



FROM
SILICON VALLEY
START-UP
TO NATIONAL
LEADER IN
EARLY LITERACY

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I. OVERVIEW

A child's third grade reading level predicts his/her likelihood of high school completion: Of proficient readers in third grade, only four percent will one day drop out of high school, while those who have not achieved proficiency by third grade are four times more likely to drop out.¹ The literature also points to a critical transition that occurs around this time in elementary school: Until the end of third grade, most students are learning to read, but beginning in fourth grade, students begin reading to learn. As such, if a student is not yet reading by the end of third grade, his/her learning in other areas will be impacted.

While only one in three American fourth-graders reads at a proficient or advanced level overall,² access to the instruction and resources needed to be on track by this important early milestone is uneven. By the time a child from a low-income family reaches third grade, he/she is already an average of three grade levels behind his or her more affluent peers. Reading Partners' mission is to close the fourth grade reading achievement gap.

Eight years ago, when Tipping Point first learned about Reading Partners, it was a small organization partnering with a handful of elementary schools in low-income areas to boost reading ability among students who had fallen behind. Reading Partners' model leverages AmeriCorps members as site coordinators to oversee a fleet of community volunteers tutoring at each site. Students work with the same tutor for 45 minutes twice a week to advance through a structured curriculum.

"I remember meeting Michael Lombardo and seeing his potential as a first-time executive director," said Daniel Lurie, Tipping Point's CEO + Founder. "The organization had maybe six people on staff at the time, and as any small non-profit does, they struggled at moments to stay above water. But the program was strong, and Michael was an inspiring and committed leader, so we decided to get involved."

Tipping Point became one of the first major investors in Reading Partners and today remains its single largest Bay Area funder. Since 2007, Tipping Point has granted \$3.3 million to the organization's local

programs. During that time, Reading Partners has evolved from an organization with an annual budget of \$670,000 that served 300 students in the Bay Area in 2007 to a \$31 million organization serving nearly 9,000 students across 10 states in 2015. Today, a third of Reading Partners' students go to school in the Bay Area.

In addition to Tipping Point's \$3.3 million financial investment in Reading Partners since 2007, the key areas where Tipping Point has provided management assistance to influence growth and scale have been in developing leadership, building systems and infrastructure, designing mental health support and brokering partnerships.

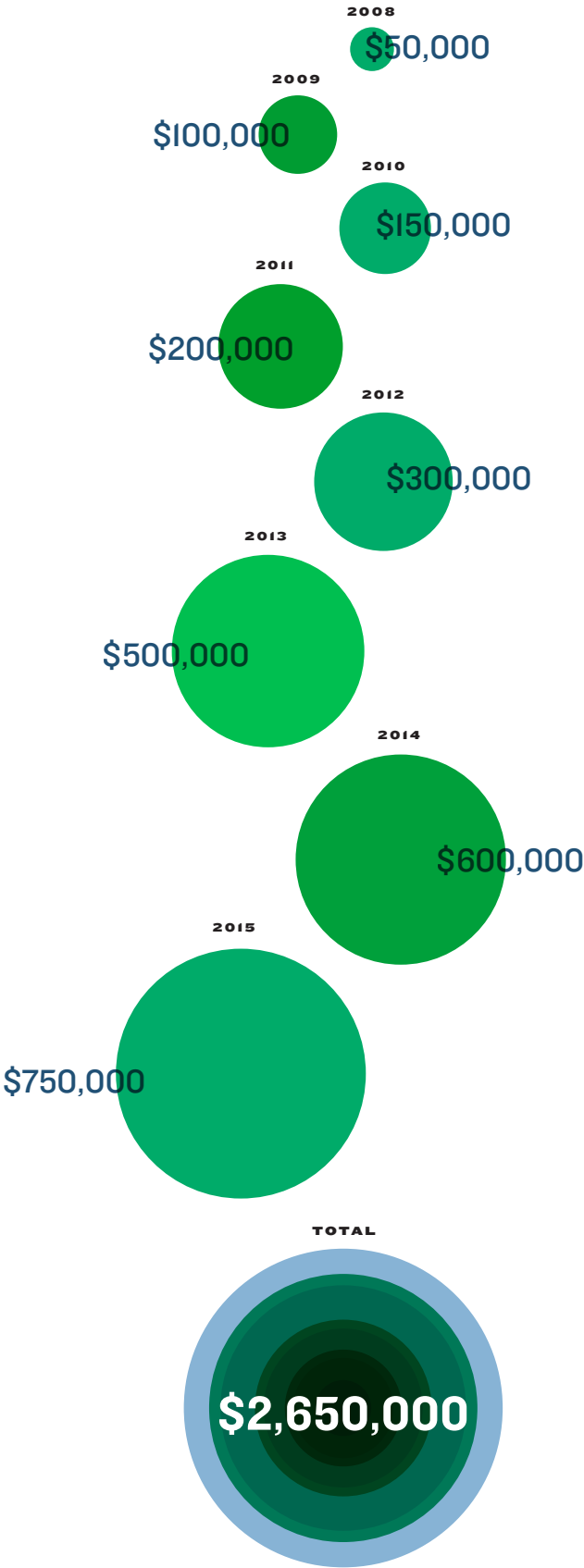
Eight years into Tipping Point's relationship with Reading Partners, the organization has achieved national scale and remains one of the few in the Tipping Point portfolio with a randomized control trial to substantiate its model. Tipping Point is proud to have been an early and active investor in Reading Partners' trajectory of success.



¹Annie E. Casey Foundation, 2011

²National Assessment of Educational Progress, 2011

UNRESTRICTED FUNDING BY YEAR



II. THE NEED

As stated, research strongly suggests that reading proficiency in third grade is correlated with future educational success. A longitudinal study of 26,000 public school students in Chicago found that those who were reading at or above grade level in third grade attended college at higher rates than their peers, increasing the likelihood as much as 700%.³

Here in California, per-pupil spending ranks 50th in the nation when adjusted for regional costs of living.⁴ Student performance lags nearly as low: The state’s fourth- and eighth-graders consistently fall within the bottom quartile when compared to young people in other states on measures of reading and math. And while the statewide high school dropout rate is four percent, over a third of those who do graduate are unqualified to attend California’s public universities.⁵ In some districts in the Bay Area, nearly 33% of low-income students do not complete high school.⁶

III. TIPPING POINT MODEL

Tipping Point Community screens non-profits rigorously to find, fund and partner with the most promising organizations working to educate, employ, house and support low-income individuals and families in the Bay Area. Since 2005, Tipping Point has raised more than \$100 million to support nearly 500,000 people in need. Here is a look at the basic tenets of Tipping Point’s approach:

- 100% Impact: Tipping Point’s board of directors covers all fundraising and operations so that every cent of every dollar donated goes directly to the most promising poverty-fighting organizations in the Bay Area.
- Due Diligence: Tipping Point screens hundreds of non-profits each year to identify organizations with strong leadership, clean financials and a commitment to measuring results in the fight against poverty.
- Unrestricted Funding: Tipping Point awards flexible,

general operating grants, allowing grantees to invest in the strategy, operations and staffing needed to achieve the greatest impact.

- Beyond Dollars: The check is only the beginning. Tipping Point leverages its connections—across industries and throughout the region—to provide grantees with the technology, fundraising and communications resources necessary to grow and improve.
- Risk-Taking: Tipping Point invests across the spectrum, in early stage organizations as well as mature, well-established interventions. T Lab, Tipping Point’s in-house R+D engine, tests and builds new poverty-fighting solutions.

Tipping Point invests in four key areas: education, employment, housing and wellness. There are currently 47 organizations in the Tipping Point portfolio.

³ "Reading on Grade Level in Third Grade: How Is It Related to High School Performance and College Enrollment?" Chapin Hall at the University of Chicago, 2010
⁴ Quality Counts, 2014
⁵ National Education Association, 2009–2013
⁶ National Census, 2013

IV. INVESTMENT STRATEGY

An individual who graduates from college doubles his or her lifetime earnings. Because education is such a strong poverty-fighting lever, Tipping Point invests approximately 50% of funds in this area annually.

Unlike nearly 80% of grants given nationwide, Tipping Point's grants are unrestricted. Funding is tied to mutual goals, and the success of these investments depends on direct and open communication with grantee leadership to surface and address needs. "From day one, Tipping Point has been willing to put real dollars into the unglamorous parts of the work that are absolutely essential," said Michael Lombardo, Reading Partners' CEO. "I can go to Tipping Point to ask for things like staff training, an accounting system, a database—and the reality is that not many funders are willing to go there."

In addition to annual general operating grants, Tipping Point offers management assistance by connecting grantees with best-in-class for-profit providers and fueling the resultant projects with

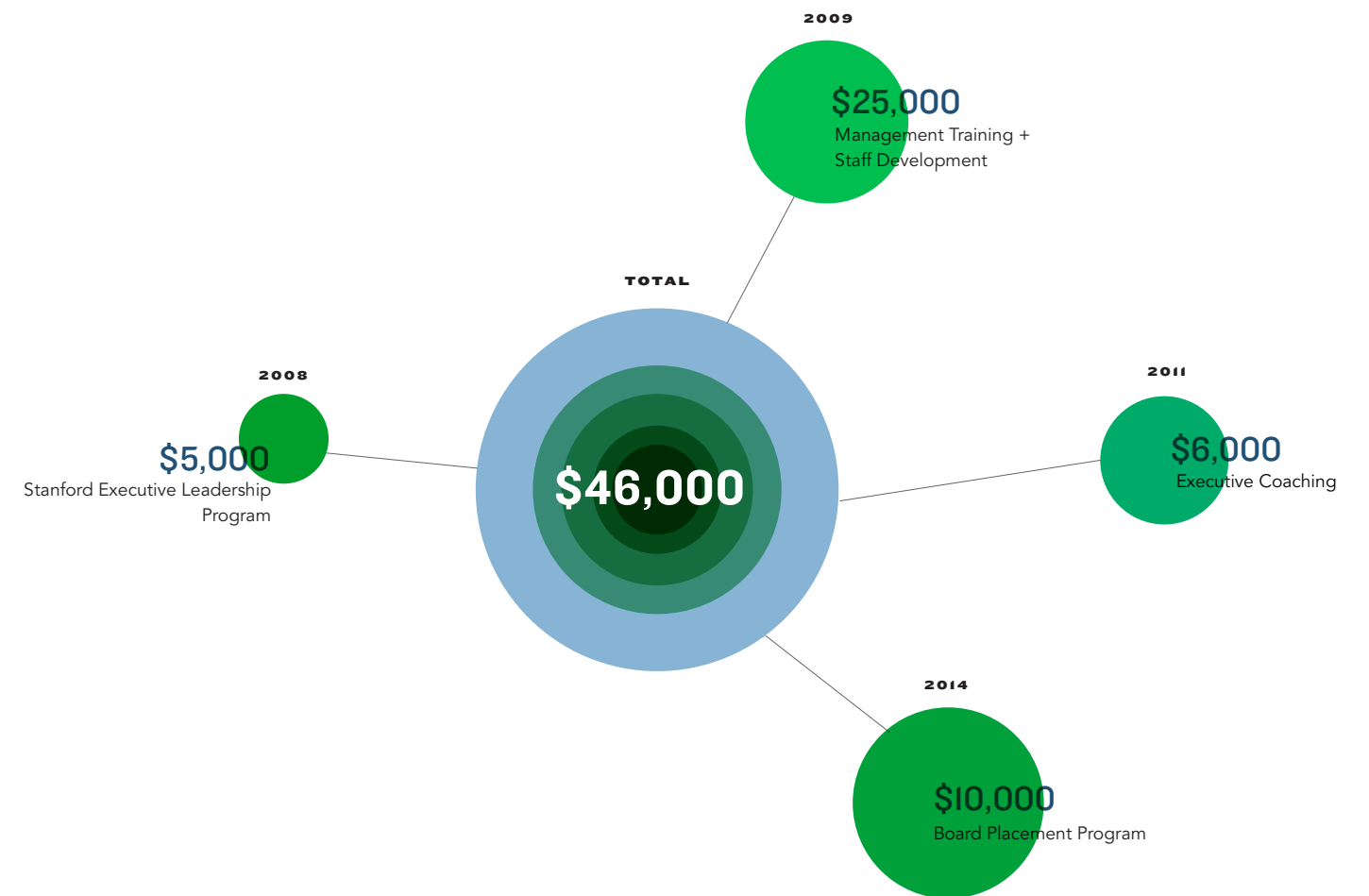
DEVELOPING LEADERSHIP

In due diligence, Tipping Point's program team assesses organizations based on many factors, with strength of leadership high among them. Strong leaders are characterized by a clear and compelling vision, an appetite for continuous learning, steadfast commitment and an openness to building a trusting relationship

targeted investments. This work involves pro bono and paid partners who provide things like legal, strategy, real estate, fundraising or communications support. Beyond these resources, grantees also have access to Tipping Point staff for support on a range of topics, from social media strategy and event planning to program design and evaluation.

Since 2007, Tipping Point has granted \$2.65 million in unrestricted funds to Reading Partners, plus an additional \$652,000 in targeted investments. The combined funding and assistance applied at key inflection points throughout Reading Partners' development have proven integral to its growth from a small Silicon Valley start-up to a national leader in its field.

with an engaged funder. In addition to support at the board and C-level, to date Tipping Point has provided 31 management and professional development trainings to 74 Reading Partners staff members in an effort to cultivate leaders throughout the organization.



MANAGEMENT TRAINING

Early on, Tipping Point recognized great potential in Michael Lombardo. Tipping Point invested \$5,000 to send Lombardo to executive leadership training at Stanford University's Graduate School of Business in 2008. This relatively small investment proved pivotal in Lombardo's development. "As a first-time leader of a rapidly growing non-profit, my Stanford executive education experience was critical," said Lombardo. "It also enabled me to make connections to benefit Reading Partners and set me up for my recent appointment as a Social Entrepreneur-in-Residence there." After the Stanford program and in order to continue to support Lombardo's ability to lead the organization's national growth, Tipping Point provided an executive coach.

"During the last seven years, Michael has expanded his executive and leadership skills to meet the evolving requirements of his role. He has become a stronger listener, delegator and developer of talent—incorporating diverse opinions and sharing decision-making to yield more robust solutions as Reading Partners pursues its ambitious growth plans," said Cathy Dean, who joined Reading Partners' national board in 2009 and served as its chair from 2013 to 2015. "Tipping Point invests in the concept that a non-profit's ability to deliver on its mission is fundamentally tied to the growth, vision and capacity of its leaders." Lombardo has continued to come to Tipping Point for guidance and leadership resources over the years.

BOARD PLACEMENT

Executive staff combined with board-level leadership determines a non-profit's sustainability and success. With input from grantees, Tipping Point runs a formal board placement program. The program recruits, vets, trains, matches and supports board members from a pool of Tipping Point donors and corporate partners as well as via individual referrals.

Tipping Point has contributed to the growth of Reading Partners' San Francisco board from six to fifteen members and its Silicon Valley board to nine members. Brittany Bagley (Director of Private Equity at KKR) was a key placement on the Silicon Valley

BUILDING SYSTEMS + INFRASTRUCTURE

As Reading Partners underwent tremendous growth over the past eight years, Tipping Point has helped anticipate infrastructural challenges associated with rapid scaling and has responded to needs as they emerged. Specifically, Reading Partners and Tipping Point have collaborated around adaptations to the organization's technology, financial and database systems.

In the beginning, Reading Partners was fully philanthropically funded. One of Lombardo's first major decisions as CEO was to diversify the organization's revenue streams. He wanted to have school districts kick in funds as co-investors in the work and to begin pursuing federal and state grants. At the time, Reading Partners did not have the accounting systems or audit assessment infrastructure needed to secure certain types of grants. Tipping Point funded FMA

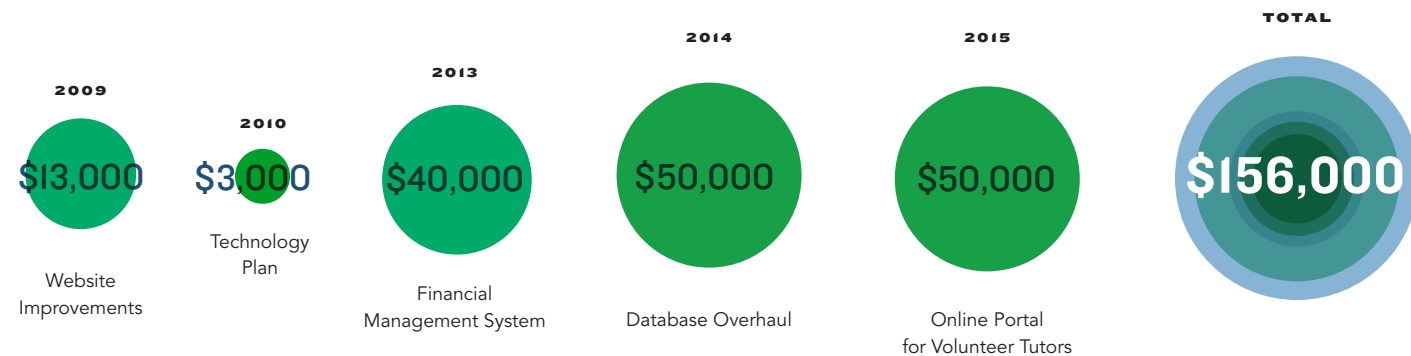
board, and Tipping Point secured a \$10,000 grant to enable the placement from the Heckscher Foundation for Children. Tipping Point has consulted to establish clear give/get expectations for board members at the national and regional levels, as well as to create succession plans for regional board leadership.

In April 2014, with Tipping Point's backing, Reading Partners' Silicon Valley board chair and executive director attended a training led by the Center for Nonprofit and Public Leadership at UC Berkeley's Haas School of Business.

to do an analysis of the organization's needs, from accounting software to personnel, and paid for the resultant plan's implementation.

In 2012, Tipping Point supported Reading Partners as it participated in its first major third-party evaluation overseen by Deborah Stipek, Ph.D., Dean of the School of Education at Stanford University. This study examined the program's effectiveness overall, as well as its consistency across diverse student demographics and disparate school sites. While its scope was limited, this research prepared Reading Partners for subsequent random control trials that demonstrate the highest level of non-profit impact.

Last year, Tipping Point made a targeted investment in Reading Partners' database. With these upgrades, the agency is able to better track student achievement and refine its programming based on outcomes.



DESIGNING MENTAL HEALTH SUPPORT

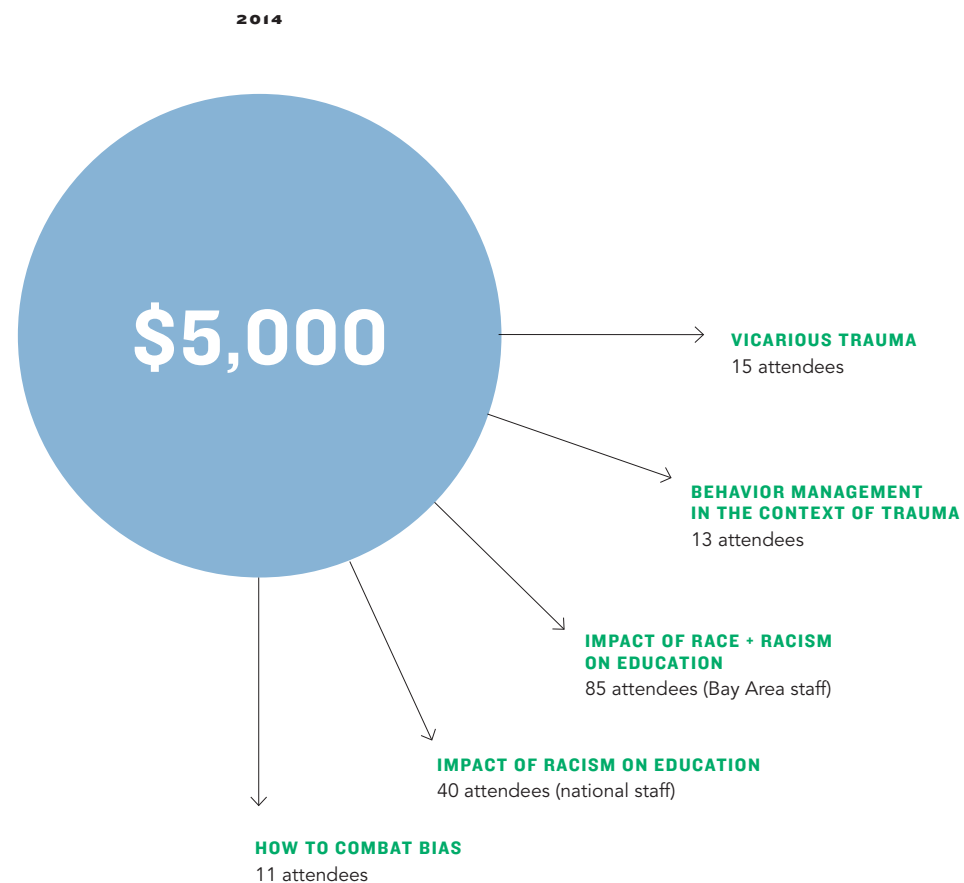
Last year, Tipping Point designed and funded custom mental health trainings for frontline Reading Partners staff and managers. Because the organization relies on AmeriCorps members as site coordinators and runs its reading centers on volunteer talent, the majority of its personnel enter sites in low-income urban districts with limited preparation.

Tipping Point contracted with mental health partner Dr. Allison Briscoe-Smith, a clinical psychologist who developed targeted trainings and curriculum and worked with Reading Partners to increase support to staff. Dr. Briscoe-Smith's content covered how children

learn about race and difference; stress management; and the impacts of trauma on learning, the physical body, and emotional and cognitive development. She also consulted on behavioral classroom management.

Initially intended for Bay Area sites only, these low-cost trainings have proven so valuable to Reading Partners' staff that the team has started to apply the model nationally. With similar factors at play in urban communities from East Oakland to Baltimore, Tipping Point's support for staff and student mental health will help Reading Partners become a trauma-informed and culturally competent organization across the board.

MENTAL HEALTH TRAININGS



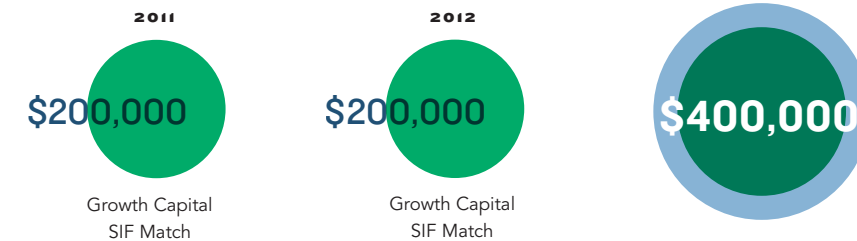
BROKERING PARTNERSHIPS

On top of the financial support Tipping Point itself provides grantees, it also routinely connects organizations with other funders and experts. Because Tipping Point does the homework upfront—spending on average 100 hours to vet organizations before adding them to its portfolio—it boosts larger funds' confidence in partnering or co-investing.

As a trusted local Bay Area investor, Tipping Point provided critical matching funds in the Social Innovation Fund (SIF) disbursement, beginning in 2011. Reading Partners is in the final year of multi-year growth funding provided by the Edna McConnell Clark Foundation (EMCF) and SIF in partnership with Tipping Point Community, which was part of an overall \$7 million growth capital investment. In fact, EMCF re-upped this spring with a new \$5 million grant for Reading Partners' next phase of scale. Upon selection for SIF, Reading Partners was required to raise a one-to-one match. Tipping Point invested \$400,000 in matching dollars beyond general operating grants and hosted an event to bring new funders to the table.

Ultimately, the SIF partnership resulted in a three-to-one leverage of government dollars and philanthropic support for Reading Partners. In this case, Tipping Point's seal of approval unlocked millions of federal dollars and evaluation support and helped bring the organization's work to light on the national stage.

Tipping Point has facilitated other significant partnerships for Reading Partners over the years, including an introduction to the Robin Hood Foundation as it expanded to New York, a connection to corporate partner Zynga regarding employee giving and a bridge to VolunteerMatch to enlarge Reading Partners' volunteer recruitment in the Bay Area. Through an engagement with Tipping Point partner Monitor Deloitte, Reading Partners built a strategy to deepen relationships with corporate volunteers specifically. Finally, Tipping Point funded a fundraising and communications training for Reading Partners in 2013 led by BuildingBlox Consulting, Fenton Communications and FMA.



RISKS + CHALLENGES

From the outset, Tipping Point assessed risks inherent to Reading Partners' reliance on volunteer labor and its AmeriCorps contract. While volunteer talent is cost-effective, it requires specialized management and adaptability, given its wide range of baseline knowledge and high turnover. And because Reading Partners utilizes federally funded AmeriCorps members as school site coordinators, the organization has had to build contingencies in the event that its needs eventually outstrip what the AmeriCorps pipeline can provide.

As Reading Partners entered its explosive growth phase, other challenges arose. With decentralization of staff and programming, talent needs are constantly shifting. Reading Partners has weathered several

instances of staff outgrowing or underperforming in new roles and witnessed turnover in critical C-level positions as well as mid-level positions throughout the organization. In 2014, the organization hired a chief talent officer to focus on this part of its expanding operations, which includes using data from employee engagement surveys and exit interviews to help attract and retain talent moving forward.

Finally, as any replicable model demands, Reading Partners must maintain fidelity across far-flung sites. Even after receiving positive results from a recent MDRC evaluation in this category, the organization must continue to make quality assurance and consistency a top priority.

V. THE IMPACT

One of the reasons Tipping Point has continued to invest in Reading Partners is the organization's focus on measuring impact in a meaningful way. Reading Partners has two primary approaches to this.

First, over the course of each school year, Reading Partners conducts up to three assessments of each student's reading level using a standardized and (beginning in 2015) computerized instrument. The organization also enters into a data sharing agreement with its school district partners that enables access to teacher-administered assessment results for additional validation.

Because students receive different "doses" of tutoring (ranging from four to ten months of program participation), Reading Partners compares the students' pace of learning while enrolled in the program versus prior to enrollment in the program. Using this method, the organization sees that the average Reading Partners student goes from a pace of 0.6 months of reading skills gained for every month of school to 1.7 months of reading skills gained for every month of school. This means that Reading Partners almost triples the pace at which students are learning reading—the program helps to halt the process of falling behind and begin the process of catching up.

The second approach Reading Partners takes is an externally administered experimental study. These evaluations are expensive and complex to conduct, so they are typically undertaken every three to five years. The most recent of these was conducted over the course of the 2012-'13 school year by the respected national research firm MDRC in partnership with the School of Education at the University of Michigan and the Teacher's College at Columbia University. The study compared the progress of students who received similar "doses" of Reading Partners (eight to ten months) to students who were instead randomly assigned to a control group.

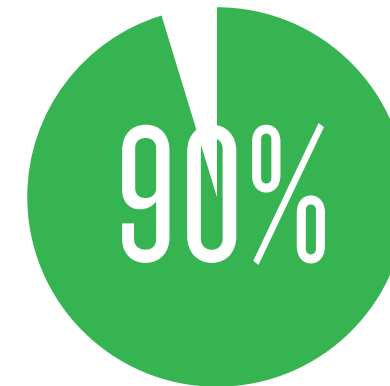
MDRC found that Reading Partners had a statistically significant impact on all three markers of early reading that were tested. The magnitude of the impact was equivalent to a student receiving an additional two months of school versus their control partners. This was particularly impressive given that 65% of control group students were receiving other interventions from the school, meaning that Reading Partners was significantly more effective than other programs.

MDRC also looked at the cost of the Reading Partners program and found that schools on average spent \$1,700 to deliver less effective intervention services, while Reading Partners cost schools only \$700 to implement. MDRC found that every dollar of private philanthropy invested in Reading Partners is matched one-to-one by public dollars and the in-kind contribution of volunteer labor.

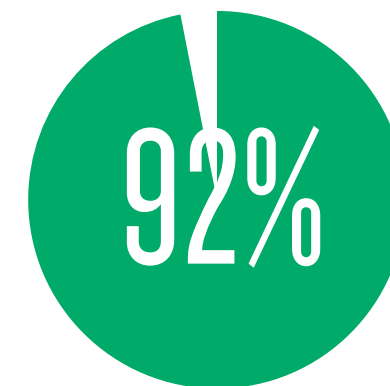
In the next several years, Reading Partners will shift toward measuring and holding itself accountable to students achieving proficiency rather than measuring reading gains alone. This will require new data access agreements from districts, as well as access to the accompanying systems and processes, to capture these outcomes. Reading Partners remains steadfast in its commitment to increasing its impact on the students who need help most.

Reading Partners has proven that its program model is both effective and scalable. As the organization continues to spread to cities across the country, the emphasis has shifted from growth to an intense focus on impact and opportunity. Tipping Point will continue to work with Reading Partners to determine what it will take to move the national needle on fourth grade reading achievement and to alter educational opportunities and outcomes for all students in the U.S.

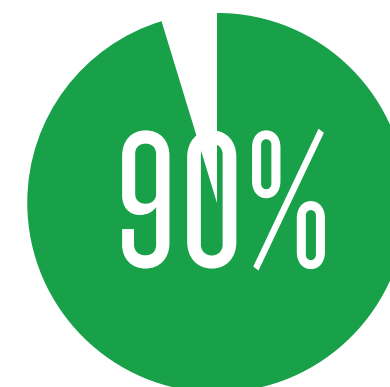
STUDENTS WHO ACCELERATED THEIR RATE OF LEARNING 2014-2015 SCHOOL YEAR



SILICON VALLEY

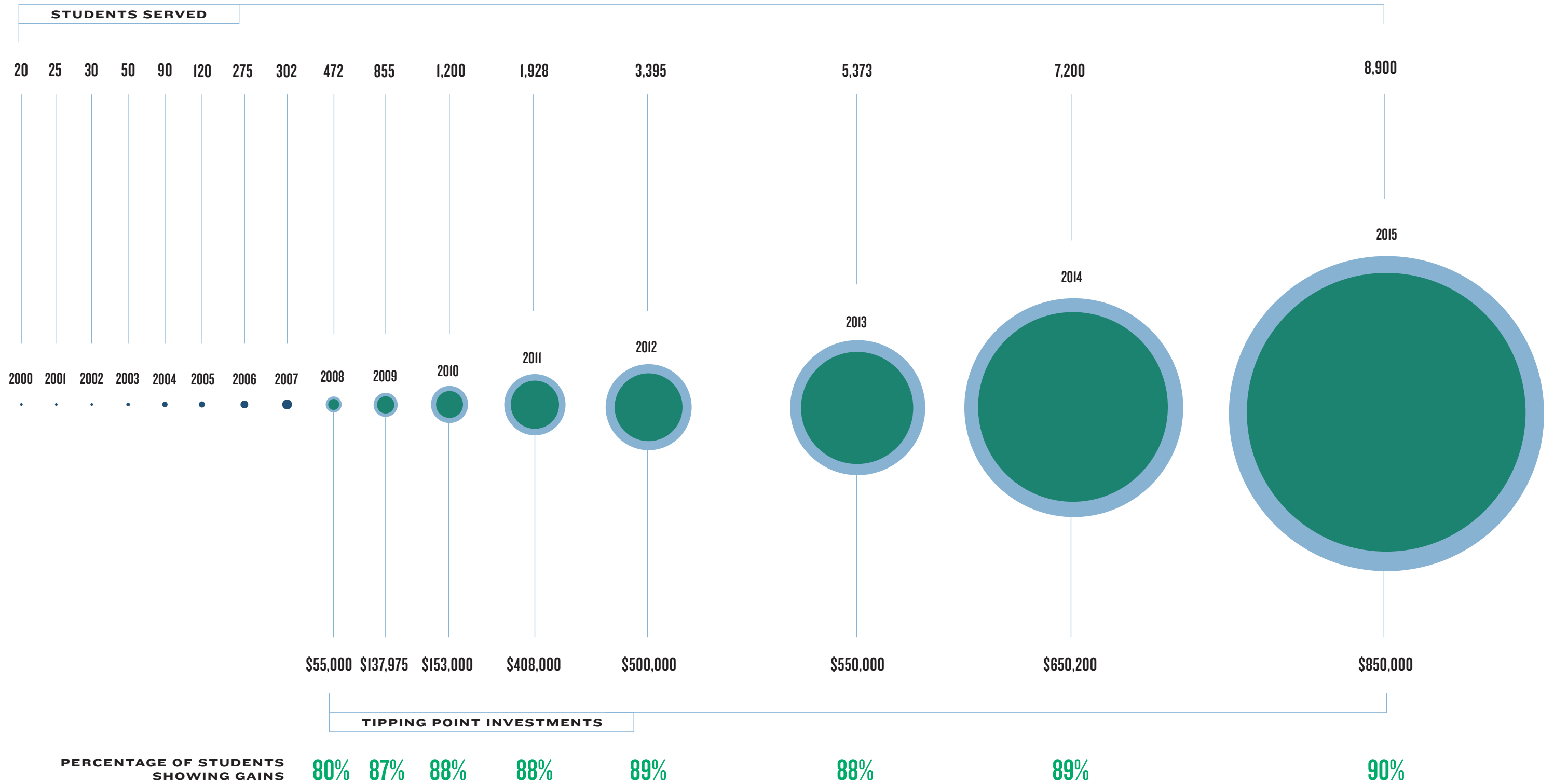


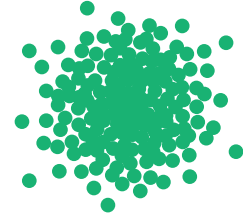
BAY AREA



NATIONAL

GROWTH OF READING PARTNERS AS A TIPPING POINT GRANTEE





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