

F. M. KIRBY FOUNDATION SOLICITATION EVALUATION FORM

DATE: November 12, 2024

REQUEST DATE: October 25, 2024

Program Area: Education

Grant Type: Board Grant

APPLICANT:

Student U

The W.G. Pearson Center

600 E. Umstead Street

Durham, NC 27701

CONTACT: Ms. Elena Maina, Executive Director

AMOUNT REQUESTED: \$200,000

BUDGETED AMOUNT: \$80,000

NATURE OF REQUEST: General Operating Support

GRANT HISTORY

SUPPORT: 2012-2023

OF APPROVED GRANTS: 12

TOTAL DOLLARS: \$550,000

LAST GRANT DATE: 12/22/2023

LAST GRANT AMOUNT: \$65,000

FYE DATE: 12/31

AFS DATE: 09/26/2024

Year Approved	Approved Amount	Approval Date	Grant Purpose
2023	\$65,000	12/22/2023	General Operating Support
2022	\$120,000	12/12/2022	Support of the W.G. Pearson Center kitchen - \$60,000
2021	\$60,000	12/17/2021	General Operating Support
2020	\$50,000	10/30/2020	General Operating Support
2019	\$40,000	10/31/2019	General Operating Support

LAST SITE VISIT DATE: October 20, 2022

ENDORSEE: Alice Horton, Ashley Freedman, and Laura H. Virkler

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FINANCIAL ANALYSIS COMMENTS: The FY24 budget is projecting a \$293K deficit. While these figures reflect the loss of an Extended Learning and Integrated Student Support (ELISS) grant due to a funding shortfall at the State level, they do not reflect the loss of a major (\$400K) 21st Century grant due to changed criteria and extensive capital repairs (outlined in the narrative below). Because of this, I requested year-to-date actuals from Student U (**JJK: Good thinking!**). As of September 30, Student U had reached approximately 90% of total annual revenue once adjusted for the loss of the 21st Century grant. Once the capital repair costs are factored in, Student U is looking at an approximate shortfall of \$750K. Notably, even with a diminished revenue projection, Student U is still anticipating an increase in revenue of approximately \$1M (36%) over the prior year. This is due to a projected \$1M in revenue from the Community Schools Contract (more details in the narrative below). Program service expenses are also budgeted to increase by \$1M, likely for the same reason. FY23 saw a \$949K deficit (compared to the FY23 budget which projected a \$1.1M deficit). The 2023 FMKF grant of \$65,000 represented 3.8% of total grant revenue. The FY23 audit shows \$2.4M in total current assets, a decrease from \$3.2M (\$818K, 25%). This is largely due to decreases in cash and promises to give. Total assets were \$8.7M, which includes property, equipment, and notes receivable. Net assets without donor restrictions were \$6.3M. Program services represented 72% of functional expenses. At FYE, Student U had \$605K in liquid assets available for expenditure within 12 months and a line of credit of \$300K to provide working capital. Notes receivable consists of two notes with Self-Help Ventures Fund, a nonprofit loan fund capitalized with loans and grants from foundations, corporations, nonprofits, and government sources. Student U advanced a total of \$5.6M to the fund to assist in financing the purchase and renovation of the W.G. Pearson Center. The notes had a cumulative balance of \$5.4M at FYE. In FY23, Student U reported interest income of \$54K related to these notes. Student U earned \$177K in rent income in FY23. (**JJK: I am a bit surprised that individual contributions are not higher here at Student U.**)

ORGANIZATION DESCRIPTION: As a result of structural racism, intergenerational poverty, and other systemic injustices, first-generation college-bound students face significant personal and institutional obstacles to educational success. For example, due to patterns of racial segregation in housing and the rise of “school choice” — with public funds being made available for families to choose private, charter, or homeschool options — North Carolina schools are becoming more segregated, even after being a “model for desegregation” in the 1980s and 90s. These factors are siphoning resources from public schools — including both money and social capital — and keeping low-income, first-generation students at a disadvantage.

This situation prevents our community from reaching its full potential. To address these systemic injustices, the core of Student U’s work is its long-term pipeline of services, walking with students from sixth grade to college graduation, providing holistic wrap-around support at each step of the way. Educational inequity starts with the structural inequity that families experience; Student U’s strategic approach includes whole-family involvement and systemic change efforts.

Student U serves approximately 500 Durham Public Schools students and their families each year. Of these students, 75% qualify for free- or reduced-price lunch and 70% will be the first in their families to attend college. 58% of Student U students identify as Hispanic or Latinx, 38% identify as African-American, 2% identify as multiracial, and 2% identify as Asian, White, or other. 54% identify as female, 43% as male, and 3% as nonbinary, other, or prefer not to say. At Student U, we

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know our students are brilliant and powerful, but we also know they are faced with obstacles of navigating within a system and a society that does not empower all students to thrive. In general, the students who are accepted into Student U qualify for free or reduced-price lunch, will be first generation college students, score at or below grade level on their end-of-grade tests, and/or have parents who demonstrate limited English language/literacy proficiency. Students with these indicators have only an 11% chance of graduating from college on time (Pell Institute).

Student U is open to all students living in Durham, NC. Those who fit our intended population can apply for our admissions lottery, and each year, 50-75 rising sixth grade students are chosen to join our community.

GINA BEVIGLIA COMMENTS: Every year, Student U serves nearly 500 Durham-area students and their families with a proven academic support program and wraparound wellness services. Student U's model engages students for the long-term, beginning in sixth grade and continuing through college. During this time, students participate in rigorous academic opportunities like after-school tutoring and summer enrichment programs. This programming is demonstrated to increase on-time grade-level progress, grade point averages, and graduation rates. In fact, in 2024, Student U students achieved a 100% high school graduation rate for the 11th consecutive year. Of these graduates, 90% have enrolled in college, a postsecondary institution, or the military in the first year following high school. In the past year alone, 16 Student U graduates have graduated from college or postsecondary programs, joining the ranks of nearly 100 alums to have completed the same milestone. Given that the majority of Student U students enter the program with indicators that suggest diminished chances of graduating from college on time, this is an enormous achievement. In 2023, we learned that Student U had piloted a new curriculum for their Summer Academy, focusing on academic, social, and emotional growth in equal turn. On the academic side, this new curriculum seems to be paying off; from pre-test to post-test, students' scores increased an average of 21.6% in ELA, 28.2% in Math, 21.5% in Social Studies, and 22.2% in Science. An area of notable growth was high school math scores, which increased 41.5% over the course of the summer. The Summer Academy is a perfect example of how Student U's significant investments in their students' academic outcomes lead to tangible results. In March of 2024, Student U launched its new three-year Strategic Growth Plan. While previous EFs have noted that the plan seemed less strategic in nature, functioning more as a reiteration of their mission, this year's request notes that it is a "clarification of priorities rather than a change in our overall framework." The commitments of the plan are: 1) Direct Support for Durham Students and Families, 2) Community Growth at the W.G. Pearson Center, and 3) Sharing Best Practices for Systems Change. I will focus my programmatic comments on the third priority of the strategic plan, as it is in this area that Student U has seen the most growth.

The newly launched Community Schools Partnerships, a facet of the Sharing Best Practices Department, are a crucial way for Student U to support public schools in their efforts to become ecosystems of academic and emotional support, modeled off of Student U. The Full-Service Community Schools program is an initiative of the U.S. Department of Education that supports the implementation of comprehensive academic, social, and health services for students and families in high-poverty schools. Student U was named as the leader of these efforts in the Central North Carolina region, in collaboration with Duke Clinical Research Institute. In reading the four pillars of the Community Schools model, it is no surprise that Student U was selected to lead this work.

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For example, the first pillar of Community Schools implementation is the integration of student support services directly into the life of the school; this includes addressing the physical, mental, and social needs of students, needs that might be hindering their ability to learn. Student U has successfully integrated these kinds of support services into their regular programming, connecting students with behavioral health providers, serving nutritious meals to their students, and providing free vision and dental exams for the whole family. Student U will be sharing their expertise to assist schools in launching their own programs aimed at supporting student and family success. The current grant funding is supporting collaboration with schools in Vance and Orange Counties, which encompasses three elementary schools and one high school. Thanks to support from the DPS Foundation and the Bull City Community Schools Partnership, Student U has also established pilot programs at Fayetteville Street Elementary, Lakewood Elementary, and Club Blvd. Elementary Schools in Durham. Student U's partnership on this initiative is significant for several reasons. First, their strategic initiative to share best practices has been super-charged with this grant funding. The website lists eight staff members under the Community Schools Team umbrella, meaning that 25% of the Student U staff is dedicated to helping local schools implement the tried and true Student U model. Second, in my view, this partnership is a best case scenario scaling situation for the organization. Instead of opening additional Student U locations, staffing them, and fundraising for their operations, the Community Schools Partnership allows Student U to teach established community leaders how to foster an ecosystem of whole-family support in their local schools. This allows the "magic" of Student U to impact students on a much greater scale, without sacrificing the bandwidth necessary to continue refining the organization's core operations.

In September, Student U's Executive Director Michelle Price announced her plan to retire at the end of October. This news came as a surprise, as Michelle had only been in her position for two years. While I was disappointed to learn that Student U would be facing another leadership turnover, I was heartened to hear that the Board had appointed Elena Maina, former Chief Program Officer, as Interim Executive Director. Prior to joining Student U, Elena worked as a Teach for America math teacher and as the Assistant Director of a talent search program at University of Arkansas at Little Rock. At Student U, she has held a number of positions, including Associate Director of College Advising and Success, Program Director, and Chief Program Officer. She has been with Student U for over five years. Student U has achieved a level of organizational maturity such that I believe they are poised to weather this transition without disturbances to programming. With that being said, consistent leadership changes can test even the most stable of organizations. For the sake of continued stability, especially at such a crucial moment of strategic growth for Student U, I hope that Elena will remain on as a permanent Executive Director.

Before Michelle's departure, she communicated the financial challenges facing the organization. In addition to the loss of two major grants (outlined in the financial analysis), Student U has faced a series of unexpected capital expenses related to the W .G. Pearson Center, their home. Early in the summer, the HVAC system failed, necessitating replacement of the physical equipment and the technology that runs the system. This left the Pearson Center without air conditioning for two months in the heat of the North Carolina summer. In addition to the nearly \$150,000 cost to repair the HVAC, Student U also had to refund some of their tenant rent due to the inhospitable conditions created by the lack of AC. Additionally, the historic downspouts on the Pearson Center have not been capable of handling the increasingly heavy rain afflicting the region, leading to flooding and damage to the roof and brick. Student U will need to replace the downspouts, repair

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much of the roof, repair and replace the wooden flooring in several areas of the building, and replace ceiling tiles, drywall, and paint. Finally, there are electrical repairs becoming increasingly needed, including a replacement of the elevator. Thus far, Student U has spent \$173,421 in repairs and maintenance on the building, including \$144,481 on the HVAC replacement. They have spent \$11K to remediate some of the immediate effects of the flooding, but much more work is needed. They have received estimates of \$13,000 to replace the downspouts and parts of the roof, and \$5,000 to repair flooring. They have not yet received estimates for the electrical and elevator work. Overall, Student U is looking at significant, urgent capital needs. Because of this, I am recommending a one-time, emergency capital grant of \$20,000 to ease some of the financial burden Student U is currently facing. This grant amount is in keeping with the emergency grant we made to the F.M. Kirby Center for the Performing Arts in April to assist with flooding damages there.

Despite the challenges facing Student U, the quality of their programming and dedication to their community members remains exemplary. Student U's selection to lead the Community Schools Partnership in central North Carolina highlights their reputation as a trusted and respected organization, far removed from their humble beginnings in a single classroom at Durham Academy. Student U recognizes that setting students up to be successful community leaders requires a multi-faceted approach that goes beyond academics. Indeed, a child's home environment is one of the most important indicators of their likelihood for future success. The whole family approach demonstrates Student U's steadfast belief that they have the power to take entire communities along on their journey to a transformed and equitable Durham. After extensive conversations and back and forth with Student U leadership, as well as financial due diligence, I am pleased to make a recommendation for multi-year general operating support. I hope a grant of this nature, multi-year and emergency capital support, demonstrates our commitment to remaining steadfast in our support as our partners whatever storms (literally!) come their way. I recommend a grant of \$150,000, as outlined below.

RECOMMENDATION: I recommend a grant of \$150,000, payable over 2 years designated as follows:

2024:

General Operating Support - \$65,000

Support of emergency capital needs - \$20,000

2025:

General Operating Support - \$65,000

JUSTIN J. KICZEK COMMENTS: I remain enthusiastic about what Student U is doing for students and families in the community it serves, especially considering their academic performance and high school and college graduation rates.

While the Communities in Schools partnership is an opportunity for Student U to bring its vision of wrap-around student and family care to areas beyond the Hayti neighborhood, I do suggest we check in with Student U when time permits to see how this effort can be managed, *while also* deepening their commitment to the Pearson center and their immediate community. In other words,

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is there a misalignment that can happen by both expanding outward, particularly with staffing, while also seeking to deepen connections to a very local community?

Relatedly, I have to confess I am finding myself more skeptical, too, of the mission drift of the kitchen project. When we were first told of the project, it came across as a facility that would serve the community by addressing issues of food security and helping with culinary workforce training. As of now, it remains hazy to what degree the kitchen is serving Student U's families, which should be the principal stakeholders to be served by such an investment. All that said, the facility only very recently officially opened, so some of this may take more time. But I am feeling somewhat regretful that we did not ask more questions about whether this was the best use of \$1.7M in funds raised. I would like us to follow up with a few more questions about the kitchen space. Certainly, looking at their mission statement and impact reports, one struggles to see how a \$1.7M kitchen facility would rise to the top as among the highest fundraising priorities.

All this said, Student U clearly does not shy away from developing their own "Innovation Engines." My hope is that they are able to keep a sharp focus on their Engine 1 while ensuring any Innovation Engines / Engine 2s are closely aligned with their mission.

Considering we have strong support for Student U from our Board of Directors and considering Student U is serving young people and their families in Durham who are at-risk of not completing high school and/or college, I concur with the proposed grant recommendation.

RECOMMENDATION: I recommend a grant of \$150,000, payable over 2 years designated as follows:

2024:

General Operating Support - \$65,000

Support of emergency capital needs - \$20,000

2025:

General Operating Support - \$65,000

GEB Update 11/25: I scheduled a conversation with Elena Maina and Robin Smith, Student U's Chief Operating Officer, to ask some additional questions about the Community Schools Partnership and the usage of the kitchen. Student U was approached by the Duke Clinical Research Institute to be their partner in this contract. There are currently eight Student U staff members affiliated with the Community Schools program: four in management roles and four in school coordinator roles. While all are currently full-time staff of Student U, only the four individuals in management positions will remain with Student U long-term. The school coordinators are working individually with the partner schools to implement the Community Schools model. Once the integration is complete, the schools will hire the coordinators to oversee the facilitation of their family services. The timeline for this integration is dependent on each district's needs, but it is expected that all the current partner schools will complete this process within the five-year contract.

Regarding the kitchen, Student U did face a setback when they realized that the ARPA funding they had used to complete the project dictated that they could not earn revenue on the kitchen until

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2026. The two offshoot restaurant enterprises of Culinary Femme Collective are operating out of the Pearson Center kitchen; they moved in immediately after the kitchen's opening. Culinary Femme Collective's parent company, Communities in Partnership, is making a small grant to Student U to offset the cost of their usage of the space. Additionally, Culinary Femme Collective will begin hosting culinary workshops for Student U students and families in 2025. Robin is already in conversation with culinary entrepreneurs who are interested in moving into the space. The goal of creating a commissary kitchen, however, will not be able to come to fruition until 2026 due to the ARPA restrictions.

Finally, the Pearson Center recently added its ninth tenant, Durham Charter School. **(JJK: Thank you for this follow-up. All very informative.)**

DISPOSITION:

- Declination
- Hold for review on/about:

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- Approval for: **\$150,000**
- Recommended Grant Payment(s):
 - 2024:** General Operating Support - \$65,000
Support of emergency capital needs - \$20,000
 - 2025:** General Operating Support - \$65,000
 - 2026:**
- Hold for Board Review: **December 13, 2024**
- Payee Other Than Addressee:
- Other:

Initials: JJK

Date: November 25, 2024

Check #

Date: