


# From Downward Spiral to Virtuous Cycle: City Year's Breakthrough Innovation in Education



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# Education

is one of the blessings of life —  
and one of its necessities.

**MALALA YOUSAFZAI**



Too many high school students with the ability and desire to graduate end up dropping out. The human and economic cost of a high dropout rate is eye-watering. Lacking the skills, knowledge, and access to higher education that a diploma provides, a person with no high school diploma can expect to earn from \$100,000 to \$1 million less in lifetime earnings compared to a high school graduate or college graduate.<sup>1</sup> This figure promises only to increase. Technological change is reshaping the economic and social landscape repeatedly within a single working lifetime, making high school – where students “learn how to learn” – an all but indispensable first step toward a stable, upwardly-mobile, personal and financial future.

America’s high schools are not subject to generalized failure: most high schools have a graduation rate approaching 90 percent or higher. But America’s progress in increasing graduation rates is slowing down. There remain consistently underperforming subgroups of students enrolled in a relatively small number of low-performing schools. Specifically, 2,249, or 12 percent, of U.S. high schools are considered low-graduation-rate high schools, meaning they graduate less than two-thirds of their students.<sup>2</sup>

This pattern in graduation rates implies that America’s high schools do not require a system-wide transformation to effect a significant improvement in overall high school graduation rates: the majority of high schools are graduating most of their students. Yet, neither will a series of ad hoc interventions suffice:

low graduation rates are systemic in poorly-performing schools, and, although concentrated in a relatively small number of schools, in absolute terms the scale of the problem is daunting. America needs a systematic, sustainable, repeatable and targetable approach to enabling student success that can deliver results, not just in a few schools under some circumstances, but to thousands of schools in any situation.

Launched in 1988, City Year began as a national service organization to deploy young people to serve a broad range of societal issues. Since then, City Year has refined its approach to become an education organization, and today City Year serves 327 elementary, middle, or secondary schools in 28 cities across America.

Over the nearly 30 years since its inception, City Year has developed an innovative model for improving student performance along specific indicators that have been shown to be the best predictors yet developed of whether a student will drop out. Such results strongly suggest that City Year provides a systematic, sustainable, repeatable, targetable, flexible – and valuable – solution for high dropout-rate schools (see City Year’s ROI). It is likely for these reasons that City Year’s impact has elicited ringing endorsements from three U.S. presidents, won the enthusiasm of the schools it serves, and earned the “money-where-your-mouth-is” support of the world’s leading philanthropists and over 40 percent of Fortune 100 companies.

## FIGURE 1: CITY YEAR’S GROWTH

Source: City Year; Deloitte analysis





## CITY YEAR'S ROI

In 2017, Deloitte Consulting LLP was engaged to aggregate and synthesize various external and independent evaluations, expert studies, research from leading universities nationally, input from leaders in education, and internal documents and data. The analyses were used to help City Year management develop a formula and method to estimate and articulate the ROI for an investment in City Year.

The average City Year school has approximately 10 AmeriCorps members and a full-time Impact Manager serving 650 students. This costs approximately \$400,000 per year, of which City Year seeks \$150,000 from school systems.<sup>3</sup> City Year secures the remaining funds from corporate and philanthropic supporters and competitive grants from the Corporation for National and Community Service, which oversees federal AmeriCorps funding.

The benefits to an average City Year school and its students can be categorized according to improvements across attendance, behavior, and coursework – the “ABCs” of improving graduation rates (see main text).

### ATTENDANCE

City Year's impact on attendance yields an additional 15,700<sup>4</sup> learning hours in both increased student attendance and through the provision of afterschool programs.

### BEHAVIOR

By reducing the frequency and severity of minor disruptions that lead to office visits and detentions, City Year frees administrative staff from disciplinary roles. In addition, City Year addresses the issues most closely associated with high teacher turnover, potentially saving approximately \$50,000<sup>5</sup> in teacher recruitment costs at an average City Year school.

### COURSEWORK

Due to coursework support, students at an average City Year school earn an additional 150 passing grades in core courses.<sup>6</sup> In addition, these improved results reduce the need for remedial instruction, e.g., summer school, saving approximately \$100,000<sup>7</sup> annually. Finally, a 2015 evaluation by Policy Studies and Associates showed that students in schools that partner with City Year gain, on average, an additional month of learning.<sup>8</sup>

In total, the services that City Year provides at a cost of \$150,000 to each school would cost a school \$676,000<sup>9</sup> if these services were provided by multiple single point solution providers.

For all its growth, however, there remains significant unfulfilled need: for every low-graduation-rate high school and feeder school that City Year serves, there are 72 such networks that it does not.<sup>12</sup> The question we hope to address is to what extent can City Year significantly grow in size and impact without compromising its results? City Year's success so far is no guarantee that the model will survive the stresses that inevitably accompany significant growth. Specifically, to be successful when working with large numbers of schools in the United States, programs such as City Year must have the right:

- **CONSISTENCY** across schools to ensure that those elements of the City Year model that drive results are preserved no matter where the model is deployed;
- **CUSTOMIZABILITY** to adapt to each school's circumstances and requirements;
- **CONTINUITY** to ensure that learning and continuous improvement are possible; and
- **COST STRUCTURE** in order to be affordable to schools.

These performance attributes can be seen as “constraints” that City Year must respect if it is to be successful at scale. Yet meeting these constraints is particularly challenging because they tend to

imply tradeoffs: increasing levels of consistency, customizability, and continuity typically increase cost, while increasing consistency and continuity undermines customizability. As a result, delivering sufficient levels of consistency makes it more difficult to meet the cost constraint, while increasing continuity or consistency threatens to violate the customizability constraint.

To date, the tradeoffs among these constraints have not materially limited City Year's growth or performance. But with so much at stake, it would be foolhardy to expand City Year by more than an order of magnitude based simply on the evidence of past success. We need to understand why City Year has been successful, and to assess those drivers of success against the unique demands of rapid and significant growth. Only then will we be able to claim with confidence that City Year can be a meaningful part of a large-scale, nation-wide solution to America's dropout crisis.

In the analysis that follows, we will examine why City Year's model is effective, and assess the extent to which this model breaks key tradeoffs in ways that enable successful future growth.



## CITY YEAR AND DELOITTE

Through local “Program Innovation Sponsorships” in 11 cities, Deloitte is supporting City Year’s most innovative local programming and engaging its professionals as skills-based volunteers. As City Year’s National Strategy and Innovation Sponsor, Deloitte helps City Year innovate and maximize its impact in schools across the country. Deloitte has invested its financial resources, as well as the talent and the time of its professionals, to strengthen City Year’s capacity and impact nationwide.

In addition, Deloitte professionals support City Year AmeriCorps members and staff through mentorship programs, professional development training, and career development workshops across 18 sites. As a national sponsor of City Year’s “18 Minute Networking” event, Deloitte provides a networking forum for AmeriCorps members to learn about different career paths from City Year alumni, business professionals, and community leaders. Deloitte also supports the students City Year serves by offering workshops designed to help middle school students set goals and prepare for the transition to high school.

Beyond the skills-based volunteering of its professionals, Deloitte Consulting LLP provides pro bono consulting services to help City Year transform, scale, and support the design and delivery of its services for students nationwide. Since this collaborative relationship began, Deloitte has invested more than 19,500 hours of professional services to help City Year address operational and strategic challenges. Deloitte professionals also play a leadership role at the local and national level through their participation on City Year’s boards.

This research paper is part of a months-long pro bono consulting engagement to assess the financial and strategic viability of the City Year model. Deloitte applied the analytical tools developed to understand successful innovations in commercial markets to shed light on the viability of City Year’s long-term growth.





# A Systemic Problem

Many students in high dropout rate schools fail to graduate for well-understood and readily identifiable reasons. Poverty is often a root cause, frequently giving rise to many of the most common impediments to a successful high school career and future workforce readiness.

For example, absenteeism is a predictor and cause of dropping out. Poverty can lead to absenteeism because students might miss school in order to work to help support their families. Alternatively, students can find themselves caring for younger siblings while parents work long-hour, low-wage jobs. The resulting lack of parental support – born of the undue burden placed on parents, not unwillingness – means that help learning to read, with homework, or with projects, is often unavailable. This can make it difficult for even naturally gifted students to succeed in their coursework.<sup>13</sup>

There are other knock-on effects. Poor attendance, poor grades, and a challenging home life can often result in behavioral difficulties at school, typically taking one of at least two forms. First, there are overt behavioral issues that can become unnecessarily amplified. For example, otherwise inconsequential

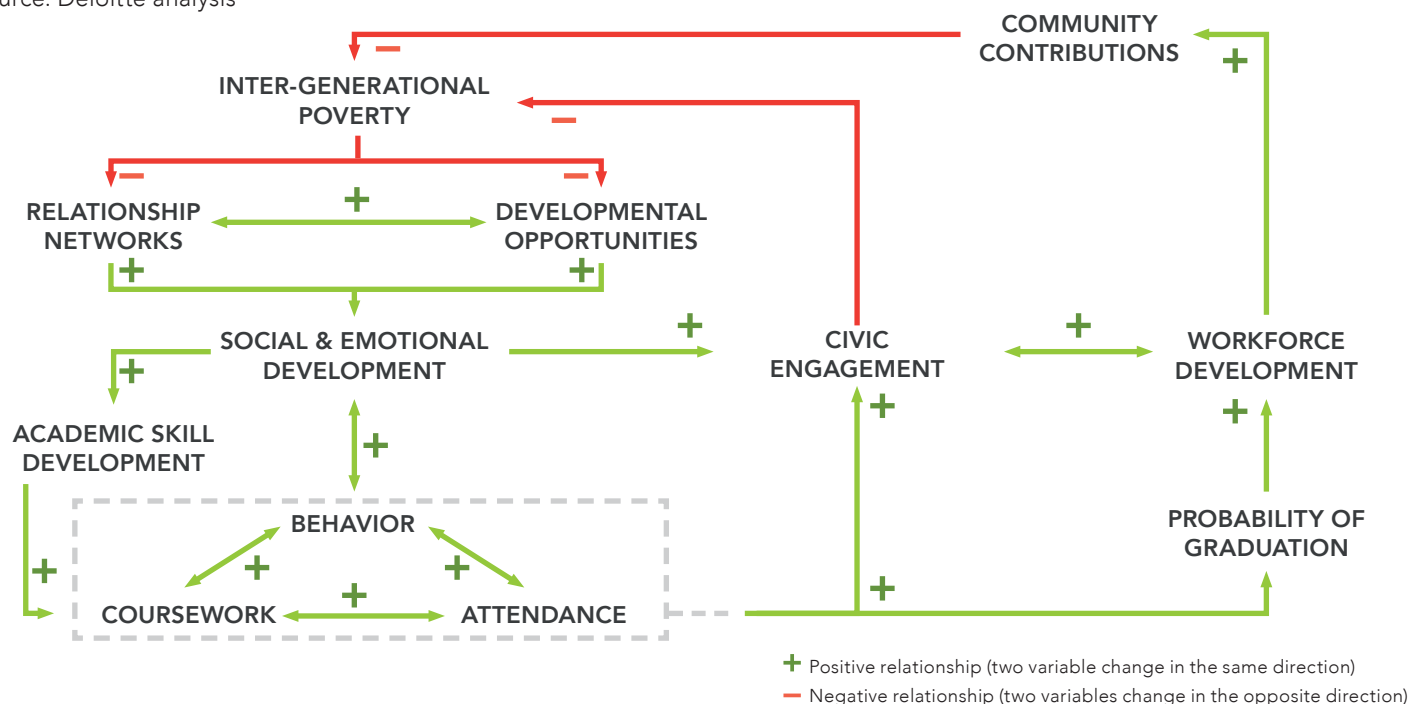
infractions such as disrupting class can, if they become habitual, result in frequent office visits and even suspensions that undermine not only a student's education, but also erode the educational experience of an entire class.

Second, and much more difficult to identify, is the psychological withdrawal from school – born of either, or a combination of, an unwillingness to engage due to discouraging results, or an inability to engage due to the burden of responsibilities or stressors outside of school. Over time, this lack of engagement can make it very difficult for students to come to school ready and able to learn.<sup>14</sup>

Lack of support on a given task, a school absence, a minor behavioral transgression, or lack of engagement are each, on their own and when sporadic, generally immaterial to a student's graduation prospects. But contextual factors such as poverty turn these otherwise minor impediments into facts of daily life, creating mutually-reinforcing and too-often unreachable barriers to high school success (see Figure 2.)

**FIGURE 2: RELATIONSHIPS AMONG FACTORS AFFECTING A STUDENT'S PROBABILITY OF GRADUATING HIGH SCHOOL<sup>15</sup>**

Source: Deloitte analysis



Although necessarily a simplification of a complex reality, Figure 2 captures the structural nature of high dropout rates in a small percentage (but a large number) of high schools. Where poverty weakens relationship networks by limiting parental support due to the numerous burdens placed on parents and opportunities for development (e.g., free time for sports or other enrichment activities), a cascade of negative outcomes follows.

Social and emotional development (SED) is the process through which children and adults acquire and effectively apply the

knowledge, attitudes, and skills required for the healthy identity formation that is necessary to understand and manage emotions, set and achieve positive goals, feel and show empathy for others, establish and maintain positive relationships, and make responsible decisions.<sup>16</sup>

Insufficient opportunities for SED undermines a student's ability to develop relevant academic and workforce readiness skills, such as good study habits and time management. This, in turn, often results in poor coursework outcomes. SED deficiencies



also affect behavior, since students lack the tools required to cope with the inevitable challenges of their circumstances. This can result in an increased number of disciplinary episodes, including office visits, suspensions and, at the limit, expulsions. Each of behavioral challenges and poor coursework serve to increase the likelihood of poor attendance, and all three attributes (attendance, behavior, and coursework, or the “ABCs”) reinforce each other: an improvement or deterioration in any one of them feeds improvements or deterioration in the other two.

Research shows that the ABCs are highly accurate leading indicators of subsequent on-time graduation.<sup>17</sup> If students fall below critical thresholds for one or more, their probabilities of graduating on time fall. For example, 81 percent of students deemed “on-track” with respect to these three indicators at the

end of freshman year graduated on time, whereas only 22 percent of freshman year students deemed “off-track” did so.<sup>18</sup> Poor SED and the lack of a high school diploma undermines workforce development, civic engagement, and community contributions, which in turn serve to sustain, if not increase, the incidence and severity of inter-generational poverty.

In short, poverty leads to poverty, feeding on itself in a reinforcing downward spiral.





# What's the Job to be Done?

The outcome one wishes is clear: higher graduations rates and workforce readiness for all students. Consequently, why not simply focus on improving students' grades, since low grades are the proximate cause of not graduating? Finding inexpensive, effective ways to tutor children in the subjects they struggle with might seem a fruitful line of inquiry. However, tutoring, whether live or online, tends to work best when it takes place within a supportive learning environment – precisely what many at-risk students lack. Consequently, such “point solutions,” although effective in some circumstances, are typically most effective with students who least require support. Since for many students the barriers to success are broader than just coursework, an outcome-based focus is often too narrow.

Companies sometimes fall into a similar trap when trying to figure out what their customers want. For example, a company that sells power drills might think that what matters most is the power of the drill or the sharpness of the drill bit. A marketing adage from Harvard Business School professor Ted Levitt provides clarification: customers do not want a quarter-inch drill, they want a quarter-inch hole.

Expanding our thinking in this way in the context of dropout rates leads quite naturally to a focus on alleviating poverty. That is, rather than looking to the proximate drivers of low graduation rates (low grades), we look to the causes of low grades, which, as illustrated in Figure 2, might ultimately be traced to familial and inter-generational poverty. Here, however, interventions are extraordinarily expensive and typically fall primarily within the purview of government agencies. Furthermore, success has been elusive. Consequently, attempting to address a root cause of high dropout rates leads to a focus that is too broad.

Companies often face a similar dilemma. Our power drill company, having realized that it's about the hole, not the drill, will start tackling issues such as how simply and accurately its customers can position the hole, make it the right depth, or clean up the shavings. Once started down this path, however, it can be vexingly difficult to keep the problem bounded. Why does a customer want a hole in the first place? To hang a picture. Of what? Their family. Why? To be happy. Ah-ha! This company is in the happiness business. It can be a slippery slope from “broader perspective” to a useless “meaning-of-life” problem statement.

The solution in the business world is to view the customer's challenge as a “job to be done.” This framing helps avoid the short-sightedness that Ted Leavitt warned us against, yet helps keep the problem grounded and, as a result, the solutions practical. Defining the job correctly requires a deep understanding of customers and their circumstances, and so in our “hole-drilling” example there is no one best illustrative solution. But a jobs-driven answer lies most likely at the level of “hanging a picture.”

City Year's focus is clearly on something of far greater importance than wall decoration, but the same jobs-based definition of the problem is relevant. Delivering “good grades” is too narrow a focus to result in the sorts of solutions that can be broadly effective. That is the equivalent of focusing on the drill. Yet tackling poverty directly is clearly beyond any one organization's remit or capacity. That is the equivalent of “selling happiness.” City Year has found its “picture hanging” middle ground, focusing on the “job” of providing students and schools with the supports needed to keep students in school and on track to high school graduation.





# Getting the Job Done

To achieve this goal, City Year works with students individually, in groups, and with the entire student body – through its “Whole School, Whole Child” (WSWC) model (see sidebar). This model builds confidence, provides experience with approaches to learning that work, and supports the persistence required to build the skills needed to graduate on-track and on-time.

Tactically, City Year focuses its efforts on four elements of Figure 2, namely, relationship networks, and the ABC cycle of early warning indicators. These interventions have a measurable impact on both the students’ social and emotional development and probability of graduation. These, in turn, can be expected to affect subsequent elements of the system, and, at the limit, help ameliorate the incidence and severity of poverty.

## WHOLE SCHOOL, WHOLE CHILD

Although many education organizations provide single-point solutions to address a school or student’s needs, City Year’s holistic approach, the Whole School Whole Child (WSWC) model, is designed to meet students’ academic and social-emotional needs by providing support at the individual student, classroom, and whole-school levels.<sup>19</sup> WSWC creates pathways to keep students in school and on-track to graduate by ensuring direct student supports and providing schools with the additional capacity to create positive, school-wide learning environments.

At the core of this model are the City Year AmeriCorps members, who provide full-time support from before the first bell through the conclusion of afterschool programming. AmeriCorps members function as “near peers” and build close, high-impact relationships with students. Their consistent presence in the students’ lives and in the physical school building combined with thoughtfully integrated programming to improve school climate and culture foster a school environment that is more conducive for positive communication, learning, and student success.

### KEY ASPECTS OF THE WSWC MODEL INCLUDE THE FOLLOWING:

**Whole Class Supports:** A City Year team provides full-time, in-classroom support. AmeriCorps members work directly in classrooms throughout the day to support teachers, to assist with classroom management, and to work directly with students who may be lagging.

**Individualized Student Supports:** The WSWC model ensures that students who are off-track are added to AmeriCorps member “focus lists” and receive consistent one-on-one time or small group interventions with AmeriCorps members. AmeriCorps members work directly with focus list students to review concepts from lessons, discuss questions, and to ensure the student has the necessary support to move from off-track to on-track.

**Predictive Analytics & Research Based Educational Strategies:** City Year helps to document data on student performance and development to target those who are off-track, or even at risk of falling off-track, and to provide necessary academic and social-emotional support.

**Full Faculty Integration:** Each City Year team integrates its AmeriCorps members and the City Year Impact Manager into the fabric of the school. Team members function not as an “add on” to the school, but serve as a fully integrated member of the school’s leadership team and education-strategy.

**Full-Time Service:** AmeriCorps members commit to supporting the school and its students not only throughout the entire school day, but with afterschool programming and other community events. AmeriCorps members also create a stronger connection between students’ education and at-home supports.

**School-Wide Climate Building:** AmeriCorps members support positive school climate creation by engaging students in their community. AmeriCorps members energetically greet students every morning so they start the day engaged and ready to learn and plan whole school programs, activities, events, and family nights that support school goals and create opportunities for the community to celebrate, support each other and move forward together.

**Afterschool:** City Year provides afterschool programs aligned with classroom learning that enable student to receive tutoring, explore new passion areas, and collaborate with one another to conquer a new task, such as building a robot, and engage students in locally determined community service projects, empowering students to affect positive change in their communities.

Central to the success of this model is the ability of AmeriCorps members to interact effectively not only with students, but with faculty, school administrators, and parents – in short, the entire educational ecosystem that shapes a student’s day-to-day experiences.

To do this effectively, City Year recruits AmeriCorps members. AmeriCorps is a federal program that funds local and national

service organizations to meet community needs.<sup>20</sup> City Year’s AmeriCorps members are between 18-25 years old (inclusive) with an average age of 22. This age range means that AmeriCorps members are “near peers” to all the relevant constituencies. When working with high school students, AmeriCorps members are often fewer than five years away from their own high school experiences, allowing for a very different relationship than is available to adults in their late 20s or beyond.



Yet, AmeriCorps members are mature young adults, making it possible for them to relate, once again, as near peers to teachers, administrators, and parents. Building upon this near peer status, the City Year model enables AmeriCorps members to have a positive impact on the entire school (“whole school”), and to support specific students beyond just the classroom (“whole child”).

WHOLE SCHOOL

City Year places eight to 15 AmeriCorps members in each school it serves, supplemented by an Impact Manager, who supports the AmeriCorps members and works with each school’s administration and teaching staff to integrate City Year’s interventions into school life. The presence of this many AmeriCorps members in each school, and their interactions and close coordination with faculty, gives City Year a visible and meaningful presence in many aspects of classroom and school life.

Arriving before the first bell rings and departing following the conclusion of After School Programs (ASP), AmeriCorps members interact with the entire student body. They welcome students in the morning, getting to know many of the students by name, and letting them know that their presence is noted and valued. This supports attendance – the “A” in the ABCs. Throughout the day, AmeriCorps members are in classrooms with teachers, supporting students individually and in groups. Both classroom support and the ASP provide traditional tutoring and coursework support – the “C”. In addition, and equally importantly, both types of interactions allow AmeriCorps members to develop relationships with students that allow Members to have a positive impact on individual students’ SED, as well as support a school’s culture, which in turn has an important influence on students’ behavior – the “B”.

WHOLE CHILD

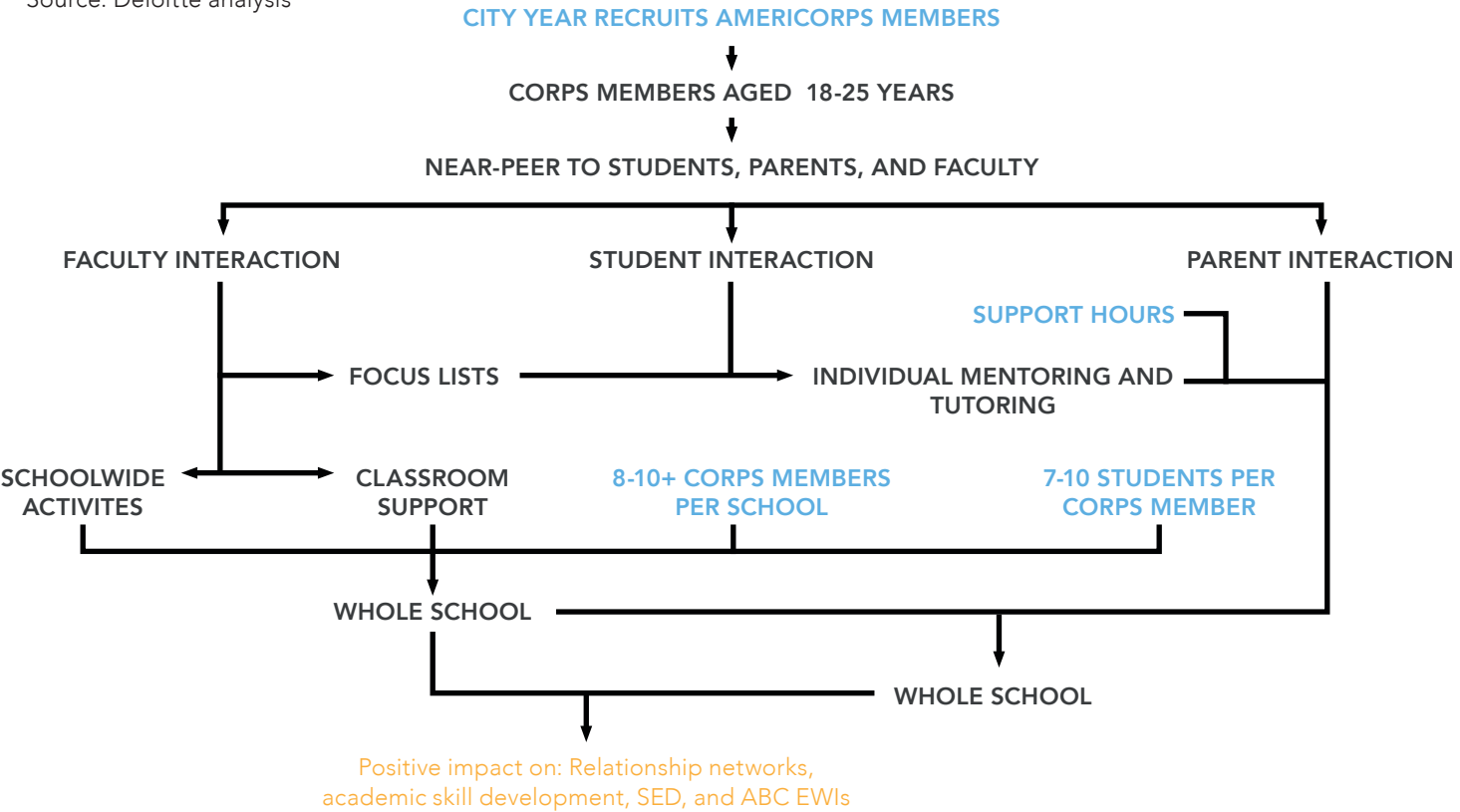
A whole child approach, which informs all interactions between City Year AmeriCorps members and students, is focused on social-emotional skills and mindsets in addition to academic achievement. City Year AmeriCorps members help to build safe, engaging, and personalized learning environments that consider students’ needs, promote their academic achievement and social-emotional development, and improve school-wide culture for students, families and educators.

These initiatives serve the entire student body. To identify specific students who would otherwise be at particular risk of dropping out, City Year and school faculty develop “focus lists” – students who are deemed “off-track” on one or more of the ABCs. Each AmeriCorps member works with seven to ten at-risk students on an individual basis. Each at-risk student receives at least 15 hours of targeted support over the course of a school year – a metric that is tracked closely, and that experience shows, is sufficient to have a material impact on a student’s ABC measures.

Note that with an average of 10 AmeriCorps members in a school with a population of 600, and each AmeriCorps member each working with up to 15 students, up to 25 percent of the student body is receiving one-on-one support. This level of visibility and impact, coupled with school-wide and classroom support for all students, means that City Year frees up valuable educator time and helps shape the culture of the “whole school” in ways that support the goals of the school’s administration.

FIGURE 3: CITY YEAR’S “WHOLE SCHOOL, WHOLE CHILD” MODEL

Source: Deloitte analysis





# Innovation-driven Growth

The success of the City Year model to date is heartening and encouraging, but it is not necessarily evidence that City Year's model can continue to deliver similar results at a larger scale. The analog to commercial organizations is clear: how many hugely successful small companies turn out to be spectacularly unsuccessful large companies simply because they over-reached their limits?<sup>21</sup>

Understanding the limits to an organization's growth means first understanding what drove its historical growth.

There are two reasons an organization proves able to grow. It can either find and fill a niche in a market by differentiating itself from its competition, or it can dominate or create markets by innovating, and being better than its competition.

Consider, for example, the evolution of the low-cost air carrier industry. People Express Airlines (PEA), founded in 1981, was, for a time, a corporate celebrity, but is today little more than a footnote. Its strategy, however, will look familiar to students of the industry. It initiated service using a single class of airplane, with a single class of service, few amenities, and a host of choices large and small that encouraged customers to save the airline money. For example, checked bags cost \$3, and fares – which were the same for all seats on all flights – were paid in cash on the plane at the beginning of the flight.

The company's initial success was a function of its focus on a segment of the airline market that was overserved by the larger airlines. The dominant airlines then, as now, sought to increase profitability by offering much higher-priced business class service and longer-haul flights. The price-sensitive, short-haul flyer was structurally unattractive to the majors, and PEA, for a time, built a growing and promising business by embracing the tradeoffs that allowed it to serve those customers more effectively and more profitably than its competition.

Such focus was not costless, however: it means that PEA was structurally unable to serve customers outside of its chosen segment. For as long as PEA's growth was attributable to expansion within its initial segment, it remains successful.

Once that initial segment was effectively saturated, however, growing beyond its initial segment undermined the company's success, because PEA ended up looking very much like incumbent airlines. By 1983, PEA was offering trans-Atlantic flights to London with Premium Class service, and by 1986, the company's First Class service included fine china and fresh flowers. The increased costs led the company to adopt complex "yield management" fare structures, to reconfigure the cabins on its planes, to process fares in advance using credit cards, and so on. In short, it abandoned both the marketing focus and operational purity that had defined its initial strategy.

In theoretical terms, PEA failed not merely because it had abandoned its initial recipe for success, but because it had done so without respecting the constraints that customers placed on PEA's success: simplicity and low prices. The company put more planes in the air and offered more complex services, but was unable to keep its simple, low-cost operating model intact. This meant PEA had higher costs and higher prices. By trying to grow

beyond the niche defined by its original model without breaking tradeoffs, PEA violated critical performance constraints. People Express Airlines ceased to operate on February 1, 1987.

Why look back 30 years to a nearly-forgotten six-year bottle-rocket? Because Southwest Airlines Co. (Southwest), founded fully a decade before PEA, remains today a major player in the U.S. airline industry. What allowed Southwest to succeed over more than forty years where PEA crashed (metaphorically!) in fewer than seven? The answer lies in Southwest's deeper understanding of its own business model, which allowed it to pursue growth only when that growth was consistent with the model's defining features.

Specifically, a key constraint on Southwest's strategy was its low-price. To be successful as a low-price airline, Southwest had to be a low cost airline, so the company made the tradeoffs necessary to achieve that outcome. Critical to its low cost operations was a commitment to operating only one type of airplane, the Boeing 737. This reduced purchase costs (buying in bulk), maintenance costs (only one set of parts to stock), training costs (crews had to learn only one plane), and staffing costs (every crew was checked out on every plane). There was a tradeoff, however: the 737 cost more to operate over long distances than the 747s, 767s and L1011s that Southwest's competitors flew. That meant that Southwest could not afford to fly long routes. In other words, Southwest embraced a tradeoff (flying one type of plane implies flying only shorter routes) in order to avoid violating a particular constraint (low price).

For over a decade, embracing the relevant operating tradeoffs in order to respect the price constraint imposed no material limits on Southwest's growth. The company had plenty of growth opportunities serving short-haul routes where its low-cost, low-price model was highly effective. By the late 1990s, however, Southwest had largely saturated the short-haul market niche. Growth was possible only by moving into longer-haul routes, which eroded Southwest's cost advantage. Maintaining a low-price position meant profitability began to erode. Southwest was simply unable to break the tradeoff imposed by flying one type of plane, and growing without breaking that tradeoff would have violated the constraint at the heart of its financial success.

And then – in large part due to prompting by Southwest – Boeing introduced the 737-700 in 1997. Operationally consistent with the existing 737 airframe, the 737-700 was entirely compatible with the "one airframe" element of Southwest business model. However, it was dramatically more efficient than prior models, and essentially closed the gap between the operating costs of Southwest's fleet and that of its competitors. This allowed Southwest to take on much longer routes while still preserving its profitability. That is, the 737-700 broke the tradeoff between flying one type of plane and flying longer routes, which allowed Southwest to grow without violating its low price constraint.



# Breaking Tradeoffs, Respecting Constraints

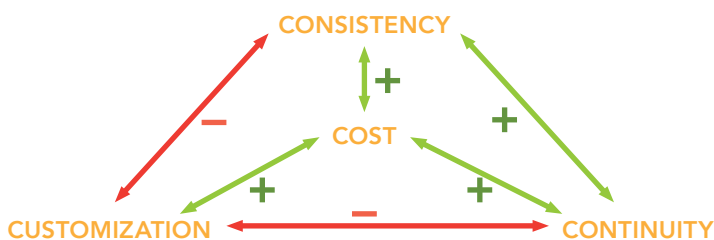
This framing helps us understand City Year's historical success and its growth potential. City Year's success to date has been a function of its ability to meet particular constraints on each of four dimensions of performance:

1. **CONSISTENCY:** City Year is able to consistently deliver similar results regardless of circumstances;
2. **CUSTOMIZATION:** Every school, every class, and every student is unique in ways that City Year is able to recognize and respect. This allows City Year to adapt to the needs of each site;
3. **CONTINUITY:** City Year's results are dependent in important ways on its ability to work with individual students over several years;
4. **COST:** The schools in which City Year serves primarily enroll low-income students. Due to a lower tax base, these schools often have a smaller amount of funds to devote to external partnerships. Through its diverse funding model, City Year is able to overcome this constraint.

Respecting these constraints on performance is not trivial, for there are tradeoffs among them. For example, each of consistency, customization, and continuity can be expected to increase cost, while customization cuts against both consistency and continuity. (Consistency and continuity are likely to be reinforcing.)

**FIGURE 4: CONFLICTING CONSTRAINTS**

Source: Deloitte analysis



If City Year's model cannot consistently and predictably break these tradeoffs, City Year risks succumbing to the sort of growth-induced trauma that afflicted People Express Airlines. Every model has natural limits, and it can be catastrophic to discover those limits only by violating them. What we want to understand is whether and how City Year might be more like Southwest than People Express. That is, does City Year's model allow it to grow sustainably precisely because it can break the tradeoffs among these four dimensions of performance (consistency, customization, continuity and cost) in ways that respect the constraints on the level of performance required on each?

The good news is that nearly 30 years of operation and interactions with hundreds of thousands of students has allowed City Year to find a way to do just that: break its limited tradeoffs in ways that allow it to respect its defining constraints. We can

begin to see how, in broad outline, through a high-level review of the roles of:

**AMERICORPS MEMBERS:** these are the thousands of young men and women who, through AmeriCorps, serve in the schools and interact on a daily basis with the students and faculty.

**IMPACT MANAGERS:** each school has an Impact Manager, a City Year staff member, serving a multi-year term, who manages the team of AmeriCorps members and serves as a central point of contact between the school and City Year.

**IMPACT DIRECTORS:** also serving multi-year terms, City Year Impact Directors manage and coordinate City Year activities across multiple schools, often five to seven schools in a district.

Over time, City Year has adjusted responsibilities among these roles based on lessons learned from a decade of working in high-need schools to ensure high-quality, cost-effective services for its school partners and students. In addition, City Year has built an intentional process to make yearly improvements to its training and services and has pursued an innovative, data-driven approach, which enables it to continuously improve its services and respond in real-time to student needs, supporting a change in the trajectory of the lives of the vulnerable students it serves.

## CONSISTENCY

Ensuring consistently high-quality results across dramatically different school settings is challenging when all the AmeriCorps members have a clear mandate to work closely with faculty and administrators in order to effectively meet student and school needs.

To help achieve the right balance, City Year thoughtfully recruits AmeriCorps members with certain skills, mindsets, and values, ensuring consistency in the type of corps member serving with City Year. In addition, the organization provides standardized training for AmeriCorps members that has been honed over time to provide AmeriCorps members with not only the skills required to implement the services, but also the judgment to adjust those services as needed by a specific school community. The Impact Team at Headquarters provides support to each site and gains feedback to develop and design needed "service upgrades" each year. These upgrades are then piloted and, when appropriate, rolled out across the national network. In addition, City Year is able to call upon external partners for any requisite external expertise as needed, which ensures constant and consistent improvement in training, and also the service AmeriCorps members provide to students and schools.

Those in Impact Manager or Impact Director roles receive additional training to equip them to serve in both coordinating and management functions. This enables them to help AmeriCorps members strike the right balance between adapting to specific exigencies while preserving the essential elements of City Year's model. Importantly, Impact Managers and Directors are multi-year roles and are funded through a combination of private sponsorships secured by City Year in addition to the AmeriCorps subsidy. This allows the people in these positions



to develop the level of skill and experience required to be especially effective.

## CUSTOMIZATION

Second, City Year must be highly customized. A large part of City Year's success flows from the ability of AmeriCorps members to integrate themselves into the daily ebb and flow of each school, and into the daily lives of up to a fifth of the students in the schools they serve.

This integration is achieved through the interaction of people in three different City Year roles with parents, faculty and administrators. First, and most intuitively, the AmeriCorps members work closely with faculty, parents and students. Second, Impact Managers are positioned in each school to coordinate the activities of the AmeriCorps members with both faculty and school administration. Third, Impact Directors have a role similar to Impact Managers, but work across multiple schools; this allows them to transfer best practices about how most effectively to accommodate the different needs of any given school community.

The student data that districts and schools share with City Year enable City Year AmeriCorps members, Impact Managers, teachers, administrators and families to make decisions about how to best meet individual student needs, support classroom learning, improve school conditions for learning, and redesign the school in ways that best meet the needs of students. City Year sites will often develop local impact partnerships based on needs identified through this data to effectively provide students with the supports required to succeed.

## CONTINUITY

Where consistency speaks to the results across schools at a point in time, continuity speaks to the need for stability in the City Year model over time. City Year supports students from the third through ninth grade, and in many cases – in fact, ideally – students will have the benefit of City Year support for several years in a row.

Yet City Year's labor model means that most AmeriCorps members serve for only a single year, and the City Year model depends upon building trusting relationships with students.

Despite these challenges, continuity is established via a number of seemingly subtle, but powerful, mechanisms. For example, AmeriCorps members wear distinctive red jackets whenever they are at school. Because there are seven or more AmeriCorps members on the grounds all day, it is easy to think that the City Year is everywhere all the time. In addition, the "uniform" and well-established youth development practices create a consistent experience for students engaging with City Year: as much as students build relationships with individual AmeriCorps members, the school is visibly supported by City Year as an organization. Students explicitly acknowledge this, and there is overt transference of relationships from one year to the next.

In addition, just as the multi-year positions held by Impact Managers and Directors provide consistency, they also provide continuity, since Impact Managers and Directors establish strong working relationships with the administration and faculty at each school they support. Directors and City Year site leadership

also develop multi-year agreements with school districts to ensure continuity of service and alignment in the deployment of AmeriCorps member teams to schools so that students experience the continuous presence of City Year as they progress from grades three through nine.

City Year made the conscious decision over the past several years to re-organize its structure to maximize the number of staff focused on impact and school partnerships at the sites and centralize other ancillary functions at Headquarters, which has resulted in an enhanced ability to maintain continuity in service over time.

## COST

City Year's WSWC is premised on frequent, substantive, and sustained personal interactions with hundreds of students on a daily basis to positively affect students' SED and ABCs. This means that City Year is unavoidably labor intensive. High labor intensity typically implies high cost, low quality, or scarcity. That is, high labor content implies a significant wage expense, and the only way to keep that expense down is either to hire lower-quality labor that does not command a high wage, or to hire very few people. Where low cost, high quality labor is available, it is likely to be in short supply. If this constraint proved binding, it would clearly limit City Year's ability to grow while maintaining its quality, and hence its results.

City Year breaks these tradeoffs in labor markets through a complementary set of recruiting and funding choices. City Year recruits young adults between 18-25 and ensures that they qualify for the AmeriCorps subsidy, provided by the U.S. Federal government through the Corporation for National and Community Service. This provides each AmeriCorps member with a living stipend and an educational grant – enough to provide baseline financial support. This is supplemented by private sector contributions. Together, this keeps the cost to schools low.

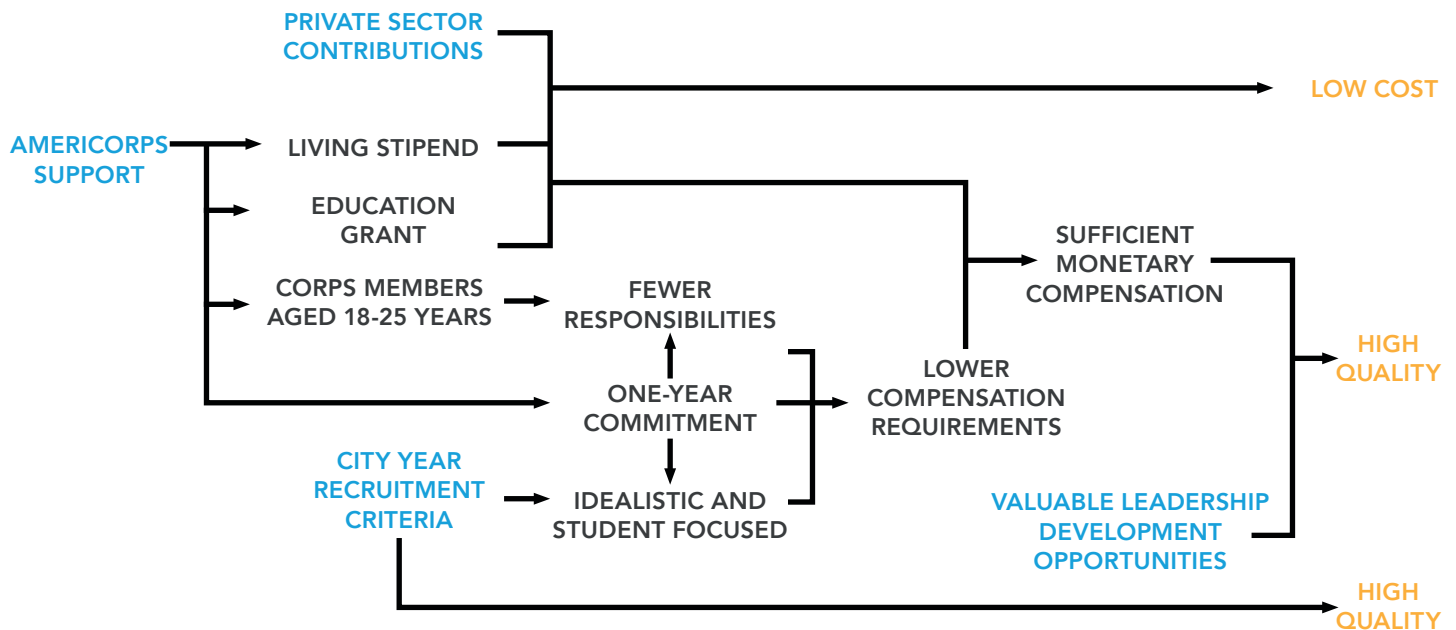
The financial support provided is far from munificent. However, as young adults, AmeriCorps members typically have fewer responsibilities than would a professional student support worker – usually no kids to raise, no mortgage to pay. Further, as participants in AmeriCorps, each AmeriCorps member typically signs on for a single school year, making the burdens of relatively low pay short-lived. Importantly, the City Year model provides AmeriCorps members with opportunities to develop valuable leadership skills and the opportunity to explore potential career paths in education.<sup>22</sup> And finally, City Year recruits for idealism, a commitment to improving outcomes for all students, and relevant qualifications: being an AmeriCorps member is not a career, it is a short-term opportunity to heed what is, for many, a long-term calling to serve. As a result, City Year is able to assemble a low cost, high quantity, high quality workforce.

Through its diverse funding model, City Year ensures that often financially-strapped school districts can still afford its services. Schools only cover about one-third of the cost of an AmeriCorps member team and their supporting Impact Managers and Director. City Year secures the remaining funds from a combination of corporate and philanthropic supporters and competitive grants from the Corporation for National and Community Service to ensure stability and buy-in from numerous stakeholders.



**FIGURE 5: CITY YEAR'S LABOR MODEL**

Source: Deloitte analysis



## CITY YEAR'S ALUMNI

City Year brings additional value to the communities in which it serves through the continued community engagement and service of its alumni. City Year's diverse pool of alumni—more than 50 percent of corps members are young people of color, and 25 percent are first generation college graduates—go on to leadership roles in schools and communities after their year of service. About half of City Year AmeriCorps members express an interest in teaching, and hundreds of alumni enter traditional and alternative teacher preparation programs each year. The City Year experience also fosters an enduring civic mindset and prepares alumni to work effectively with diverse groups of people. A longitudinal study conducted by Policy Studies Associates found that City Year alumni excelled on every measure of civic engagement as compared to similar service-minded peers.<sup>23</sup>



# ...But Does it Work in Theory?

It is said of economists that they are quick to object that anything that works in practice should be dismissed until it can be shown to work in theory.

The humor of this quip turns on our general and understandable tendency to favor the practical over the theoretical. This can make good sense and be sound policy when evaluating a tried-and-true solution against an alternative supported by abstract arguments. If something works in the real world, why worry at all about whether or not its successful functioning can be explained in theoretical terms?

The answer is that working in practice demonstrates merely *that* something works, while a theoretical understanding reveals *why* something works. Each kind of knowledge confers a very different sort of power. The successful practical application of an idea demonstrates that the world works the way we think it does. City Year's success so far reveals that City Year has been able to create a series of systematic interventions that reliably and repeatedly increase the on-time and on-track status of high school students, which in turn increases the likelihood of increased graduations rates in some of American's most challenging high schools.

However, if we want to extrapolate beyond past results, we require a theoretical understanding of *why* something works. It is for this reason that what is said derisively of economists was offered with conviction by the British Journal of Statistical Psychologists, which observed that our willingness to accept a conclusion must be supported by both practical observation and theoretical explanation.<sup>24</sup> It is only a theoretical understanding that allows us to apply past successes to future and potentially quite different circumstances with any confidence.

That City Year works seems a safe bet. The results achieved over decades in hundreds of schools across the United States are uncontestable.

The analysis provided here contributes to our understanding of *why* City Year works so well in such diverse settings. Specifically, the City Year model:

**FOCUSES ON A "JOB TO BE DONE"** that is small enough to be manageable, but large enough to matter;

**GETS THE "JOB" DONE** through its "whole school, whole child" approach that integrates City Year into the lives of at-risk students and helps shape the culture of entire schools in highly positive ways;

**RESPECTS THE CONSTRAINTS** on the levels of performance required for each of:

- Consistency
- Customization
- Continuity
- Cost; and most importantly

**BREAKS THE TRADEOFFS** among these dimensions of performance in ways that allow City Year to be highly effective in a wide range of settings.

It is this last feature of City Year's model that is perhaps the most relevant to an assessment of the viability of expanding City Year to a greater number of schools and a more diverse range of settings. Because City Year has broken the tradeoffs among the dimensions of performance that matter, it is able to deliver higher levels of each simultaneously. This is crucial to successful, sustainable growth, for as City Year expands its footprint, the diversity of circumstances it will encounter are likely to demand precisely such an innovation.

FIGURE 6: RESPECTING CONSTRAINTS, BREAKING TRADEOFFS

Source: Deloitte analysis

	Uniforms	Parent interaction	Standardized training	Faculty interaction	Administrator interaction	Multi-year positions	Multi-school responsibilities
Consistency			X			X	X
Customization		X		X	X		X
Continuity	X	X		X	X	X	

For example, as City Year is deployed in an increasing number of schools across diverse communities with unique student needs, it will need to customize its approach ever more significantly, even as the demands for greater degrees of consistency and continuity are increased, and cost constraints become more stringent. If City Year were like People Express Airlines, we would expect significant challenges. But because City Year is more like Southwest – with growth predicated on breaking tradeoffs – we

can expect success very similar to what City Year has achieved to date.

Solving America's dropout crisis will not be easy or swift. It will require fortitude, persistence, and – perhaps above all – innovation: the ability to do ever more for ever less. City Year appears to have all of this, and very likely more than we have yet realized.



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