



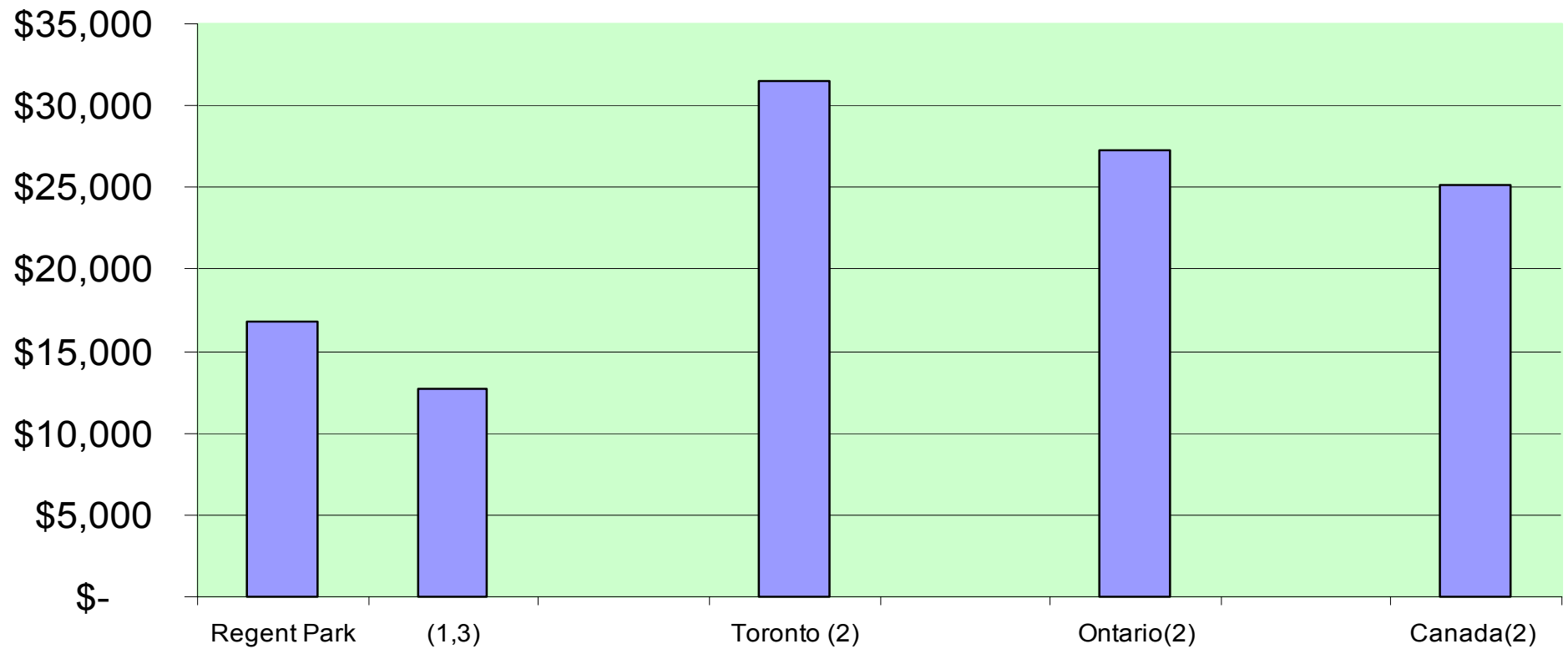
**Prosperity, Inequality, and Poverty in Ontario
September 10, 2007**

Rotman School of Management

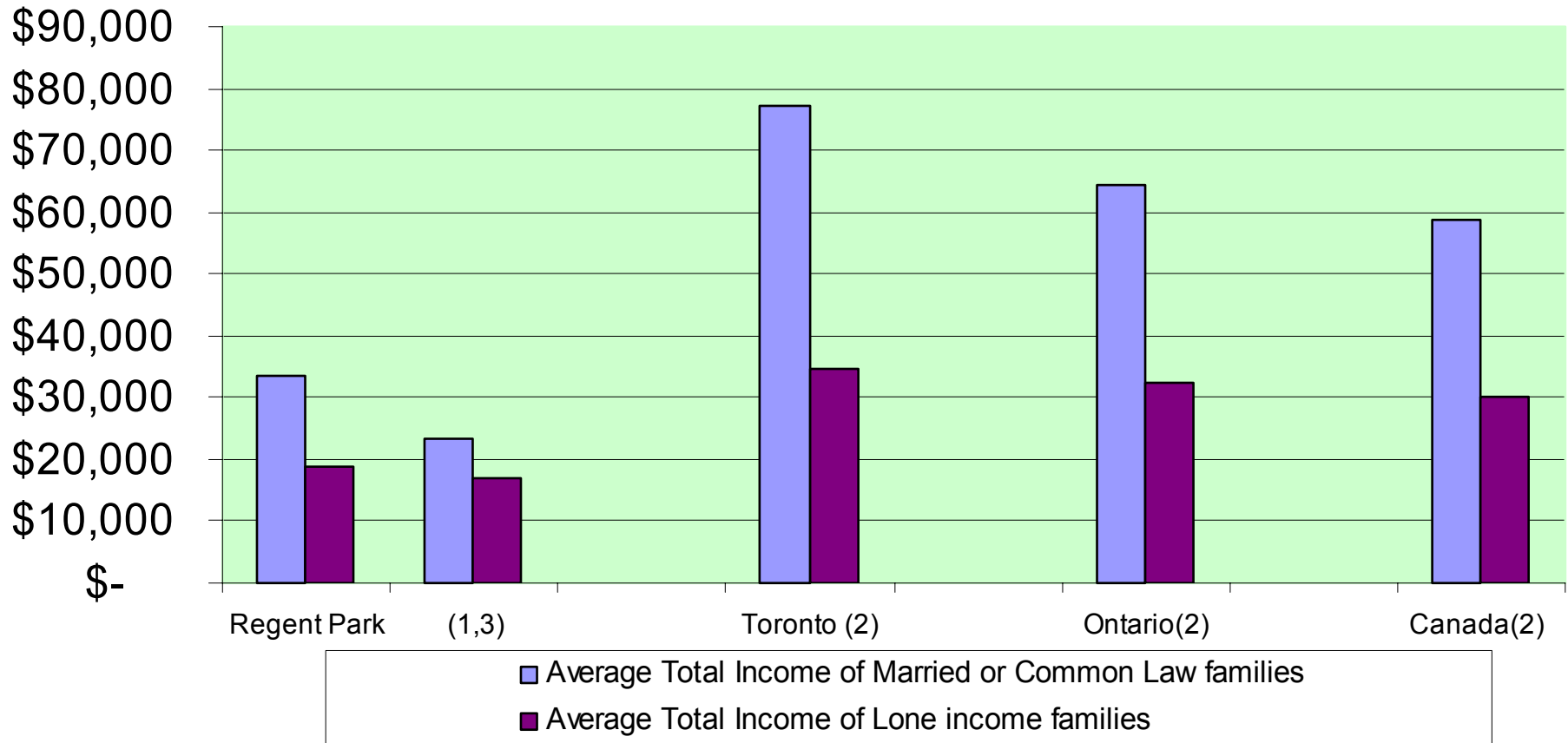
**Fleck Atrium (Ground Floor)
105 St. George Street, Toronto**

Pathways to Education

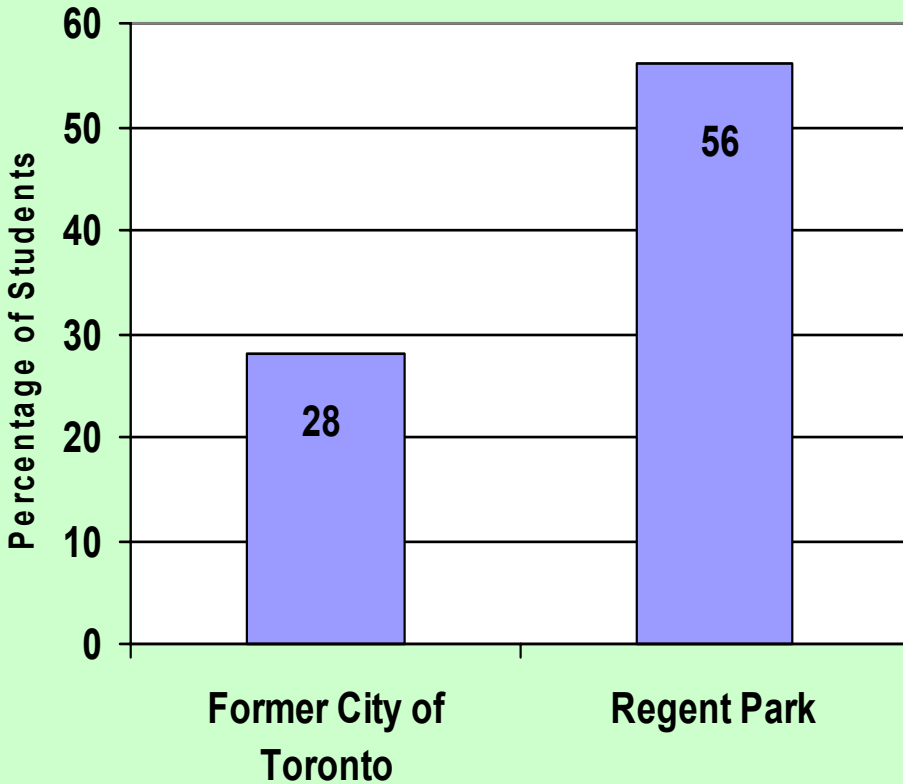
Average Family Income



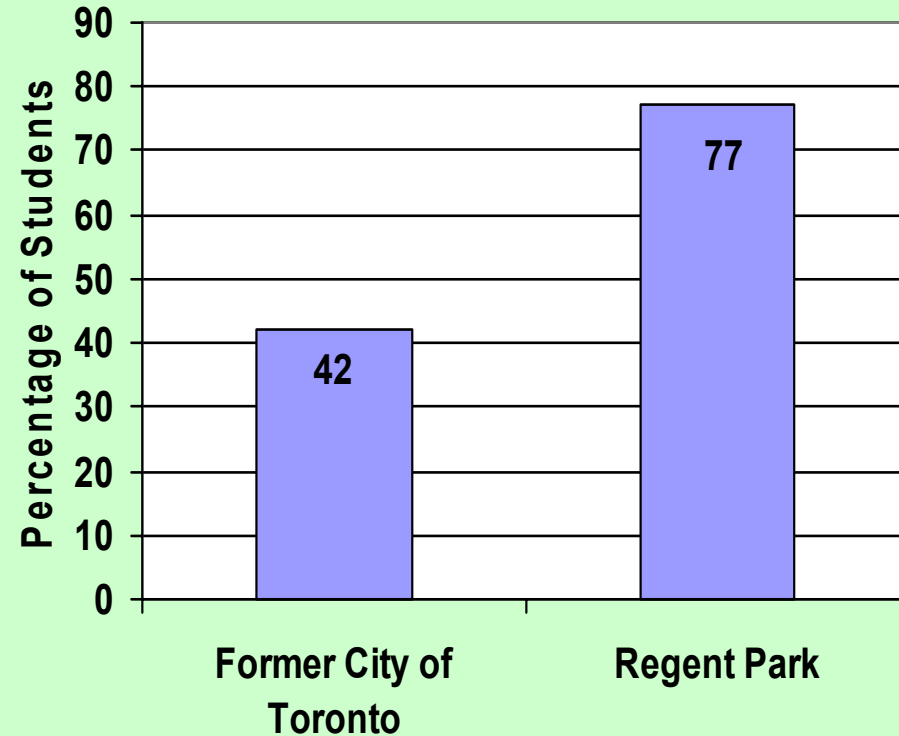
Family Income



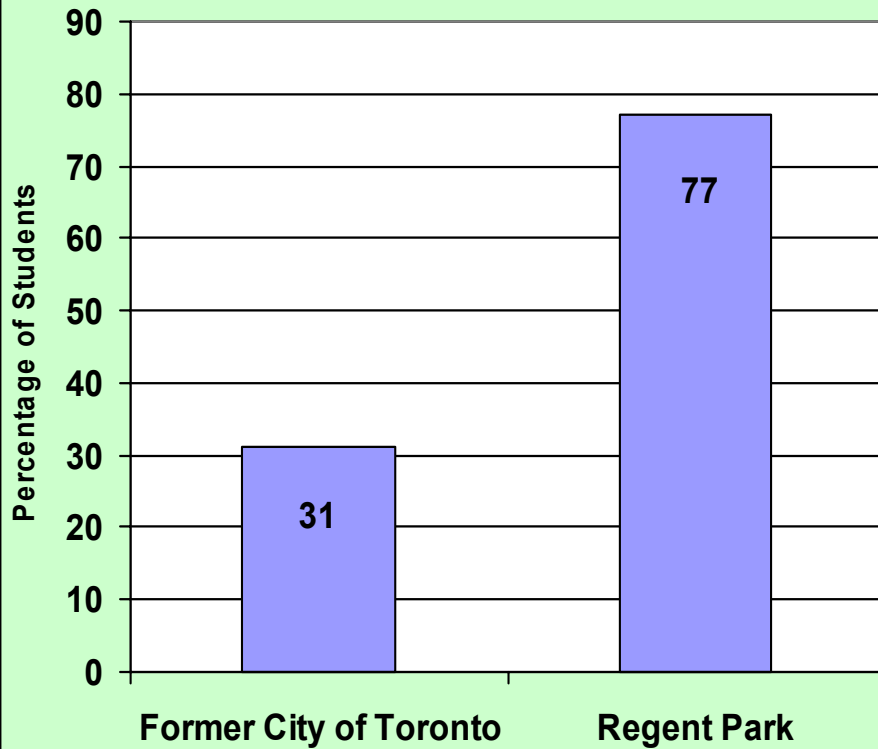
**Chart 1: 1993 Cohort Drop-out Rates
All Students**



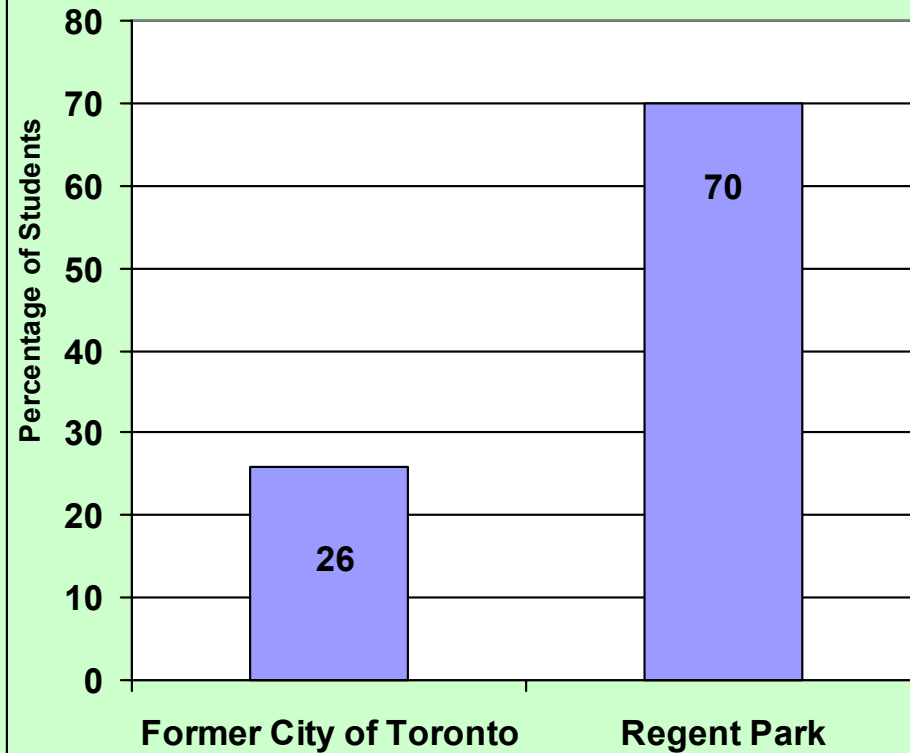
**Chart 2: 1993 Cohort Drop-out Rates
Single Parent Mother-Led Families**



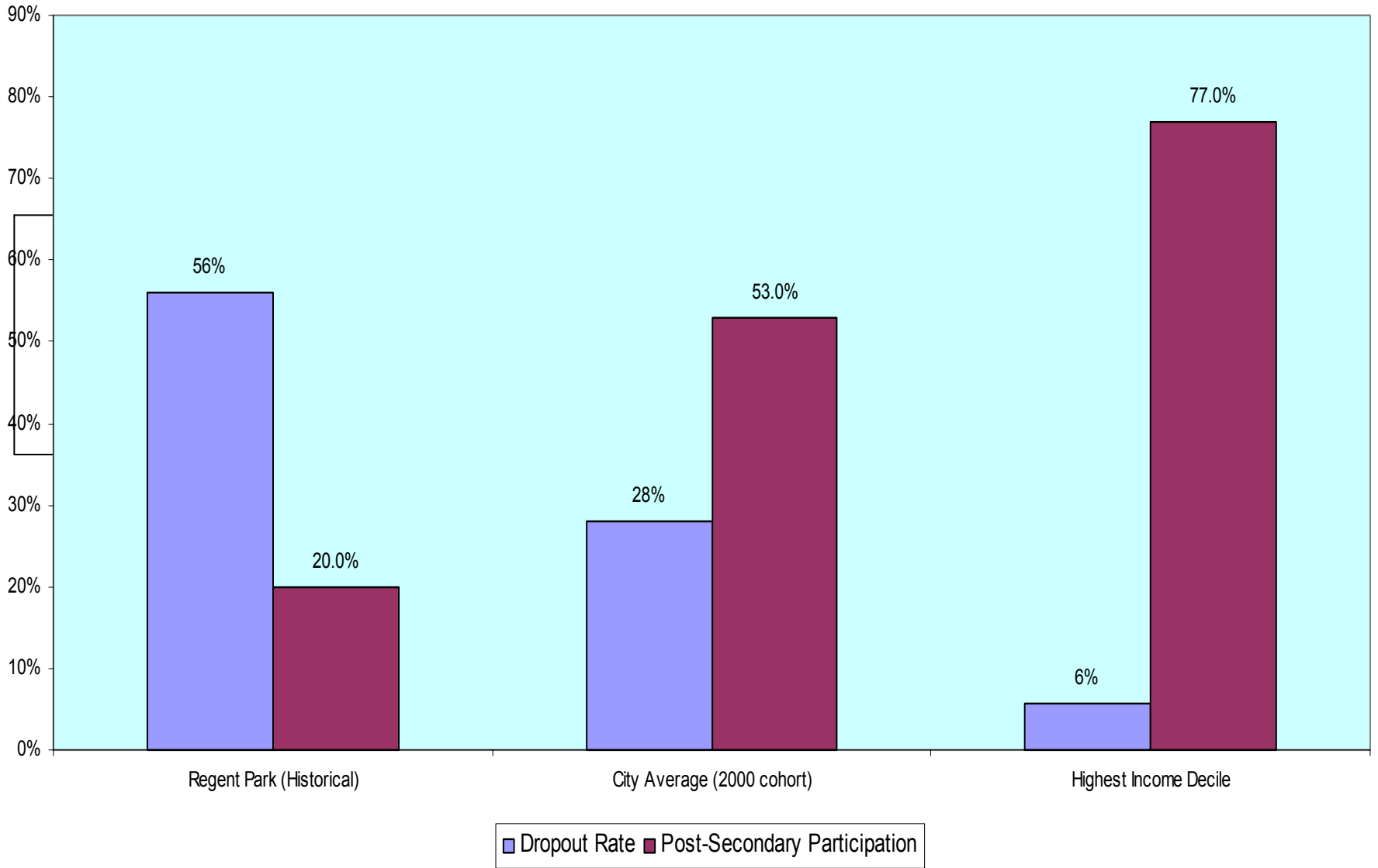
**Chart 3: 1993 Cohort Drop-out Rates
Recent Immigrants (< 5 Years)**



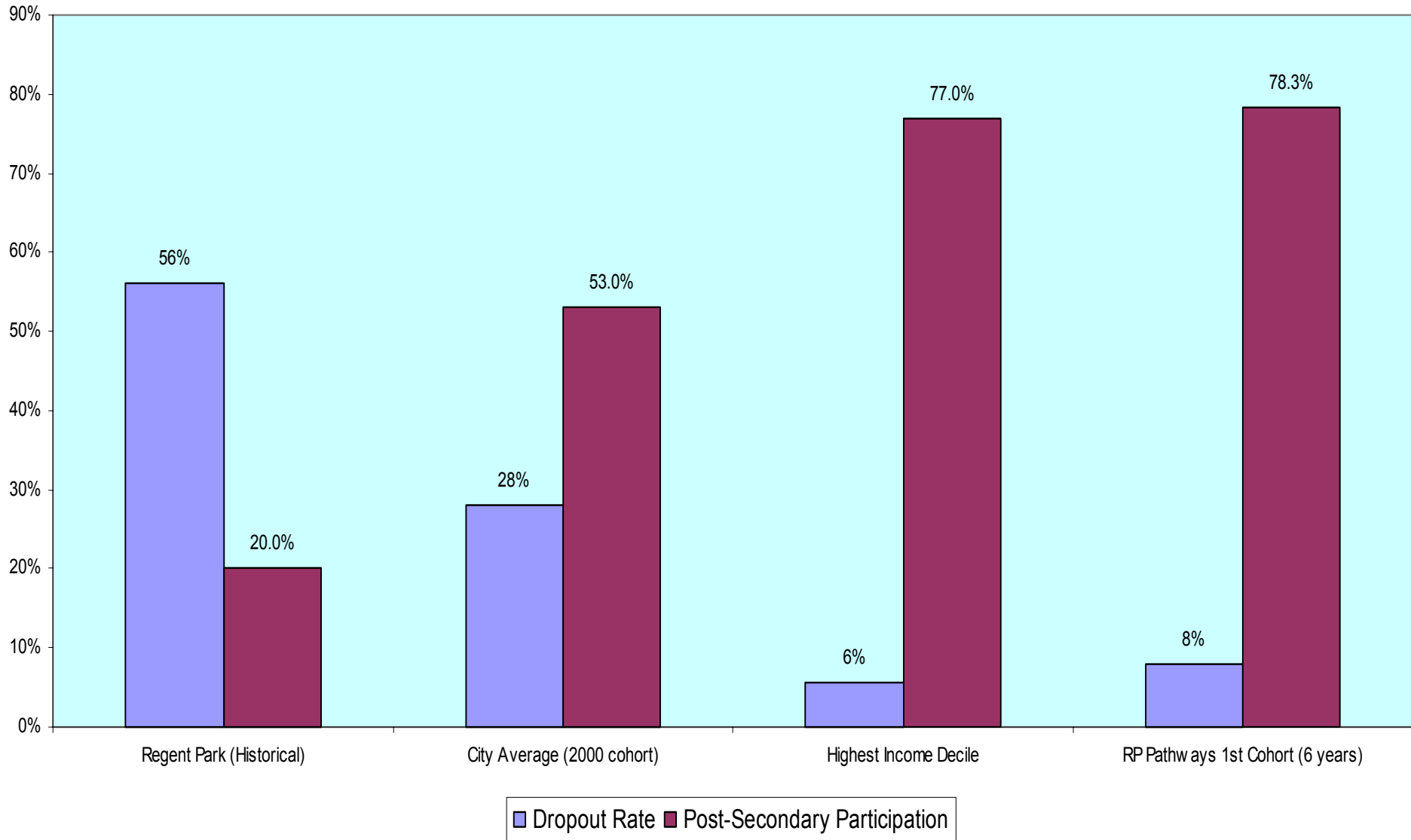
**Chart 4: 1993 Cohort Drop-out Rates
Immigrants in Canada 5+ Years**



Comparison of Dropout & Post-Secondary Participation Rates



Comparison of Dropout & Post-Secondary Participation Rates



U.S. AND CANADIAN RESEARCH INDICATES BOTH SCHOOL AND COMMUNITY RISK FACTORS CONTRIBUTING TO DROP OUT RATES

Sample of Factors Addressed by Pathways to Education

“Early School Leavers” Report Identifies Risk Factors and Protective Factors for Youth

Sample Of Community Risk Factors

- Low social class
- Minority status
- Poor school-home link

Sample Of School Risk Factors

- Ineffective discipline
- Lack of counseling / support / outreach
- Disregard for learning style
- Low level of engagement

Sample Of Community Related Key Protective Factors For Youth

- Supportive others in community (links to child welfare etc)
- Strengthened school-home link

Sample School Related Key Protective Factors For Youth

- Positive school climate
- Counselors – outreach

(1) Early School Leavers: Understanding the Lived Reality of Student Disengagement from Secondary School, Dr. Bruce Ferguson et al, May 2005.
(2) “The Silent Epidemic” Perspectives of High School DropOuts, Report by Civic Enterprises for Gates Foundation. John M. Bridgeland et al.

PATHWAYS WORKS WHERE OTHER PROGRAMS HAVE STRUGGLED

By All Accounts Education Reform is Not Easy

'(In 2000) the Gateses decided to expand their charity to include public education, whose inequities in the U.S. had long troubled both of them...

... After gathering a team of experts, they decided to focus on high school dropouts, the 20% to 30% of teens who fail to get a degree in four years...

...Six years and a steep learning curve later, the Gateses see just how intractable are the many ills plaguing America's worst schools. It has been a difficult, even humbling experience...'

- Business Week

So What Makes Pathways Different?

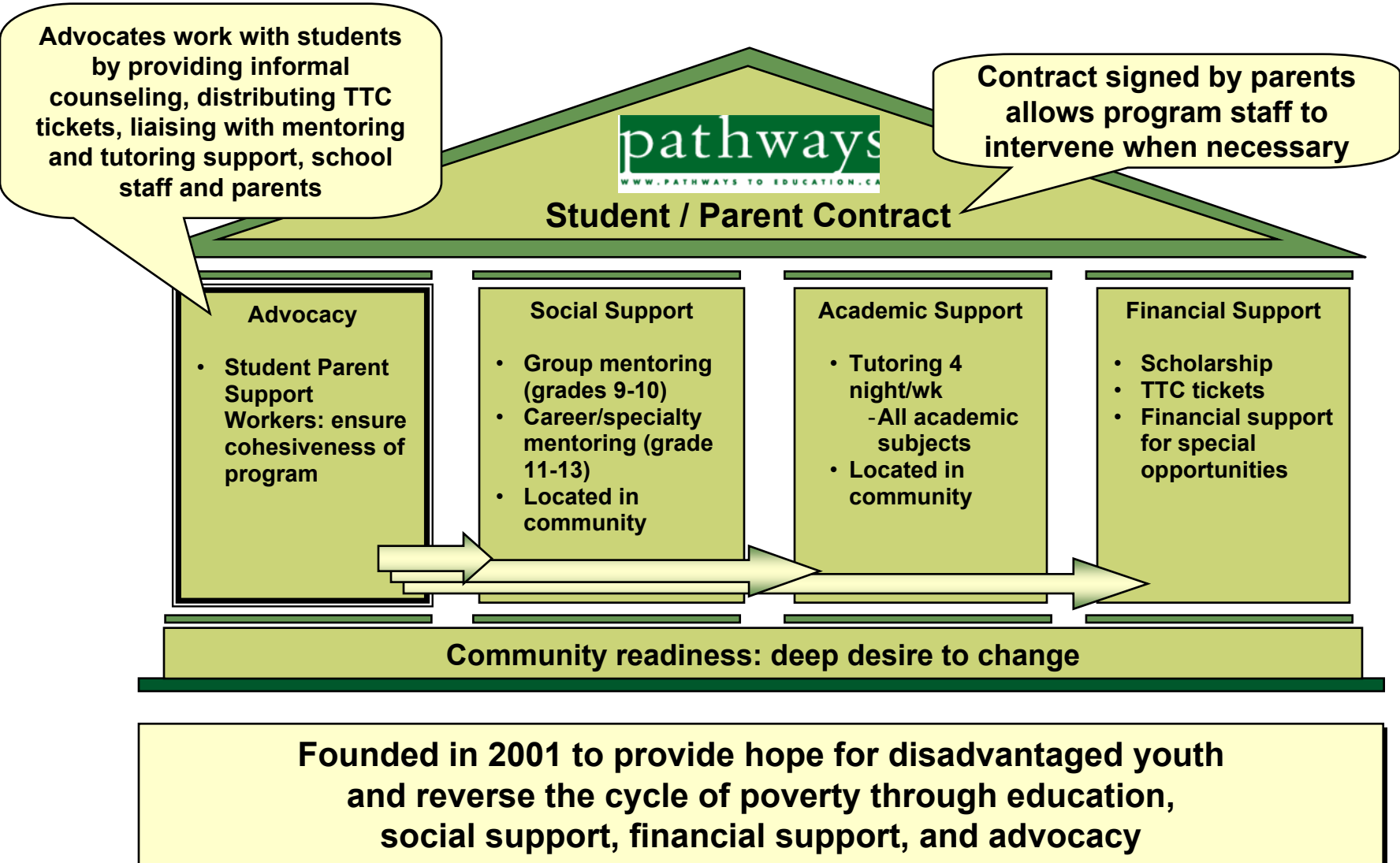
Top programs in US and Canada were examined for results-proven community impact in education

Pathways' unique success can be attributed to five key factors

- 1 A contract between Pathways, students and parents, supported by Pathways' student parent support workers (SPSW)
- 2 A holistic, community based support network (mentoring, tutoring and other activities)
- 3 Alignment with a community hub agency that has local credibility
- 4 Short and long term incentives
- 5 Long term commitment from key stakeholders

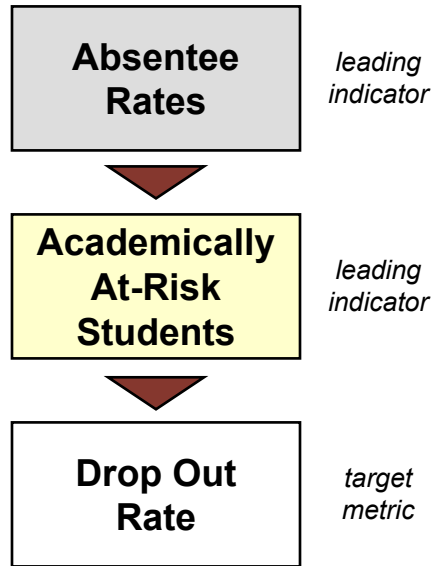
Challenge Now Is To Replicate Pathways In Other Communities

PATHWAYS PROGRAM INCLUDES SIX CORE ELEMENTS

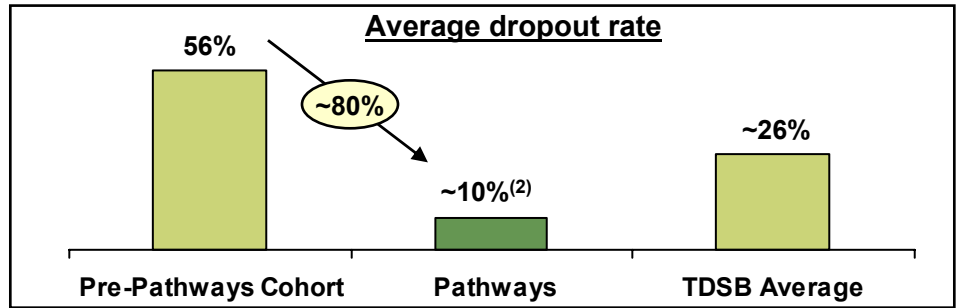
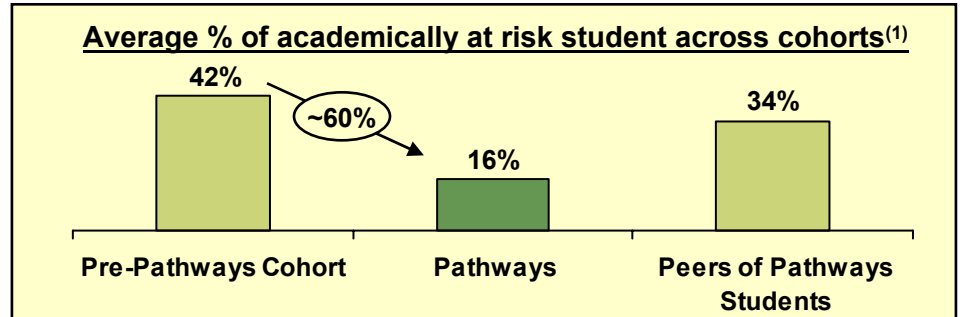
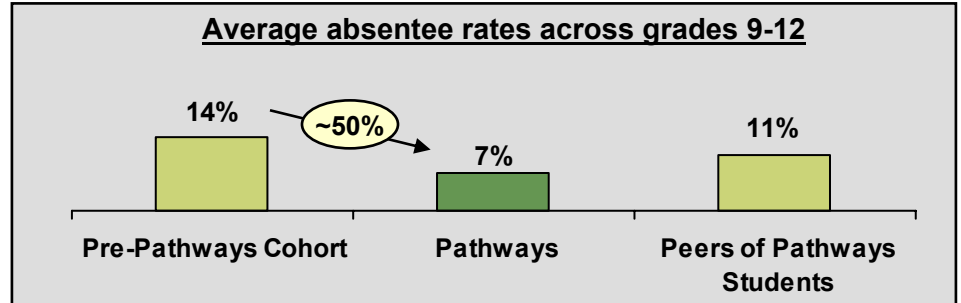


PATHWAYS' SUCCESS IS DOCUMENTED AND REAL

Three Core Metrics Used To Measure And Track Success



Results To Date Highlight Program's Potential



(1) Academically at risk refers to students who have completed grade 10 and have less than 16 credits
 (2) Reflects 8% for cohort 1 and 12% for cohort 2
 Note: Pathways data reflects average across all Pathways cohorts for 2005 results
 Source: Literature search, interviews, Pathways data, TDSB data

PATHWAYS DELIVERS SHORT TERM RESULTS...

<p>Lower Drop Out Rate</p>	<ul style="list-style-type: none"> • Reduction in drop out rates from 56% to ~10%⁽¹⁾ • Delivered through network of 60 high schools in a community with an average income of \$18,000
<p>Increased Post Secondary Enrollment</p>	<ul style="list-style-type: none"> • Increased university and college enrollment from 45% to 80% of graduates
<p>Decreased Crime and Youth Violence</p>	<ul style="list-style-type: none"> • 32% decrease in violent crimes (Division level) • 56% decrease in property crimes (Division level) • Compares favourably to increase in violent crimes in neighbouring division
<p>Lower Rates of Teenage Pregnancy</p>	<ul style="list-style-type: none"> • Reduction in teen birth rate from 30 to 7.5 out of 1,000⁽²⁾ • Increased education correlated with higher likelihood of normal birth weight babies and reduced smoking and obesity
<p>Better Integration of New Immigrants</p>	<ul style="list-style-type: none"> • Delivered in a community that is 79% visible minority, 60% immigrants • ~85% of Pathways post-secondary entrants were first generation immigrants

(1) Reflects 8% for cohort 1 and 12% for cohort 2

(2) Pathways scenario reflects observed teen birth rate of 3 per 400 female students; ~7.5 per 1,000

Source: Literature search, interviews, Pathways data, Police services data. Results calculated across cohorts.

... AND LONG TERM PAYBACK

Cumulative benefits per student enrolled of ~400K, ~40-60M per cohort

- **Benefit of ~250K per Pathways student enrolled**
- **Benefit of ~150K from second generation effects**

High societal ROI per charitable dollar⁽¹⁾ invested in Pathways:

- **~24.5X payback on investment in Pathways**
- **~12.5X payback on investment in Pathways in real dollars⁽²⁾**

Adjusted for time value of money, value of Pathways to society: ~50K per student, ~5-7M per cohort

- **NPV of 49K per Pathways student enrolled in Pathways⁽³⁾**
- **Internal rate of return (IRR) of 9.4%**

(1) Excludes incremental spending by Ministries of Education and Training, Colleges, and Universities

(2) Real Dollars reflects value of benefits on inflation-adjusted basis

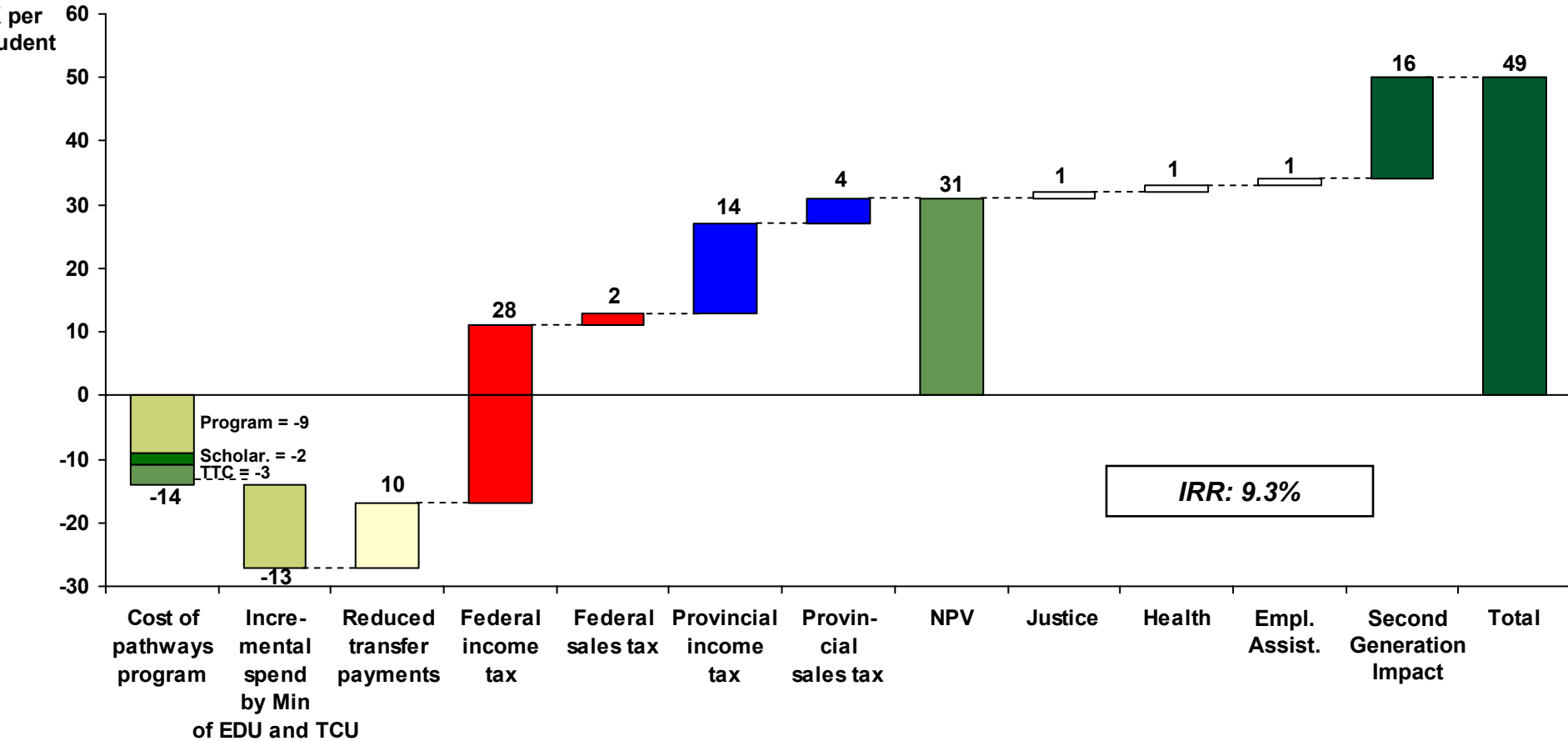
(3) Assumes discount rate of 4.5%

Note: Assumes cohort size of 100-150 students

Source: BCG Analysis

PATHWAYS TO EDUCATION GENERATES A POSITIVE NPV TO SOCIETY OF ~\$50K PER STUDENT

NPV of a Pathways to Education Student



Note: Assumes 4.50% discount rate and 1.80% annual inflation
 Source: BCG analysis; statcan; Provincial and Federal Government sources

PATHWAYS CHANGES LIVES IN THE COMMUNITIES IT SERVES

Pathways has offered us new hope, new possibilities, and new successes.. Many [students] learned that they too can go to university or college, that they too can become doctors, teachers, or lawyers...Through Pathways' inspiration and encouragement, many students have found their passion in life.

Joey, Graduate
Graduation Ceremony 2005



Growing up in this neighbourhood can be challenging - avoiding the potential influence of drugs and crime...Pathways is kind of like your parents...[It] can be tough - there are high expectations, and we must always do our very best, in return we are supported through what ever trials and challenges we face.

Mohammed, Graduate
Graduation Ceremony 2005



They (SPSWs) say: here are your boundaries—maybe you should step back and think about what you are doing right now, or, go for it — it's a great opportunity for you. They are both a coach and a referee for us.

Peter, Student
Grade 10

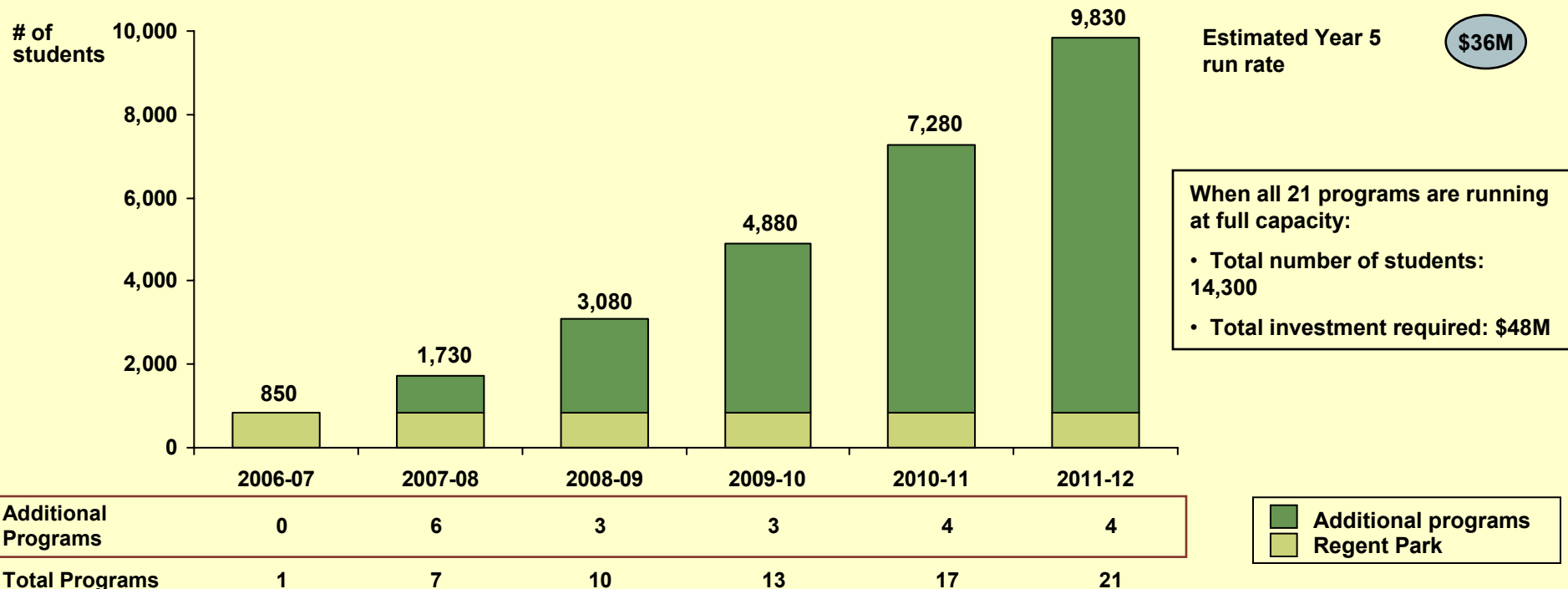


One of the things I hope my daughter or others will do when they graduate is to come back and be an example, come back and say: listen, I came through this program, it IS possible.

Malcolm, Parent

POTENTIAL ROLLOUT PLAN FOR PATHWAYS WOULD RAMP-UP TO ~10,000 STUDENTS WITHIN 5 YEARS

Five Year Growth Ambition⁽¹⁾



⁽¹⁾ Cohort size: 150 students; Average time for completion of a High School degree: 4.5 years. Include 830 students in Regent Park Pathways program. Assumes a 15% cost reduction per student from year 1 to 5 and an additional 5% cost reduction from year 5 to 10 and a start-up cost of \$80,000 per program

Program	Location	Status	Youth Enrolled	
			Fall 2007	Estimated Run Rate
Regent Park	Toronto, ON	Ongoing	850	850
Laurence Heights	Toronto, ON	Board Approved	100	600
Kitchener Centre	Kitchener, ON	Board Approved	100	600
Ottawa West	Ottawa, ON	Board Approved	100	600
Rexdale	Toronto, ON	Board Approved	120	600
Verdun	Montreal, PQ	Board Approved	90	600
Little Burgundy	Montreal, PQ	Board Approved	120	600
			1,480	4,450