
DANIEL COMMUNITY SCHOLARS PROGRAM



2019 Blackburn Institute Civic Pitch Competition Proposal
(Daniel Community Scholars Proposal)

Build UP Early-college, Workforce Development School

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Issue or Community Need and Historical Context

Poverty is a beast; urban blight an epidemic. Together, they disproportionately affect people of color, turning once-thriving communities into areas marked by social disorder, often with higher crime rates, inexcusable health and educational outcomes, moral and cultural decline, broken families and neighborhood decay. Youth living in poverty have no appreciable wealth and lack job-ready skills. Impoverished neighborhoods suffer brain drain and resource depletion. Additionally, those communities that have rebounded from blight have done so in name but not in spirit; as a consequence of gentrification, families that have called a neighborhood “home” for generations are being displaced by newcomers with little less than a financial investment at stake. For a community to recover in ways that maintain its composition, integrity, and dignity, solutions must be anchored within that community, empowering and activating citizens with the tools necessary for productive, sustained transformation. Build UP integrates and improves upon existing research- and evidence-based initiatives—early-college high school, career pathways, and housing efforts like Habitat for Humanity and YouthBuild. We combine these approaches into a school where youth apprentices (~Swiss education) earn a diploma, an associate’s degree, career credentials, paid work experience and asset ownership, Build UP’s Path to the Middle Class. While rebuilding blighted housing and breaking the cycle of poverty, graduates take ownership of the properties they rebuilt, collectively anchoring economic turnaround and hope for an entire community. Though most rehabbed properties are from the community, Build UP also partners with realtors, builders and architects to source high quality, freely-donated houses that would otherwise be demolished. Moving these houses to Build UP communities literally keeps tons of material out of landfills, adding a cost-effective green component to an already innovative educational model. Build UP’s model was designed to scale nationally alongside numerous cross-sector partners, with JFF’s collaborative guidance and national funder support. Build UP has successfully modeled a pilot site in Birmingham’s District 9 Ensley neighborhood, where: 79% of students graduate, but only 1% are college- and career-ready; population decline is 90%; and over 60% of residents rent, dedicating 35+% of income to housing. In addition to increasing educational attainment and affordable housing in Birmingham, we propose to deliver to Fannie Mae a process by which an innovative school—one that leads to life options as well as community revitalization—can be established and scaled in areas affected by urban decline. Extensive bodies of research undergird Build UP’s model, including: The gold standard for research, the US ED’s Institute for Educational Sciences What Works Clearinghouse has extensive research substantiating that dual enrollment (i.e., early college coursework) has a medium to large extent of evidence for positive effects on high school and college degree attainment and academic achievement, among other outcomes. <https://ies.ed.gov/ncee/wwc/InterventionReport/671> A Stanford study on the benefits of work-based learning, such as connections between classroom and real-world learning, high student completion rates of career pathways, student ownership of career options, and development of critical hard and soft skills <https://edpolicy.stanford.edu/sites/default/files/publications/preparing-21st-century-citizens-role-work-based-learning-linked-learning.pdf> An MDRC research on career academies and their impact on long-term labor market outcomes, including earning gains among young men, increased postsecondary options, and and increase of young people living independently Habitat for Humanity’s: Quality of Life Framework, which concentrates on a sense of community, social cohesion, and collective action <https://www.habitat.org/impact/our-work/neighborhood-revitalization/importance-of-healthy-neighborhoods> Research summary of the benefits of homeownership, which found increases in graduation rates, children’s good health, and net family wealth as well as decreases in children’s

behavioral problems, reliance on government assistance, and asthma

<http://www.habitatbuilds.com/wp-content/uploads/2016/04/Benefits-of-Homeownership-Research-Summary.pdf> Research and initial pilot benchmarks indicate that the Build UP idea holds tremendous promise to transform lives and communities.

Relationship with Community Partner

Build UP has known from the beginning this project can only be successful by collaborating with multiple partners all doing what they do best. Build UP partners with JFF (Jobs For the Future) on this endeavor to help organize and build capacity among a myriad of cross-sector local partners in the following sectors: 1) Private Financial Institutions (including CDFIs and regional Federal Reserve Banks) 2) Postsecondary Institutions 3) Mental Health/Counseling Service Providers 4) Faith-based Community Partners 5) Real Estate/Construction/Architecture Firms and Trade Groups 6) Non-profit Support Agencies 7) Public Agencies and Boards Each community partner fills a unique and necessary role in helping our youth reach their future goals and highest and best self.

Proposed Action and Sustainability

Build UP tackles root causes of intergenerational poverty--low educational attainment rates, low-skilled workers lacking social and economic capital and mobility, and unstable, unaffordable housing--to rebuild the minority middle class and close racial wealth disparities. Build UP is the nation's first and only early-college, workforce development school that empowers and equips youth and communities to determine their own future while systemically addressing poverty and urban blight. Low-income youth become homeowners and landlords with zero-interest mortgages. They gain academic and career-ready skills and credentials through coursework and paid real estate/construction apprenticeships, rebuilding and stabilizing their home community. Graduates enter the workforce as highly-educated, credentialed, and engaged civic leaders. Our asset-based school design addresses poverty and urban blight by empowering young residents to collectively build their own affordable homes and futures—promoting overall economic well-being and building a critical mass to lead vibrant, sustainable, multigenerational community revitalization. Over six years, Build UP youth: Rehabilitate blighted houses into like-new duplexes, mastering and applying academic and industry-valued knowledge and skills Earn a high school diploma, an associate's degree, and portable, stackable, industry credentials Are deeded ownership of two properties, providing immediate wealth-building capacity via equity and rental income These factors—education, work experience, economic opportunity, and homeownership—are key determinants of health and wellness for individuals and communities (Habitat for Humanity, 2018). Build UP empowers youth to lift themselves, their families, and communities out of poverty. Build UP incentivizes a collaborative and dignified local approach, with youth being from, and staying in, the neighborhoods they improve. Students launch careers while building social capital and rebuilding homes. Families' economic and housing stability lead to access to capital that can be leveraged for additional investment to further improve their family and community welfare. The rehabilitated homes gain value and serve as a catalyst to sustained community development for generations. Build UP's pilot site provides a tangible proof of concept. Having completed a full cycle of the program, Build UP implemented and refined effective procedural and structural components, including: -Community engagement, alerting prospective students (and their families) to the program; a Summer Boot Camp, which serves to introduce youth to the actual curriculum and required work (research on designing successful youth engagement led us to vet students through a summer boot camp), increasing the likelihood that they will commit to Build UP and create a long-term housing solution that also leads to

financial stability and community wellness.; -a selection process that results in the 25 most promising candidates being enrolled in the school; pre- and post-assessments that establish program effectiveness and inform remediation; -and the material and pedagogical aspects of the academic and work-based learning experiences. Over the course of the year, students gutted and rebuilt multiple housing units (all injury-free), gained 2 industry-recognized credentials, and overwhelmingly exceeded expected academic gains on standardized assessments. At full capacity, each Build UP replication site will serve 150 youth, based on our feasibility studies and strategic planning.

Budget Narrative

Build UP reaches sustainability (<15% recurring philanthropic need) after 3 years of programming, utilizing multiple recurring public sources to help the program achieve its goals without over-reliance on philanthropic giving. Because of the comprehensive nature of Build UP's model, the program also qualifies for expansive funding sources: US Department of Labor WIOA and workforce development funds; Department of Education funds; Low-income/ minority population serving funds; Housing and Urban Development funds; Community Development funds; and even healthcare-related funds due to the extreme impact of environmentally unsafe homes on children and families in low-income communities. Build UP is also actively exploring alternative financing methods, such as social impact bonds and pay-for-success programs. Build UP will use funds that are already in circulation, from family rents to student work stipends, to help ensure that enrolled students can fully commit to the program regardless of socioeconomic realities. Through the strategic use of refinancing, leveraging, corporate tax breaks, and CDFI loans, Build UP's model results in a long-term positive net return on investment. There is no desire to focus considerable effort on fundraising in perpetuity; the model has been carefully crafted to ensure funders' contributions help launch the program into implementation and early-stage development without having to provide perennial support for the program's continued existence.

Budget

Six-Year Revenue and Expenditure Projections						
	Year					
Assumptions	1	2	3	4	5	6
State & local government price deflator (COLA)	0.0%	2.5%	2.5%	2.5%	2.5%	2.5%
Total Number of students	20	40	60	80	100	120
Total Number of Teachers	1	2	4	5	6	7
Number Teacher Residents	1	2	3	4	5	6
Total Number Admin	3	3	3	3	3	3
Total Employees	5	8	10	12	14	16
Total Cohorts	1	2	3	4	5	6
Scale Multiplier	1	1.25	1.25	1.25	1.25	1.25
Housing Units in Operation		2	8	18	32	50
Newly Completed Units		2	6	10	14	18
Rental Units in Operation		4	16	36	64	100
Fundraising % of Total Budget	70%	48%	31%	15%	15%	12%
REVENUES						
Tax credit revenue	200,000	400,000	600,000	800,000	1,000,000	1,200,000
State/Federal categorical funding- (\$1,006/pupil Title I funds BCS)	20,120	40,240	60,360	80,480	100,600	120,720
Student/Family Tuition Contribution	201,000	402,000	603,000	804,000	1,005,000	1,206,000
Grants	500,000	500,000	500,000	313,404	390,032	469,891
Fundraising	500,000	500,000	500,000	313,404	390,032	469,891
Rents	-	24,000	96,000	216,000	384,000	600,000
Refinances	-	200,000	600,000	1,000,000	1,400,000	1,400,000
Mortgage Revenue Subtract Refi Loan Repayment	-	-	-	-	-	2,041,157
Food Program Reimbursement	-	28,000	42,000	56,000	70,000	84,000
Total Revenues	\$ 1,421,120	\$ 2,094,240	\$ 3,001,360	\$ 3,583,288	\$ 4,739,665	\$7,591,658
EXPENDITURES						
Salaries						
Teachers	50,000	102,500	210,250	276,281	341,442	409,752
Teacher Residents	30,000	61,500	94,613	129,461	166,183	204,927
Other administration and staff	45,000	92,250	94,556	96,920	99,343	101,827

Benefits						
Retirement	17,500	17,938	18,386	18,846	19,317	19,800
Health	15,000	24,600	30,750	36,900	43,050	49,200
FICA	5,075	7,060	9,219	10,802	12,402	14,081
Social Security	21,700	30,186	39,420	46,188	53,030	60,207
Other	8,750	12,172	15,895	18,624	21,383	24,277
Housing						
Renovations	483,615	1,185,291	1,886,967	2,588,643	3,290,319	3,991,995
Holding Costs- TMI (5% interest only)		16,000	64,000	144,000	256,000	400,000
Property Management @ 10% rents	-	2,400	9,600	21,600	38,400	60,000
Administration						
Bookkeeping & Audit	16,000	16,400	16,810	17,230	17,661	18,103
Legal	8,000	8,200	8,405	8,615	8,831	9,051
Office supplies	2,400	2,460	2,522	2,585	2,649	2,715
Postage	1,440	1,476	1,513	1,551	1,589	1,629
Professional Development	7,500	10,500	15,000	18,000	21,000	24,000
Travel, conferences, board retreats	6,250	8,500	10,000	11,500	13,000	14,500
Membership fees	2,000	2,050	2,101	2,154	2,208	2,263
Educational Expenses						
Texts and instructional materials	2,500	5,000	7,500	10,000	12,500	15,000
Other books	1,500	3,000	4,500	6,000	7,500	9,000
Technology	5,000	10,000	15,000	20,000	25,000	30,000
Software	2,000	4,000	6,000	8,000	10,000	12,000
Instructional supplies	2,000	4,000	6,000	8,000	10,000	12,000
Student testing & assessment	1,500	3,000	4,500	6,000	7,500	9,000
Dual-Enrollment Coursework	10,000	20,000	30,000	40,000	50,000	60,000
Summer Jobs Program	27,020	27,696	28,388	29,098	29,825	30,571

Other Operating Expenses						
Printer/Copier/Fax	1,200	2,000	3,000	3,000	3,000	3,000
Transportation	10,800	16,200	19,440	21,384	23,522	25,875
Food Services	20,000	40,000	60,000	80,000	100,000	120,000
Liability & property insurance	10,000	10,250	10,506	10,769	11,038	11,314
Custodial	21,280	21,812	22,357	22,916	23,489	24,076
Janitorial supplies	2,400	2,460	2,522	2,585	2,649	2,715
<i>Utilities</i>						
Gas/electric	6,000	6,150	5,673	5,815	5,960	6,109
Internet service provider	1,800	1,845	1,891	1,938	1,987	2,037
Telephone Services	3,600	3,690	3,782	3,877	3,974	4,073
Waste disposal	1,800	1,845	1,891	1,938	1,987	2,037
Security alarm	1,200	1,230	1,261	1,292	1,325	1,358
Fundraising Costs	50,000	50,000	50,000	31,340	39,003	46,989
Plant Assets						
Building & land (rent, lease, mortgage)	-	90,000	90,000	90,000	90,000	90,000
Furniture & fixtures	10,000	10,250	10,506	10,769	11,038	11,314
Machinery & equipment	4,000	4,100	4,203	4,308	4,415	4,526
Reserve Fund	42,634	43,699	44,792	45,912	47,060	48,236
Total Expenditures	\$ 1,183,464	\$ 2,214,334	\$ 3,200,109	\$ 4,157,140	\$ 5,178,937	\$ 6,244,122
Surplus (Deficit)	\$ 237,656	\$ (120,094)	\$ (198,749)	\$ (573,852)	\$ (439,273)	\$ 1,347,536
Working Capital (in)	\$	\$	\$	\$	\$	\$ -
	-	-	200,000	650,000	500,000	
Working Capital (out) 5% interest only	\$	\$	\$	\$	\$	#####
	-	-	(10,000)	(32,500)	(25,000)	
Year End Cash-In-Bank	\$ 237,656	\$ 117,562	\$ 108,813	\$ 152,460	\$ 188,188	\$ 185,724