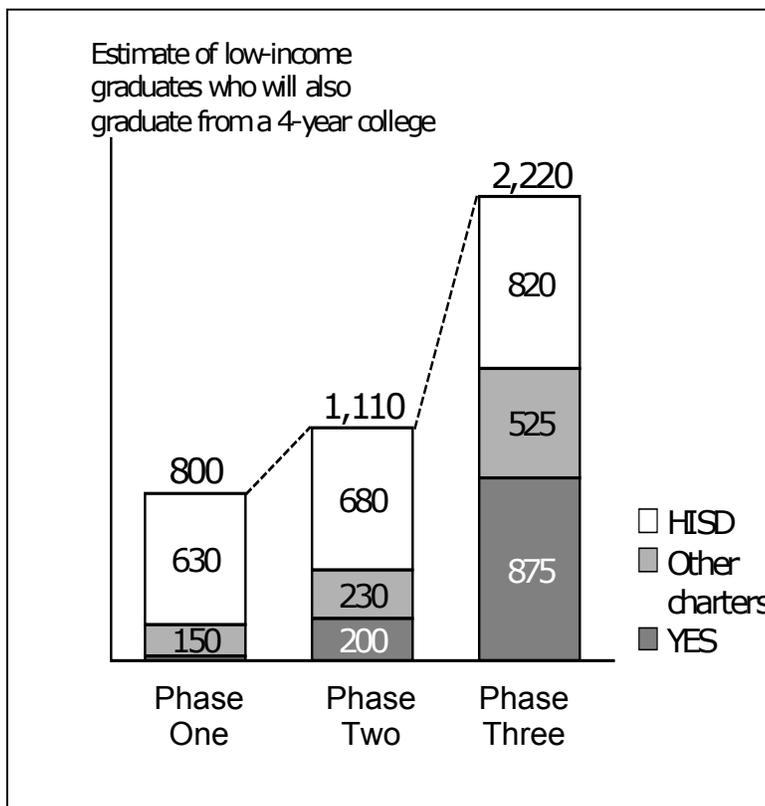
YES's intended impact in Houston is:

Double the number of 4-year college graduates from Houston's low-income communities from 1,100 to 2,200

YES's intended impact is represented in the graph below.

YES's strategy for change seeks to create the conditions that will result in doubling the number of low-income graduates from Houston high schools who successfully complete 4-year college degrees. YES's analysis estimates that:

- From the public high school graduating classes of 2003, only 800 low-income students from Houston are likely to graduate from a 4-year college.
- Houston's current sixth graders (or the Class of 2011) are expected to fare somewhat better with 1,100 low-income students eventually graduating from a 4-year college.
- After the completion of Phase Three, YES will have created the conditions necessary to double the number of four-year college graduates.



The intended impact goal is a stretch target for Houston on the road to ensuring all students, regardless of income, have equitable opportunities to attain 4-year college degrees. In the near term, YES graduates will serve as role models in their communities and will, through their service, strengthen their communities in the long-term. YES also believes that the successful attainment of this intended impact will help to increase student expectations, raise standards, and improve educational outcomes more broadly across the Houston region.

The successful achievement of the intended impact will be accomplished through a combined effort of YES, other charter schools and Houston ISD. YES seeks to lead the effort and expects to contribute 40% of the goal, or 875 graduates. **In leading by example and contributing the largest share of low-income college-graduates in Houston, YES hopes to generate positive improvements in student and community educational expectations and to build relationships with other stakeholders in the local educational community.**

YES College Prep's Strategy for Change

YES College Prep plans to create thirteen college-preparatory focused schools that provide equitable access for low-income students to legitimately pursue a college preparatory education.

Through YES, young people from Houston's low-income communities will graduate from a 4-year college, instilled with values of good citizenship and community service, and will contribute to the improvement of their communities.

YES ultimately plans to create thirteen schools in Houston's low-income communities to provide access for low-income students to a college preparatory education...

- YES will add ten new schools during Phase Three.
- YES will prioritize locations to ensure students in low-income communities that currently have no college preparatory options are able to attend a YES College Prep campus.

Young people from Houston's low-income communities will graduate from 4-year colleges...

- YES will provide the "middle 80%" of low-income young people (see Student Profile section) with access to a college preparatory program and the necessary preparation to succeed in post-secondary education.
- The YES model takes a comprehensive approach to college preparation and success with each component of the school model designed with the four-year college goal in mind.

...instilled with values of good citizenship and community service...

- YES was founded as "Youth Engaged in Service" and community service represents a core value that is fundamental to achieving the organization's ultimate vision.
- At YES, students are encouraged to look outward as well as inward, to make a positive impact in their school and neighborhoods while they are working to improve their own future prospects.
- The YES community believes that success is not measured solely by the attainment of a college degree but also by what one does with that education.

These values form the backbone of each student's experience at YES. Teachers and staff introduce these values throughout middle and high school:

- Upon arrival to the sixth grade summer orientation;
- Through special classes devoted to instilling the personal, educational and social habits expected of YES students; and
- Through Saturday service projects and grade-level field trips devoted to service in the community.

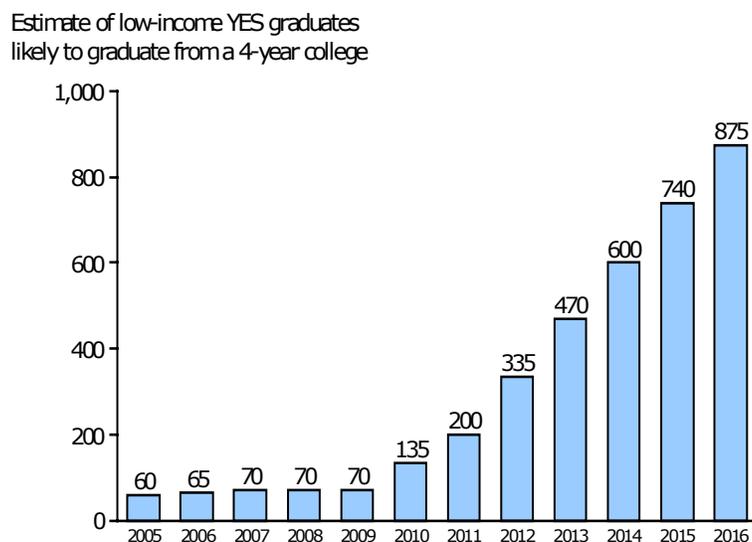
YES believes that such opportunities to effect change, integrated into each grade level, will help students reflect critically on their environment and understand that their efforts can make a difference in their communities.

...and, will contribute to the improvement of their communities.

YES sees the efforts of its students, teachers and management leading to positive change in low-income communities. In achieving a 4-year college degree and embodying YES values, YES alumni will go on to succeed in their life's endeavors, be contributing members of their communities, assume leadership roles in organizations around the city, and serve as positive role models to other low-income students.

Measuring Success

The central metric for the success of the strategy for change will be the number of four-year college graduates. YES's annual graduates, assuming the completion of Phase Three, are presented in the graph below:



YES will quantitatively track its own progress toward achieving its intended impact. In addition, YES will periodically analyze progress of other providers toward the intended impact.

Measuring Success: System-wide Student Outcomes	
Annual College-Going Graduates	93 per school
- Low-income share	85%
Annual 4-year College Graduates	83 per school
- Low-income share	85%
Applicant:Capacity ratio	2:1
Measuring Success: Graduate Impact	
Alumni Resident in Houston	70%
Alumni Active in Service (survey)	80%
Alumni Actively Supporting YES	70%

THE YES COLLEGE PREPARATORY EDUCATIONAL PROGRAM

Student Profile

YES is an open enrollment public school that seeks to expand opportunities for those who are unlikely to matriculate to college, much less graduate, in the public schools available today. YES identifies this type of student as part of the “middle 80%” of students and is focused on providing this group of students with educational opportunities not currently available.

Open enrollment and application process: As an open-enrollment public school, YES does not discriminate in any manner on the basis of academic ability, sex, national origin, religion, disability, or athletic ability. The application process requires minimal preparation on the part of the student and their family, asking that they complete an application form, participate in a short family interview, and that the student write a brief essay on why they want to attend YES. **Neither the application form nor the essay is used to determine eligibility.** Applicants are entered into a lottery and those chosen in the lottery gain admission, contingent only on the students and parents signing the YES *Commitment to Excellence* contract.

The “Middle 80%”: YES seeks to attract students identified as the “middle 80%” - the typical secondary student living in one of Houston’s low-income communities. This may include students with special education needs (approximately 7% of current YES students).

The YES team is not motivated to provide an alternative for students who have access to private school scholarships or magnet school programs and thus are likely to go to college without YES. On the other hand, YES does not seek to be an alternative school that focuses on students who are achieving at the bottom 10-15% and may be in need of a credit recovery or drop-out recovery programs.

The typical YES student should be:

- Low-income and most likely African-American or Latino
- “Middle 80%” academically and likely one to two grade levels behind upon entering sixth grade
- Motivated by what YES has to offer: a small school environment with a supportive atmosphere, a college-prep focus and a comprehensive program
- First-generation college-bound

Measuring Success: Student profile (by cohort)	
Low-income (FARM-eligible)	85%
First-generation College Bound	85%
Community Share (Nearest 5 zip-codes)	70%
Ethnic mix similar to surrounding community	

School Values

The YES team is motivated by the social justice and equity issue at the root of its work. This motivation is reflected both in the target student profile and in the operating motto of “*Whatever It Takes.*” YES operates as a close-knit team and every effort is expended to keep students and teachers in the YES family. **No student is asked to leave YES for academic reasons.** Before a student is able to exercise his/her choice to leave the school and return to the public school system, the following interventions occur:

- The grade-level team of teachers meets with the entire family to discuss academic progress and develop an individual student growth plan.
- The Dean of Students and/or School Director meet to discuss the student’s decision, conduct an exit interview to determine the reasons for leaving and make a final attempt to convince the student to remain at YES.

In 1998, the YES student council developed the “YES Thinks and Acts” document to capture the values and ideals that embody the YES community. This document is central to the culture that is created on every YES campus and serves as a guide for the type of beliefs and values towards which every member of the YES community aspires.

YES College Prep Model

Since its inception ten years ago, the entire YES community has worked to prove a simple hypothesis: students in low-income communities can achieve at the same academic levels as their peers in more affluent communities when given access to similar opportunities and resources.

Over ten years, the YES comprehensive educational approach has been developed, tested, and proven through a continuous process of identifying barriers to low-income student success and implementing solutions. The YES approach is summarized in the schematic below.

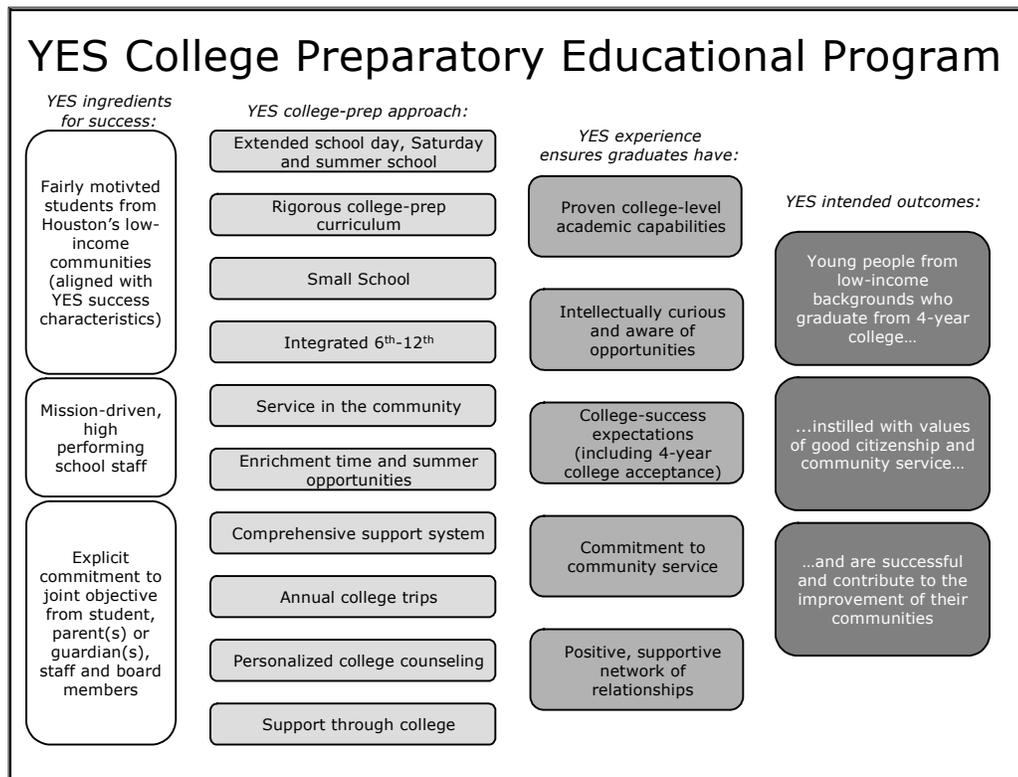
A YES student:

Thinks

The strong should take care of the weak
The students of today are the leaders of tomorrow
We are a family-oriented school
Anything worth doing is worth doing right
Our responsibilities never end
Our education does not end in the classroom
The only way to lose is to quit trying
Learning is the key to ultimate success
We are all here to make difference
The journey, not the arrival, is what matters most
Success is not measured by wealth but by happiness

Acts

We give one hundred percent every day
We act in a way that leaves a lasting impression
We act in a way that earns the trust of others
We are ready and willing to work hard
We each need to perform to the best of our abilities
We always leave a place better than we found it
We are role models for other students
When we all pull together we can move mountains
We give back to our community



Ingredients for Success

The 4-year college objective is woven into the fabric of a student's experience from the summer orientation before sixth grade to the commencement ceremonies in high school.

The YES approach starts with three vital ingredients:

1. ***Educationally-motivated students:*** YES serves students from low-income communities aligned with YES success characteristics (see student profile section)
2. ***Mission-driven, high performing school staff:*** YES seeks high-performing staff members willing to commit the time and energy required to support students in overcoming traditional barriers to success. YES is a student-centered organization – teachers are expected to support students inside and outside the classroom.
3. ***Joint commitment to success:*** YES begins with the objective that all sixth graders in a YES classroom will go on to graduate from a 4-year college. As such, the school enters into a joint commitment with the students and their family to do *“Whatever It Takes”* to succeed.

The YES College Preparatory Approach

YES has taken on an ambitious challenge: create a culture of success for students who are more familiar with institutionalized failure. That is, YES is making college completion the expectation for sixth graders previously on track for a 50% high school dropout rate. Most importantly, YES is providing more than just an expectation. The YES approach is unique because it takes a comprehensive view of student development aimed at preparing students for four-year college graduation while at the same time instilling values of community service and good citizenship. The YES program has been developed and tested over ten

years and is the result of practical “in the field” experience combined with theory and research.

There are eleven core components of YES’s comprehensive educational approach. As YES creates new schools, each of these core program elements will be implemented on each YES campus.

1. **Small School:** YES accepts a maximum of 110 students into each sixth grade class and maintains a cap on school capacity of 700 students. The school size:

- Creates an environment that fosters relationship building and a family culture, and it enables teachers to give personal attention to individual students.
- Ensures no YES student is anonymous and that teachers can actively engage with each student.
- Enables the implementation of YES “families,” groups of students spanning the grade levels that come together monthly to work on projects. Each of the sixteen families is advised by staff members and led by juniors and seniors who serve as “heads” of their families. The family structure creates opportunities for the older students to function as mentors to younger students thereby taking advantage of YES College Prep’s small school and integrated model.

2. **Integrated Sixth through Twelfth Grade:** This approach provides multiple benefits to students and school operations.

- Sixth through twelfth grade teachers located on the same campus planning units and assessments and writing the scope and sequence facilitates effective vertical teaming within academic departments and ensures that instructors can balance short and long-term academic goals for each student.
- Additional time is available to close academic performance gaps and manage the transition to higher level academics at the high school and college level.
- Most importantly, students and teachers can develop the relationships that support the strong culture and sense of community vital to the model.

3. **Student support:** YES students are often significantly behind academically and upon entering YES are exposed to a dramatic change in rigor and expectations. The transition is difficult for many students and the YES approach incorporates a series of support mechanisms to enable students to succeed. These supports are embedded in the school model and include:

- Extended school day
- Classes focused on study skills and life skills
- Structured tutorial and study hall periods
- Additional blocks of time to address literacy, fluency, and vocabulary
- Processes to identify students who are struggling and develop individualized support plans.

With experience, YES continues to refine the approach and support systems to increase student performance, reduce attrition and meet high standards for student support and retention.

4. **Extended Schedule and Summer Sessions:** The YES school day runs from 7:40am to 5:00pm with an even later bus at 6:30 for students who need to stay longer for tutorials, review sessions, or extracurricular practices.

- The simple strategy of increased time on task provides teachers and students with the opportunity to fill gaps and build a foundation for long-term academic success.
- The Summer Program allows for study skill development for entering students as well as those in the key transition year of ninth grade and provides students and teachers with opportunities to explore new areas and develop interests beyond the core academic curriculum. The summer session also provides families with a structured summer experience for their children.

5. **Rigorous Curricular Requirements:** The academic program from sixth through twelfth grade is structured to enable every student to meet the college preparatory development goals and to succeed at the collegiate level.

- Students routinely complete 1- 1 ½ hours of homework per night and engage in significant independent reading.
- Students begin in eighth grade to take classes for high school credit.
- Students complete at least four years of high school English, math, social studies, and science, and at least three years of a foreign language.
- Students are exposed to college-level academics via mandatory Advanced Placement and dual-enrollment classes.
- Students are given opportunities for deeper exploration of topics in elective classes.

YES is in the process of revising its core curricular model using a standards-based approach and integrating academic, community service and extra-curricular components.

6. **Service to the Community:** A wide range of service opportunities is integrated into the program.

- Saturday classes are dedicated to community service projects.
- Community service opportunities form part of the program ranging from tutoring local elementary school students to repairing the homes of the elderly.
- Senior year includes a week-long service project completed the week after final exams and prior to graduation. Seniors are required to research a social issue, write an extensive research paper, set-up a volunteer project at a social service agency, complete a week of service, and return to campus to present their research and their week-long experience to the rest of the senior class.

7. **Increased Access to Opportunities:** Students have the opportunity to participate in activities and trips that they might not otherwise experience.

- The enrichment block offers over 35 clubs and athletic programs daily.
- Each grade level incorporates into its approach local field lessons to museums and cultural events throughout the city.

- Annual college research trips provide many students with their first trips outside Houston and to college campuses.
- Rising juniors and seniors participate in internships and summer programs at businesses, organizations, and colleges and universities around the country.

8. **Support for Non-educational Needs:** Student success is often inhibited by non-educational challenges that face many young people, particularly those from low-income communities.

- Staff members are expected to develop positive relationships with students and provide support beyond the classroom. This includes being available via a school-provided cell phone to answer questions about homework and providing a level of non-academic support when necessary.
- YES employs a social worker who helps students and their families through challenging periods.
- Within the curriculum, YES has developed a study skills and life skills program designed to help new students transition to YES College Prep. More generally, it assists in preparing all students for key transitions from elementary to secondary and then post-secondary education.

9. **Annual College Research Trips:** Students with good academic standing and attendance earn the opportunity to participate in an extended college research trip during each spring semester.

- The trips expose the students to a wide number of collegiate choices and provide additional non-educational experiences.
- Students travel to various regions of the country each year including California, the Midwest, and the Northeast.
- By the end of eleventh grade, students have seen twenty different colleges and universities around the country – public, private, small, and large.

This exposure to a wide array of colleges and universities before the fall of senior year when students begin the application process is critical to the success of the college counseling program.

10. **College Counseling Program:** The college counseling department is responsible for supporting each school's overall goal of preparing students for success in college. College counselors at YES take on a "surrogate" parental role during the application process because, in most cases, family knowledge of the process is minimal. With 85% of the YES student population being first-generation college-bound, the college counseling department plays a pivotal role in the success of the YES approach.

- The college counselors are responsible for directly advising and counseling seniors and assisting with all aspects of implementing a comprehensive college counseling program.
- The counselor to student ratio of 1:25 ensures that each student receives the attention necessary to manage the application and financial aid process.
- The program includes crucial parent nights that educate parents about college applications and the financial aid process.

11. ***Alumni Support Program:*** YES College Preparatory School's Alumni Support Program exists to provide ongoing support to all YES College Prep alumni to ensure success during their collegiate experience.

- The organizational goal is that 90% or more of the YES alumni will complete college within five years.
- The alumni program maintains effective communication with each alumnus/a and establishes a network that will build resources for the alumni and other members of the YES College Prep Community.
- The alumni program offers direct links to community leaders, continued support with scholarship and financial assistance, and overall general support for each student.

Over time, the alumni program will expand to encourage life-long relationships between alumni and YES and provide opportunities for alumni to give back to their communities and to future YES generations.

YES GRADUATE SUCCESS PROFILE

The YES approach provides students with experiences to ensure they have:

1. **Proven college level academic capabilities:** YES graduates are ready for the transition to the collegiate level including core academic knowledge, personal work habits, self-motivation and confidence. The typical YES student graduates with a semester's worth of college credit.
2. **College success expectations:** YES graduates embody the community values, recognize the opportunity and value of a 4-year college education, and expect to graduate.
3. **Intellectual curiosity and awareness of opportunities:** YES graduates seek to explore new opportunities that may take them out of their "comfort zone" and value learning for its own sake.
4. **Commitment to community service:** YES graduates recognize their responsibility to others, seek service opportunities and will contribute positively to their communities.
5. **Positive and supportive network of relationships:** YES graduates have friends and supporters whom they call upon for encouragement and support during challenging periods.

Measuring Success

YES will implement performance metrics to track student success at each stage of their YES career with the ultimate target of graduation from a 4-year college.

Measuring Success: Composite Student Development	
Annual Academic Growth	6-9 th 1.5 yrs 9 th -12 th 1 yr
Community service hours	100 hours
Extra-curricular partic.	TBD
YES community values	TBD
Attendance	97%
Discipline	TBD

Measuring Success: Student outcomes	
6-College Grad Persistence	58%
6 th -12 th Persistence	65%
9 th -12 th Persistence	85%
College acceptance	100%
College matriculation	100%
College graduation (within 5 yrs)	90%

YES COLLEGE PREP'S GROWTH PLAN

The strategy for change requires the creation of thirteen YES College Prep schools in Houston, each providing students with the same high-quality educational approach that has been developed and honed in YES's existing schools over the past ten years. YES has incorporated lessons from its own growth and that of others charter networks around the country to develop a strong growth plan. It balances the desire to provide equitable access to educational opportunities for as many students as possible with the commitment to maintaining high standards of quality and performance that the community has come to expect from YES.

STRATEGIC IMPERATIVES OF YES'S GROWTH PLAN

1. Structured approach to replication ensuring high quality standards and YES culture are maintained in each school
2. Teacher recruitment and retention programs to meet growing need for mission-driven, high performing staff
3. Location selection to provide accessibility to Houston's low-income communities where education opportunities are most limited
4. Facilities plan that seeks funding required to meet new school development

Structured Approach to Replication: Phase Three

For YES, providing the quality of education for each student to graduate from a 4-year college will not be compromised in the name of growth. To achieve the right balance, YES has incorporated the following five core elements into its replication approach based on experiences garnered in the development of the YES Northeast and Southwest campuses:

1. Develop leaders from within

While the YES approach and core processes are well defined, the essence of a successful YES school is in the school culture and is defined by the school leaders. The likelihood of successful replication will be significantly enhanced if school leaders are developed from within the organization. Further, hiring from within is an important recruitment incentive for attracting and retaining high-performing educators to YES.

YES is designing a school director development process that will identify high potential educators early in their careers with YES and provide them with managerial experience and developmental opportunities in preparation for school leadership. This program is also an important part of YES's recruitment strategy.

At the current time, YES has three candidates in the pipeline for new school leadership roles and will seek to identify additional candidates as required.

2. Systematic management of new school development

The experience of launching and developing three schools has provided the YES leadership team with valuable lessons on the prerequisites for success. The organization strives to ensure that every school will be successful in meeting YES's high quality standards. The new school development process starts eighteen months before launch and continues through to six months after launch. It incorporates school director training, feasibility analysis for school locations, thorough planning and attention to detail in all facets of the start-up process, closely managed launch and ongoing follow-up during the first semester of operation (see Strategic Processes for Growth section).

The proposed school director will be the point-person for the process from start to finish and will have autonomy to develop his/her school within the context of the YES approach and strategic processes. The Head of Schools will oversee the process, and, along with an experienced school director and additional members of the home office staff, will provide support and coaching to new school directors. The decision to launch a school will, however, reside with the Board of Trustees at the recommendation of the senior management team.

3. Incubation of all new schools

The maturation of a YES school requires time and continued efforts of the school director and her/his leadership team to manage annual transitions as the school adds grade levels. YES's management has developed an incubation concept that will co-locate two new schools for a minimum of one year. YES will pilot the incubation concept with the next phase of new school launch.

The objective of the incubation phase is to ensure consistent implementation of the YES approach, create opportunities for best practice sharing between the two schools, place students in an environment that has a strong YES culture, and provide a strong operational foundation for new school teams. The incubator will be staffed with an operations team to provide support to new schools and reduce the initial management burden of non-instructional functions such as food service and transportation. This will allow school directors to focus on the key program elements, quality of instruction, and relationships with key stakeholders during the first year of operation. The additional benefit of the incubation phase is to reduce the initial ramp-up deficits incurred for facilities costs in space not needed with only one or two grade levels.

4. Roll out each school one grade per year starting with sixth grade

As discussed in the approach section, the YES model is designed for an integrated sixth through twelfth grade student experience. In building-out new schools, YES will add one grade per year starting with a sixth grade class. This growth model ensures fidelity to the approach and enables each school to grow at a measured pace. With this launch process, the school director, teaching staff, and operational team will have ample time to refine school programs and management approaches. The slower rate of growth also reduces the need for large teacher recruitment effort; additionally, a smaller group lends

itself to the successful creation of a strong culture crucial in the early years of growth. With this plan, new schools will be best positioned to succeed with a managed progression toward the more complex structure required at full capacity.

5. *Grow at a maximum rate of two schools per year*

YES seeks to ensure all schools meet the highest standards of quality. YES estimates that its near-term capacity to manage high-quality school launches is two per year. This incorporates several important capacity constraints including ability to develop school directors, teacher recruiting, funding expectations and the degree to which management resources will be available to support new schools effectively. Each school launch decision will take into account the organization's resources and capacity to manage growth.

Teacher Recruitment and Retention

Quality teaching is fundamental to maintaining the excellence of YES schools. As such, recruiting teachers who best fit with the mission of YES and who bring desired skill sets to the school is vital. With the projected growth in number of schools, the access to quality talent pools will be essential. The teacher recruitment process is designed to access new sources of talent and establish equitable processes for staffing new teachers at various schools.

1. *Define desired teacher profiles and project needs for next school year*

School Directors will work with school-based staff and CAO to determine staffing needs for the next school year. Staffing considerations will include balancing subject-matter knowledge with teaching experience, with an emphasis on staffing newer schools with more experienced educators.

2. *Market job openings to desired sources*

The CAO will be responsible for advertising teaching positions through a variety of avenues, including posting openings on the YES web site, listing positions with career centers of local and national colleges and universities, and other organizations such as Teach For America and the Peace Corps (for recent alumni). In addition, YES will work with recruitment organizations such as The New Teacher Project and Carney Sandoe & Associates to target applicants for specific positions. The CAO and School Directors will also conduct open house events at the schools for interested applicants and strategically target recruiting fairs in Texas and nationally to broaden the pool of applicants.

3. *Screen applications and sort applicants to appropriate campuses*

YES human resources department serves as single point of entry for applicants. After the initial file is complete (application, cover letter, resume, official transcripts, background check), the committee for teacher recruitment sorts applicants based on the applicant's notes preference for a school and campus hiring needs. The CAO will provide oversight to ensure equitable sharing of highly desirable candidates.

4. *Conduct interviews and sample lessons*

School Directors will have the autonomy to conduct interviews with a campus-based hiring committee to include other administrators and department heads. A crucial step in the process is the candidate's delivery of a sample lesson to a class of YES students while being observed by the School Director and department head, coupled with a self-critique of that lesson. At all steps in the process, special emphasis will be placed not only on the applicant's subject matter knowledge and teaching style, but also on his/her fit with the YES culture, goals, and philosophy. YES seeks three criteria for prospective teachers-

- Intelligence
- Command of subject matter
- Ability to connect with the student population

5. *Check references; extend offer*

The School Director, with assistance from the CAO, will conduct reference checks for all attractive candidates. Upon favorable review, the applicant will be extended an offer. YES does not have firm closing dates on teaching positions; as strong candidates present themselves and complete the applicant process, the School Director can make a job offer to ensure that "highly desirable" candidates are not hired by other organizations.

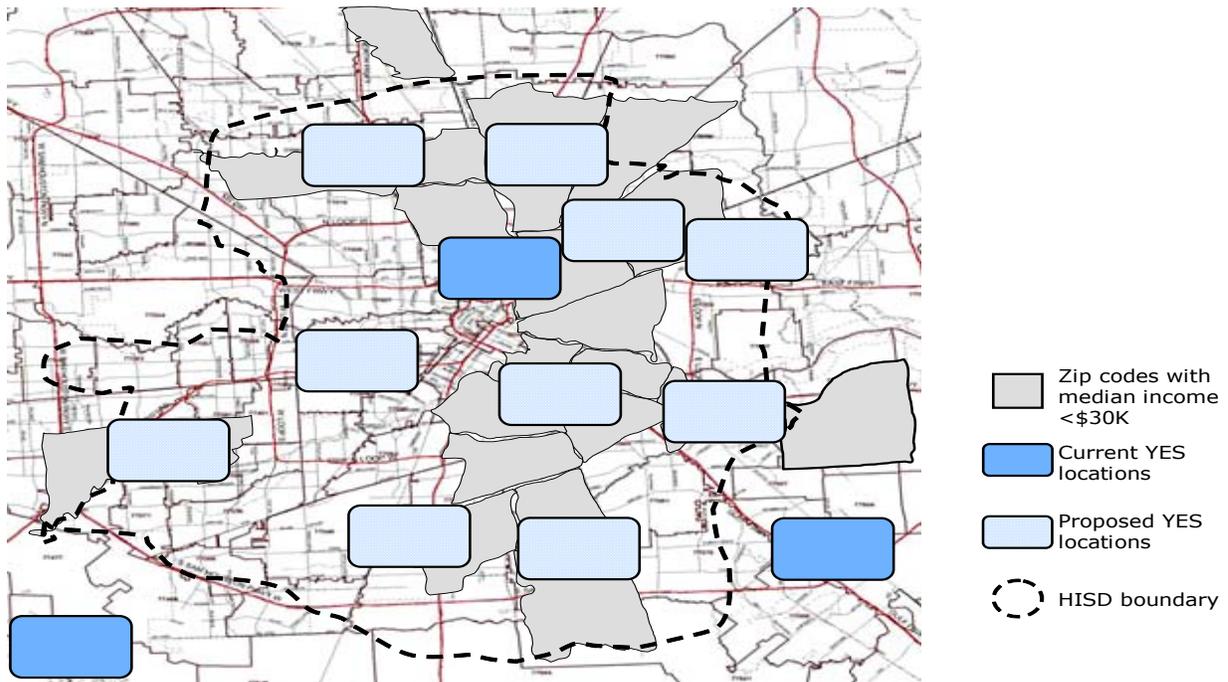
Location Selection

YES's strategy for change seeks to "*provide equitable access for low-income students.*" This requires not only growth in the number of schools but geographic proximity as YES recognizes that student awareness and willingness to commit to YES increase when the school is proximate to the student body's community.

YES's commitment to a small school model and goal of building thirteen schools in Houston will provide the opportunity for convenient accessibility for most low-income communities. The primary limiting factor will be the cost and availability of facilities (see Facilities Strategy section to follow).

YES has identified priority locations for new schools based on the existing educational landscape in Houston.

YES proposed school locations near concentrated low-income populations



Source: City of Houston Planning and Development Department, December 2002; US Census 2000

YES has initially identified communities based on:

1. Data analysis identifying the lowest-income communities and those with large and growing populations of children. **YES seeks to locate schools that are accessible from the following areas of Houston: Third Ward, Fifth Ward, East End, Sunnyside, Acres Homes, and Gulfton.**
2. Assessment of current performance of schools in low-income communities, seeking to serve those in areas with poor quality existing middle and high schools **Current feeder patterns YES is studying include: Cesar Chavez HS, Sam Houston HS, Phyllis Wheatley HS, Jack Yates HS, Jesse Jones HS, and Robert E. Lee HS.**

Facilities Plan

The primary limiting factor for expansion will be the development and funding of new school facilities. YES is implementing plans to address the facilities problem via a capital campaign in Houston and efforts to secure facilities funding for high-performing charter schools from the state government.

The estimated capital costs for a YES facility is \$7 million to build or renovate a school that meets YES design requirements. YES will meet half of the funding requirement by financing \$3.5 million through a mortgage to be paid by annual per-pupil revenues. The remaining \$3.5 million per school will be raised through a capital campaign that focuses on local philanthropic relationships.

Priorities for new school launch in Phase Three will incorporate the analysis described above within the context of a feasibility assessment discussed later in the plan. YES will work with Houston-based demographers to identify community trends to ensure that school location decisions fit with target student populations.

The capital campaign will need to raise \$8M in Phase Two and \$31.5M in Phase Three (For more details, please refer to the Fund Development Strategy section).

The preferred scenario is to achieve public funding for charter school facilities in the upcoming legislative session. The goal for the effort will be to achieve funding of \$1,000 per pupil for facilities. If this per-pupil facility allotment is secured, this will substantially lower the capital fundraising need in Phase Three.¹

Current conditions for public funding for charter school facilities appear to be favorable with emerging support from the Governor, the Texas Legislature, and the state’s business leaders via the Governor’s Business Council. Locally, the Center for Houston’s Future, a group of leading business executives in Houston, has agreed to assist in the advocacy effort.

YES FACILITIES PLAN
<ul style="list-style-type: none">• Estimated capital costs are \$7M per school for campus of 700 students.• 50% of facility cost will be financed through per-pupil revenues.• Remaining 50% will be raised either through (a) capital campaign or (b) per-pupil facility legislation.• YES is spearheading a state-wide advocacy effort for charter school facilities funding.

YES is actively engaged in this effort as well. YES has worked with KIPP to create the Texas Charter Coalition (TCC), a non-profit group in Texas working on behalf of the state’s charter movement. TCC has retained a lobbyist to assist in supporting the effort and has formulated a facilities funding plan that ties a per-pupil facility allotment to student performance. Charter schools that earn a Texas Education Agency rating of *Recognized* or higher will be eligible to receive the per-student allotment. In addition, states that pass legislation for a per-student allotment for charter facilities are also eligible for potential federal funds. Chris Barbic is dedicating 20% of his time beginning in January when the session meets to spearhead the advocacy efforts for facility funding.

An underlying part of the facilities plan is the approach to facilities development. Based on the experiences with YES’s current schools, the facilities design strategy will, by necessity, remain flexible. In general, YES’s design goal is to create an attractive, safe and functional campus environment for students and staff at the minimum expense. Each campus will need to meet minimum design specifications (see appendix), but individual facility designs may vary based on available sites and costs. YES will pursue several initiatives to minimize facilities costs including:

¹ Note: For the purposes of internal planning, YES has analyzed both partial facilities support (\$500 per pupil) and full facilities support (\$1,000) into its financial analysis

YES is currently evaluating a number of options to mitigate some of the costs of our capital campaign needs. These include-

- *Corporate facility grants*- there a number of underutilized corporate real estate assets in the greater Houston area that could be converted into YES campus sites. Examples include both office and retail space which are currently vacant and would allow the donating entity to qualify for numerous tax credit programs if they were to grant or lease their facility to YES at below market rates.
- *YES Asset Development Trust*- to be formed as a single entity to allow for more efficient and cost effective financing vehicle for both private and public borrowings. The Trust would expect to raise its initial equity from the Houston philanthropic community and to leverage through bank borrowings and any available public programs. The Trust will provide lenders greater asset and cash flow coverage than any single individual campus and will provide YES with more flexibility as it uses both short term (incubator) and long term facilities in its campus real estate portfolio. The asset trust would become the development bank for each individual campus and would charge lease and financing charges on a pass through basis.
- *Common Facility Program*- YES is looking at the feasibility of using common facilities among its YES campuses where the cost of transportation may outweigh the cost of construction (current estimate for a gymnasium/auditorium is \$2.5-3.0M). in addition YES is considering sharing and/or co-locating common facilities with other entities, including other charter schools (KIPP), HISD and Church organizations

Creating a city-wide charter network allows YES to focus its facility efforts within a manageable geography. In addition, YES has the required expertise available among its management, Board of Trustees and external advisors to support the complex requirements of facilities funding and development including capital campaign management, public bond financing, real estate development and construction, and public advocacy.

Replication of a YES Cluster in Other Cities

YES recognizes that significant challenges exist in achieving its intended impact and strategy for change in the greater-Houston area. The board and organizational leadership are committed to fully implementing the strategy for change in Houston in a manner that ensures all YES schools meet high performance standards and that 100% of the graduating seniors matriculate to four-year colleges and universities.

As a result, YES will not expand beyond the Houston area until the school growth is completed in Phase Three. Before replicating in other cities, the Houston cluster will need to:

- a) be on track for high quality results;
- b) be on a pathway to financial sustainability; and,
- c) have a strong cluster team of home office and school leaders in place.

An exception to this plan may be made in the case of Austin, where YES may seek to open a school near the state capital as a model of a successful charter school. An Austin school may be required as part of long-term advocacy efforts necessary to sustain public policies that create a supportive environment for growth in the Texas charter school movement.

The replication of the YES cluster approach in other cities will focus within Texas, if public support for charter schools, as expressed via funding, continues to strengthen. The preference for growth within Texas results from:

- a) the high need for similar educational solutions in other cities within the state;
- b) the recognition that geographic proximity enables greater management support and control;
- c) the recognition that tighter management control greatly increases the probability of a successful school launch; and
- d) the ability to operate within one known regulatory environment, reducing operating complexity.

However, the decision to create a new cluster will only be made after thorough feasibility studies of the target cities have been completed. The studies will gauge:

- Whether the low-income communities in the potential city can sustain a cluster
- The degree to which current education options are meeting the needs of low-income communities
- The ability to achieve financial sustainability
- The level of community support for the YES model
- The commitment of the local philanthropic community (or major external funders) to finance YES entry and growth
- The willingness of YES leaders to relocate long term to a potential city

Replication outside of Texas is not currently being considered and will only become a priority for consideration if the policy environment in Texas deteriorates.

MEASURING SUCCESS

Near-term implementation requirements:

1. Initiation of fundraising campaign for new schools by May 2005 with Phase Two completion by Spring 2008.
2. Identification and training of two new school directors 18 months prior to start of Phase Three.
3. Identification/recruitment of a Head of Schools to lead Phase Three new school development.
4. Completion of first round of location feasibility studies by December of year prior to new school launch.

ORGANIZATIONAL APPROACH: ENSURING QUALITY GROWTH

YES College Prep's priority is to ensure quality growth throughout Phase Two and Phase Three. To do so, YES will continue to strengthen its organizational capabilities. Organizational development will concentrate in five key areas:

1. **Home office organization:** YES will progressively increase resources in the home office in a manner that leads its growth and increases its management capacity and functional expertise.
2. **School organization:** YES's new school structure will increase school level autonomy in the execution of the model via delegation of responsibility for student recruiting, staffing, budget management, and operations.
3. **Strategic processes and systems:** YES will implement consistent processes and systems that support high quality school and home office performance.
4. **Performance measurement:** YES will implement a comprehensive performance measurement and assessment process.
5. **Board of Trustees:** YES will continue to develop an increasingly active and strong board that will play a crucial role in supporting the growth strategy.

General Operating Structure

In recognition of the operating principles, the YES operating structure strikes a balance between school autonomy and operational efficiency. The general structure provides School Directors and their teams with significant autonomy to develop their schools within the context of the YES approach and strategic processes. Each school will be expected to implement the YES approach with a fixed budget and meet key performance indicators annually. Within this general framework, schools will have autonomy to customize their programs to the needs of their students and the preferences of their educational team. For

OPERATING PRINCIPLES

Organizational changes will be implemented in a manner consistent with YES College Prep's operating principles. *

Mission-driven. Every stakeholder on the YES team believes in and understands the importance of the YES mission. This shared sense of mission creates a strong culture of achievement throughout the organization.

Focused on results. YES educators measure student growth closely. Curricula and instructional methods are responsive to measurable student outcomes. All members of the YES team, both management and instructional staff, have clear performance measures, and are accountable for their results.

Supportive. Achievement comes from high expectations coupled with support to reach those goals. The YES program includes systems to support students and teachers as they work to reach the ambitious goals YES seeks to achieve.

Student-centered. Everyone in the organization is connected to and focused on students; building positive relationships is a core value of the organization and teachers and staff are expected to form close relationships with students inside and outside the classroom.

Commitment to constant learning. Members of the YES organization at all levels embrace the idea of constant improvement and continual refinement of the educational approach. Leaders and teachers are encouraged and expected to be innovative, creative, to seek new ideas, and to share best practices with their peers.

Creating new opportunities. YES exists to create opportunities for our students and alumni that would otherwise not exist. The organization also seeks to create new opportunities for motivated and high-achieving educators to become school leaders.

** Operating principles outlined above still need to be finalized through internal discussions with home office and school leadership.*

example, schools may develop their own course schedules, customize their club program or design new spring college research trips.

At the same time, YES seeks to achieve operational efficiency through the centralization of shared services functions in the home office. While responsibility for educational results will lie at the school level, the home office will play an important role in the following areas:

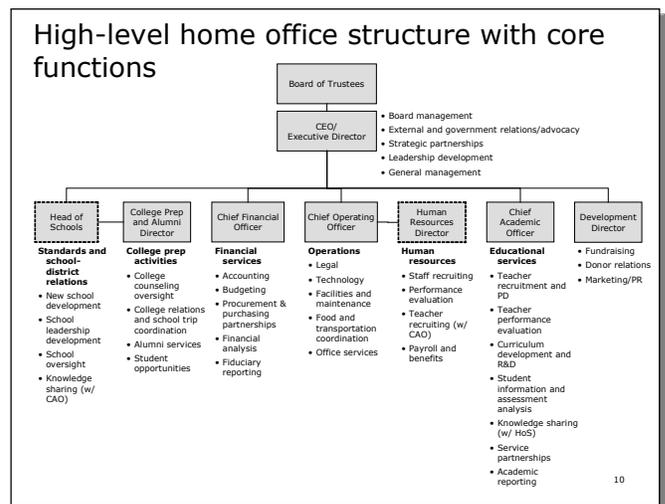
1. **providing resources:** teacher recruitment support, external fundraising, summer opportunities placement for rising juniors and seniors
2. **providing services:** food and transportation service contracts, financial management, human resources management;
3. **developmental support:** curriculum development, student analysis, teacher training
4. **providing accountability:** student performance, stakeholder surveys, campus improvement initiatives

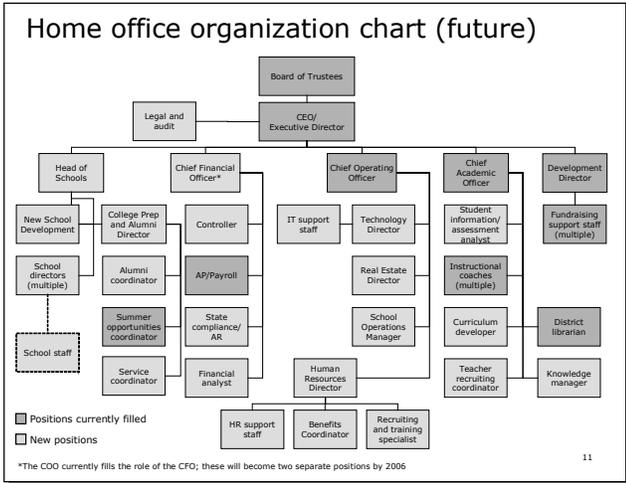
Each school will employ a lean operational team that will rely on central functions for back-office support. By centralizing key functions in the home office, YES will realize economies of scale and enable the development of professional support functions otherwise impractical at the school level. Each school will, however, have its own business manager to oversee site-specific needs and coordinate school-based business activities with the home office.

Home Office Organization

The YES Home Office’s primary objective is to provide effective governance, support and services to the schools, and by extension YES’s students, in accordance with YES’s operating principles. The Home Office will also ensure effective implementation of the model by assessing school performance against quality standards and ensuring the effective execution of the core elements of the YES approach.

Beyond school support, the Home Office will coordinate corporate governance functions, external relations and fund development. The Home Office structure as presented right is designed to enable managed expansion of functions as the school network grows. YES will add specialist positions over time to support the complete Houston-based cluster of schools.



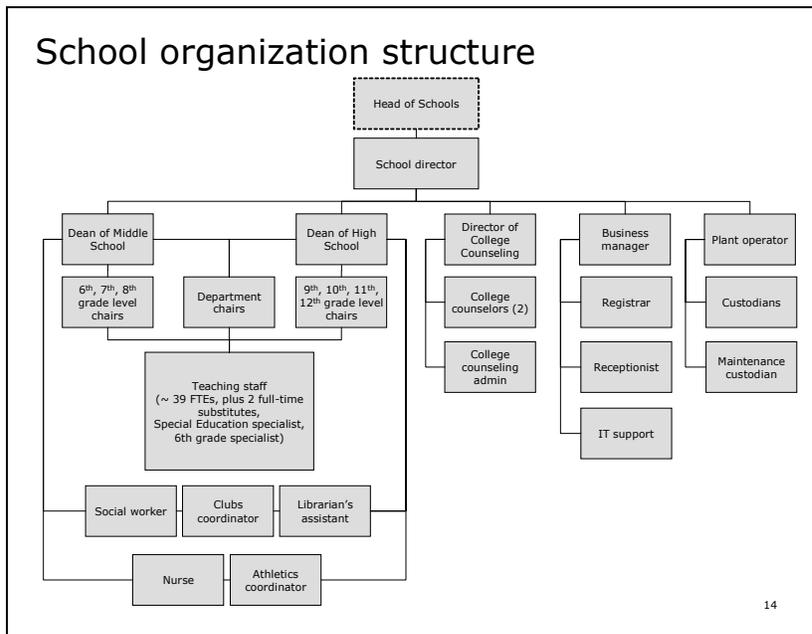


The Home Office will be built-out progressively in anticipation of the launch of new schools. The plan for resource additions during Phase Three is presented in the table below.

	Headcount by functional area						Senior management in charge of area
	Phase Two		Phase Three				
Number of schools	3	3	5	7	9	11	
Functional area							
Oversight	1	2	2	2	2	2	Chief Executive Officer
School development and oversight	0	1	2	2	3	3	Head of Schools
College Prep & Alumni	1	1	2	2	4	4	College Prep and Alumni Coordinator
Operations	1	1	3	4	5	6	Chief Operations Officer
Human Resources	0	0	1	2	3	3	HR Director
Financial management	1	2	3	5	5	5	Chief Financial Officer
Academic support	3	4	6	7	9	11	Chief Academic Officer
Development	2	2	2	3	3	3	Development Director
TOTAL	9	13	21	27	34	37	
FTEs per school	3.0	4.3	4.2	3.9	3.8	3.4	

School Structure

The school unit is the emphasis of the YES system and responsibility for achieving YES's high quality standards for student success resides with the school director and his/her team. The base case structure for a YES school is presented below. School directors will have latitude to vary their school structure within the constraints of the school budget.



Strategic Processes for Growth

Strategic processes have been defined to ensure that each school achieves targets for school quality and the home office provides high quality support and quality control.

Ten processes have been defined as strategically important to the success of YES's growth plan (further details on each process are presented in the Appendix materials):

1. ***New school development:*** 18-month process beginning with School Director identification and development, pre-feasibility assessments, location feasibility study, community outreach, school design, student outreach, teacher recruitment, launch preparation, launch management and post-launch assessment and refinement.
2. ***School leader development:*** High-potential employee identification and development program to cultivate future school leaders and future senior managers; incorporates fast-track promotions to school leadership positions and training and development for new roles. The CEO and Management Committee will actively monitor the high potential candidates.
3. ***School planning & assessment:*** Annual planning processes incorporating prior-year assessment, school goal setting, teacher recruitment plans, student outreach program, calendar, curriculum plan, and budgeting. Process incorporates review with key home office groups and quarterly assessments during plan period.
4. ***Student outreach:*** Required process for schools to proactively engage their communities to build awareness and encourage applications from the target student population with a specific emphasis on reaching candidates who may not take the initiative to find YES.
5. ***Teacher recruitment:*** Process designed to access larger pools of teachers to support growth, access new sources of talent and establish equitable processes for staffing new teaching positions at various schools.

6. ***Educational continuous improvement:*** Support and leverage school-level innovation via tracking and assessment of new initiatives and best practice sharing across schools; active programs to collaborate with national network of charter schools and other educators to share ideas and approaches.
7. ***Teacher development:*** Emphasis on growth at all levels of a teacher's career. New teacher induction program for beginning educators; formal ongoing professional development opportunities for teachers at all levels coupled with more personal growth plans and informal training/coaching.
8. ***Student information and analysis:*** Process to manage student information including performance data and provide schools and departments with analysis of comprehensive student performance and curricular performance. YES requires a student information system to better manage student data and increase analysis capabilities.
9. ***Budget management:*** Annual budget process incorporates pre-planning stage to set system-wide norms for budgets, each school and home office department develops a budget to be negotiated internally and approved by the CFO and Management Committee; monthly financial performance summaries reviewed with action plans to close gaps and monthly financial reports reviewed by the Board's Finance Committee.
10. ***Performance measurement:*** Annual goal-setting process for all schools, home office groups and individual managers, and school leaders.

Strategic Process and Systems Milestones

- Complete detailed process documentation and maps
- Pilot new process at current schools in preparation for new school development in Phase Three
- Procure a student information system to support growing student population and enable student assessment and analysis

BUILDING PARTNERSHIPS FOR SUCCESS

The YES strategy for change combines both the direct efforts of YES and the efforts of others to achieve the intended impact and the ultimate vision. Partnerships and external support will enable YES to see its intended impact achieved and, more operationally, will facilitate program delivery and the achievement of financial sustainability.

Several partnerships are currently in place or being pursued:

- *Texas Charter Coalition*: Ongoing legislative advocacy effort to increase state funding of charter schools, specifically for facilities development
- *Teach For America*: YES has a long-standing relationship with TFA that has provided a strong source of leaders and teachers at YES
- *The New Teacher Project*: Partnership (along with KIPP Houston) to recruit new teachers
- *The Princeton Review*: Low-cost access to standardized test preparation courses

There are several additional categories of partnership and external support that YES seeks to develop:

- *Houston business community*: Build a series of relationships focused on increasing human capital and diversity in Houston, combining financial support, volunteer opportunities, and internships and/or scholarships for YES students and alumni
- *Community-based organizations*: Create community-based enthusiasm and support for YES schools and combine efforts to address social and cultural challenges that might inhibit student success
- *Colleges and universities*: Expand current cooperation to increase financial support for YES's college-focused activities and seek opportunities to create volunteering/work-study programs with Houston-based colleges and universities
- *High-quality charter management organizations*: Continue efforts to present a strong and unified message regarding funding of charter schools, and seek opportunities to increase cost efficiency via partnership arrangements (e.g. with KIPP Houston)
- *Houston Independent School District*: Desire to develop a cooperative relationship and seek mutually beneficial opportunities for facility acquisition and reduction of procurement costs
- *Aligned non-profit organizations (e.g., INROADS, YMCA, Leisure Learning, 4XL)*: Seek ways to leverage the activities of other organizations to enhance program delivery and reduce costs

YES will continue to seek new partnership arrangements where mutual benefits exist without compromising the educational program or the quality of experience for students or teachers.

FINANCIAL REQUIREMENTS

YES has developed a financial plan with the goal of delivering the high quality college preparatory education required for college success on a financially sustainable basis. The financial plan reflects the business plan as laid out in previous sections of the document.

YES's financial plan is designed to:

- a) Enable each school to operate at financial break-even once it reaches full capacity
- b) Reflect the need for investments in organizational development at the home office in preparation for growth
- c) Ensure flexibility to respond to various facilities financing scenarios

Summary of the YES Financial Plan

YES Operational Model: Each school at full capacity (year seven) will break-even on government revenues of \$5.1M, or \$7,478 per pupil, including ongoing facilities financing costs (50% of capital requirement) and a 5% to 8% home office fee. As schools grow to full capacity, ramp-up deficits will total \$2.2M - \$2.4M per school, totaling \$6.7M during Phase Two and \$22.7M during Phase Three.

YES Facilities Financing: A YES facility requires \$7M in capital. Each school will set aside \$300K, or \$435 per pupil, to debt finance 50% of the capital. The other 50% will come from either a capital campaign to raise \$3.5M per school, or passage of state funding legislation of \$1,000 per pupil*, or some combination of the two. Total facility funding needs for Phase Two are \$8M and \$31.5M for Phase Three.

YES Home Office: As YES expands in both phases, the effective provision of home office services to each school will require an increase in home office staff, as outlined in the organizational section. YES will fund its home office through a service fee of 5% to 8% of school revenue at all stages of growth. This raises approximately \$250K to \$400K per school at full enrollment (and a proportional amount during each school's ramp-up). The home office budget will outpace home office fees in the near-term, but will be sustainable on these fees once the schools grow to full enrollment. Thus, the Home Office will grow from a budget of \$1.5M to \$2.9M between Phase Two and Phase Three.

The total funding needs for Phase Two are summarized in the table to the right.

Phase Two Funding Needs		
Campus	Ramp-Up (\$M)	Capital (\$M)
Southeast	1.2	1.5
Northeast	2.1	4.0
Southwest	2.3	2.0
Home Office	1.1	0.5
Total	\$6.7	\$8.0

* Note: for planning purposes YES has incorporated only \$500 per pupil into the public funding scenario

YES's School Model – Ramp-up to Sustainability

In Phase Two, YES will complete the expansion of its three existing campuses. By the end of this phase all three schools will be financially sustainable solely with the funding YES receives from state and federal sources. The following describes the model for a single school as it “ramps-up” to full enrollment.

With each new campus, YES will maintain a school model that is both effective and economical. Each fully enrolled YES school will be operationally sustainable; able to pay market-rate facilities costs and home-office service fees; and will maintain an operating reserve.

As each school is developed, ramp-up deficits are expected due to the following:

1. administrative staff positions are required (including that of the School Director) without the full student capacity over which to amortize the expenses;
2. transportation and facilities are semi-fixed regardless of the number of students enrolled; and
3. large one-time costs, such as furniture, computers, and equipment, are incurred as a school grows.

These start-up deficits total between \$2.2M - \$2.4M per school. Revenue and expense projections for a YES model school as it grows to full capacity are shown in Exhibit 1 (next page).

Further detail including percentage breakdown of revenues and expenses for a fully enrolled YES school are shown in the table to the right.

YES School Model - Facilities Costs

YES will house its schools in facilities that meet its curricular and co-curricular needs. The capital cost of such facilities is estimated to be \$7M to purchase land and build or purchase an existing building and convert. The capital cost estimate is consistent with YES's experience to date and construction estimates of other charter schools in Houston. The market cost of leasing a facility is, according to historical data, \$600K/year for a full school. Either method (purchase or lease) would cap facilities costs at 12% of revenues annually.

Fully enrolled school model in \$M			
	Total	% of total	
Enrollment	689		
Revenues			
State	\$ 4.13	80%	
Federal	\$ 0.84	16%	
Other	\$ 0.18	3%	
State - facilities	\$ -	0%	
Total - revenues	\$ 5.15		
Expenses			
Personnel	\$ 2.55	50%	
Programmatic	\$ 0.68	13%	
Operating & Administrative	\$ 1.15	22%	
Other	\$ 0.05	1%	
Operating reserve	\$ 0.15	3%	
Home office fees	\$ 0.26	5%	
Facilities	\$ 0.30	6%	
Total - expenses	\$ 5.14		
NET	\$ 0.01		
Revenue per pupil	\$ 7,478		
Expenses per pupil	\$ 7,467		
NET per pupil	\$ 11		
Note: Numbers shown are for Scenario A (Capital campaign, 2 schools per year); Numbers may not sum due to rounding			

Exhibit 1: School model, including the ramp-up deficit and the home-office costs, are detailed below. Key variables are the availability of facilities funding and YES's growth pace in the three scenarios

School P&L in \$M	Year of operation							
	Planning	1	2	3	4	5	6	7
Enrollment	-	110	208	288	393	498	596	689
Revenues								
State	\$ -	\$ 0.7	\$ 1.3	\$ 1.7	\$ 2.4	\$ 3.0	\$ 3.6	\$ 4.1
Federal	\$ -	\$ 0.2	\$ 0.3	\$ 0.4	\$ 0.5	\$ 0.6	\$ 0.7	\$ 0.8
Other	\$ -	\$ 0.0	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.2	\$ 0.2
State - facilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total - revenues	\$ -	\$ 0.9	\$ 1.6	\$ 2.2	\$ 3.0	\$ 3.7	\$ 4.5	\$ 5.2
Expenses								
Personnel	\$ 0.1	\$ 0.6	\$ 0.9	\$ 1.1	\$ 1.5	\$ 1.9	\$ 2.2	\$ 2.5
Programmatic	\$ -	\$ 0.1	\$ 0.2	\$ 0.3	\$ 0.4	\$ 0.5	\$ 0.6	\$ 0.7
Operating & Administrative	\$ -	\$ 0.3	\$ 0.4	\$ 0.5	\$ 0.7	\$ 0.9	\$ 1.0	\$ 1.1
Other	\$ -	\$ 0.2	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1
Operating reserve	\$ -	\$ 0.0	\$ 0.0	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.2
Home office fees	\$ -	\$ 0.0	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.2	\$ 0.2	\$ 0.3
Facilities	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.4	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3
Total - expenses	\$ 0.2	\$ 1.4	\$ 1.9	\$ 2.6	\$ 3.3	\$ 3.9	\$ 4.6	\$ 5.1
NET	\$ (0.2)	\$ (0.6)	\$ (0.3)	\$ (0.4)	\$ (0.3)	\$ (0.2)	\$ (0.1)	\$ 0.0
CUMULATIVE NET	\$ (0.2)	\$ (0.8)	\$ (1.1)	\$ (1.6)	\$ (1.9)	\$ (2.1)	\$ (2.2)	\$ (2.2)
Revenue per pupil	N/A	\$ 7,832	\$ 7,584	\$ 7,550	\$ 7,554	\$ 7,511	\$ 7,490	\$ 7,478
Expenses per pupil	N/A	\$ 12,894	\$ 9,202	\$ 9,014	\$ 8,402	\$ 7,927	\$ 7,732	\$ 7,467
NET per pupil	N/A	\$ (5,062)	\$ (1,618)	\$ (1,464)	\$ (847)	\$ (416)	\$ (242)	\$ 11

Fundraising Plan: Phases of Growth

	1998-2004 Phase One:	NOW Phase Two:	Long Term Phase Three:
Campuses	3	3	up to 13
Students	980	2,100	9,100
Annual College Graduates (low-income)	-	200	875
Cumulative College Graduates	(10 in 2005)	588	2,500+
Funds Needed (\$m)			
Ramp-up:	\$4.4	\$6.7	\$22.7
Capital:	\$2.5	\$8.0	\$31.5

FUND DEVELOPMENT STRATEGY

YES will implement both short-term and long-term fund development strategies that seek to match donor support interests with areas of financial need. Since its inception, YES has cultivated a number of key relationships with foundations and individuals in the community, resulting in over \$6 million raised to meet the capital and operating needs for its existing three campuses. To implement its expansion plans over both phases, YES and its Board have developed a broad-based campaign that will approach foundations, corporations and individuals on multiple levels to provide the funding base necessary to underwrite YES's operational and capital needs:

- Relationships with national foundations are expected to result in significant funding for school and home office ramp-up costs and will provide leverage with Houston-based institutions to meet YES's overall funding requirements
- Existing Houston funding sources and new local and regional funding sources will be cultivated to supplement national foundation support for school and home office ramp-up costs
- A capital fund-raising strategy is being developed with a focus on local and regional donor relationships.

The following sections highlight the status and strategies for securing funds to support the entire YES system and its growth targets. Strategies have been developed to concurrently pursue public and private funding.

Private Funding. The YES leadership team and Board have begun the initial process of planning a major campaign to raise the necessary capital funds for the next five years.

- YES will target major foundation and corporate donors in the region with the capacity to make the financial investments necessary to assist YES in reaching its intended impact.
- YES will continue to cultivate its relationships with high net-worth individuals interested in educational reform efforts.
- YES is also looking at developing strategic partnerships with the private sector in order to secure under-utilized corporate assets significantly below market rates.

Public Funding. In addition to a capital campaign, YES is leading the charter advocacy efforts at the state level.

- YES and other high-performing charters in Texas and the Texas business community have formed the Texas Charter Coalition (TCC), an advocacy group that is working with the State Legislature and Texas Education Agency to create a charter-friendly political and funding environment across the state.
- The TCC is working towards (1) increasing the annual per-pupil allocation for all charter schools in Texas and (2) creating a per-pupil facility allocation for high-performing charter schools.

National Foundation Partnerships

YES has benefited from its emerging relationships with the Bill and Melinda Gates Foundation and the Walton Family Foundation in the preparation of its business plan. The core strategies for national philanthropic funding focus on deepening these two relationships and, where opportunities exist, developing 1-2 additional relationships with national foundations with an interest in Texas.

YES will continue discussions with the Bill and Melinda Gates Foundation and the Walton Family Foundation about the development of a funding relationship for implementation of the business plan including funding for new school and home office ramp-up costs.

Houston-based Capital Campaign

YES has been successful in securing grants for two of its three existing facilities. With a strong track record and a growing local network of support from the philanthropic community, individuals and corporations, YES is well positioned to begin a series of capital campaigns. Houston, with over 20 Fortune 500 Companies, is well-endowed with philanthropic resources and it is expected that YES's results to date, emerging reputation, and Houston-focused growth plan will attract strong support.

YES has engaged Sterling & Associates, a Houston firm with proven expertise in capital fund-raising, to design its capital campaign. In addition, the Board of Trustees will take a leadership role in executing the campaign.

State of Texas Facilities Funding

As mentioned above, YES has taken a lead in the charter advocacy effort through the TCC, which has made considerable progress over the last 14 months. The group has retained a lobbyist from a top national firm, and enlisted the support of the Governor's Office, the Governor's Business Council, and other key business and political leaders around the State. Locally, the Center for Houston's Future, a group of high-profile business and political leaders, has made equitable public funding for charter schools one of only two legislative agenda items for the upcoming Texas Legislative session.

Most recently, TCC has been working towards the passage of:

1. **An equitable per-pupil allocation for charter schools.** A gap of approximately \$1,000 per student exists between the charter per-pupil allocation and that of traditional public schools.
2. **A per pupil facility allocation for high-performing charter schools.** The current funding formula has made considerable progress securing a per-pupil facility allocation for high-performing charter schools. Most recently, TCC has engaged the Texas General Land Office in fruitful conversations about setting aside a per-pupil funding allocation specifically for high-performing charter schools. With legislation passed at the state level for facility funding, Texas charters will be potentially eligible for a federal match.

While the outlook for receiving public funding is favorable, YES recognizes that it will still need private funding due to timing constraints and to mitigate against an uncertain political environment.

Non-capital Local Support

The requirements for capital fund-raising will be impacted by the outcome of the state funding efforts. Should state funds become available, YES will balance capital fund-raising with existing funding programs for annual operations and program enhancements. YES has developed fund-raising capabilities that incorporate relationships from multiple funder categories.

Local Foundation Grants

Over the past six years, YES has developed an extensive list of partnerships with local foundations at all funding levels (see Appendix materials). YES will continue to keep these foundations involved with its growth process and ensure that the local funding community plays an active role in the development of these new schools. Initiatives include:

1. Maintaining current relationships and grants with existing fund sources
2. Strengthening donor relationships with through more frequent reporting of results
3. Researching and seeking additional funds from other local foundations

Corporate Relationships

Houston's large and well-funded corporate community is a natural partner for YES, given our focus on developing future human capital for the city. YES has recently hired a new member of the development team responsible for building relationships with corporate partners. In addition, YES will begin the following initiatives:

1. Leverage Board and individual contacts to develop senior management relationships at selected companies

2. Seek to build partnerships that combine funding, volunteer opportunities, and student opportunities that might align with corporate goals of community service or diversity recruiting
3. Explore corporate sponsorships, discounts for YES programs or for YES fund-raising events

Individual Giving

Over the past six years, YES has developed relationships with individual supporters throughout Houston. Collectively, since 2001, over 350 different individuals have given gifts to the school in a variety of ways and more than 200 people have volunteered their time on YES campuses. As YES moves into this new stage of development, its individual campaign will grow accordingly to provide additional funding sources and facility/capital gifts for the schools. The key challenge will be to manage individual fund-raising efforts economically, recognizing the high cost of fund-raising associated with this category of donor.

YES will employ the following strategies to further strengthen individual giving:

1. Prioritize individual giving initiatives based on return on investment (money and time)
2. Strengthen donor servicing to solidify donor relationships and build loyalty to YES
3. Establish annual programs that are predictable and become part of donors' annual giving plans
4. Leverage the work and network of Board Members and Friends of YES
5. Learn best practices from other non-profit organizations and charter schools

PERFORMANCE METRICS AND MILESTONES

A key theme of the business plan is “measuring success,” a theme that is consistent with the values, goals and operating principles of the entire YES organization. As YES enters its next phase of development, the leadership team recognizes that an increased focus on systematic performance measurements will be vital and that new forms of measurement will be required to ensure that:

- YES is serving the target student groups and is meeting its commitment to each student **(Student Metrics)**
- YES schools are consistently high quality **(School Metrics)**
- YES is achieving its intended impact **(Impact Metrics)**
- YES uses its resources effectively and is on track toward financial sustainability **(Financial Metrics)**
- YES is meeting key milestones toward success **(Milestones)**

Student Metrics

YES will implement a comprehensive student metric system at the individual and cohort level, which will roll-up into school and system-wide metrics. The cohort is the primary grouping in a YES school for assessment of YES’s alignment with its student profiles, quality of the student experience, and achievement of student outcomes. The cohort metrics will be combined with individual metrics to evaluate how well the schools and the organization are doing in aligning their efforts with their goals.

Measuring Success: Composite Student Development	
Annual Academic Growth	6-9 th 1.5 yrs 9 th -12 th 1 yr
Community Service Hours	100
Extra-curricular Partic.	TBD
YES Community Values	TBD
Attendance	97%

The approach to individual student measurement is designed to capture the multiple goals of the YES approach as laid out in the *Approach* section. YES is developing a composite student performance metric that will assess student progress toward all college preparatory elements. By creating separate metrics for individuals, YES will be well positioned to identify problems early and take action at the individual level to support students with the expectation of reducing the number of students who repeat grades and increasing student persistence (reducing attrition). Student metrics are presented in the tables above and to the right.

Measuring Success: Student outcomes	
6-College Grad Persistence	58%
6 th -12 th Persistence	65%
9 th -12 th Persistence	85%
College Acceptance	100%
College Matriculation	100%
College Graduation (within 5 yrs)	90%
Active Alumni	80%

School Metrics

As discussed throughout the business plan, YES's success is contingent upon high-quality school replication. Each school will be held responsible for implementing the core elements of the YES approach and achieving student goals with the limited resources available. YES's management team will use metrics as the primary form of school governance and accountability. The table to the right shows the metrics and targets for each YES school.

Measuring Success: School performance	
School Composite Student Development Aggregate	TBD
TEA School Ratings	Exemplary
Students Repeating Grade	<10%
Students Departing YES for Controllable Reasons	<5%
Teacher Turnover	<15%
Teacher Satisfaction (survey)	80%
Parent Satisfaction (survey)	80%
Annual Student Persistence Rate	95%

Impact Metrics

The success of the strategy for change and growth plan will be measured at the organizational level with efforts to link YES student and school outcomes to community change. The organization will track the metrics outlined below.

Measuring Success: System-wide Student Outcomes	
Annual College-going Graduates	93 per school
- Low-income share	85%
Annual 4-year College Graduates	83 per school
- Low-income share	85%
Applicant:Capacity Ratio	2:1

Measuring Success: Graduate Impact	
Alumni Resident in Houston	70%
Alumni Active in Service (survey)	80%
Alumni Actively Supporting YES	75%