ADTC Career Impact Bond

Overview

From 2020 to 2022, Social Finance partnered with American Diesel Training Centers (ADTC), a diesel technician training program based in Ohio, to launch a nearly $9 million Career Impact Bond to help underemployed and unemployed people secure jobs in an in-demand field and find economic mobility.

The ADTC Career Impact Bond served more than 1,100 people through a 300-hour, hands-on training course hosted at ADTC locations in Cincinnati and Columbus, Ohio.

Program participants enrolled with no upfront costs, with impact investors covering all enrollment fees and the cost of a physical, 193-piece diesel mechanic toolset and room and board in Ohio. Participants also received support services, including career coaching and financial literacy training.

Those who graduated and found jobs with salaries between $30,000-$40,000 agreed to repay the cost of their training via flat-fee monthly payments of $150, or $187 including for the toolset, over a 48-month period, and those whose salaries exceeded $40,000 paid $280 or $317 per month over the same time period.

Top employers, including Penske Truck Leasing, Aim Transportation Solutions, and National Fleet Management, took over monthly payments for program graduates they hired. More than 50% of graduates had their training covered by employers, meaning they exited the program with no payment obligations.

The ADTC Career Impact Bond was funded through two investments from Social Finance’s UP Fund, a $50 million pool of catalytic capital.

The Work

Priority population identification.

Determined the priority population based on who would most benefit from access to ADTC training—i.e., people facing barriers to education and employment, including those with criminal justice involvement, low incomes, and uncertain immigration statuses.

Financial structure development.

Crafted an income-share agreement (ISA) designed to be student-friendly and created the infrastructure needed to facilitate payments made by employers on behalf of any program graduates they hired.

Support service development.

Collaborated with ADTC to build learner supports geared toward career development and financial literacy.

Active performance management.

Monitoring performance to more effectively support ADTC, improve service delivery, and adapt and evolve the program to achieve learner success.

Hear from ADTC Career Impact Bond Graduate Daniel →
The Results

To date, more than 1,100 learners have enrolled in the ADTC Career Impact Bond. The program graduation rate was 100% and the job placement rate was 92%. Learners who have found new jobs via the program experience a median income increase of more than 60%, or around $16,000, post training.

Insights

Employer involvement.
ADTC entered the partnership with connections to employers in the transportation industry. During program design, it was suggested that employers could, at some point, cover payments for the learners placed at their organizations. This approach was piloted to great success, with employers experiencing improvements in talent recruitment and retention. More than half of all ADTC Career Impact Bond participants had their training costs covered by employers, including 83% of those supported through the second UP Fund investment.

Flat fee payment structuring.
The vast majority of diesel mechanics are paid hourly, with overtime and bonuses based on the completion of specific jobs. Their wages therefore tend to fluctuate significantly, week-to-week and month-to-month. This ruled out the use of a learner repayment model based on income percentage, an approach used across other Career Impact Bonds. A flat-fee model was adopted and this ultimately worked for learners, who found it easy to grasp financially, and project partners, who could easily manage it programmatically due to relative standardization and stability of diesel mechanic wages in the U.S.

Learner diversity.
The ADTC Career Impact Bond cohort had significantly higher levels of ethnic, racial, and gender diversity than the transportation industry at large, an outcome attributed to ADTC’s strong position in the diesel mechanic training market as a viable alternative to more expensive Title IV institutions. Approximately 25% of ADTC graduates are Black, compared to the industry average of 7%. And another 5% of ADTC graduates are women, compared to the industry average of 2%. Additionally, more than 95% of graduates had not completed a bachelor’s degree.

Scaling effect.
Prior to the ADTC Career Impact Bond, ADTC had historically trained around 350 people. The partnership helped the organization scale its operations dramatically. Today, ADTC can serve roughly 600 people per year.

Skilled trade focus.
Previous Career Impact Bonds centered on the information technology industry, which has a particularly high salary floor, even for entry-level roles. Conversely, the ADTC Career Impact Bond focused on a skilled trade with lower immediate earning potential, forcing a reconsideration of how impact might be achieved and measured. It was determined that the program would aim to generate at least a 25% earnings increase upon graduation and lay the groundwork for learners to advance through the industry and steadily increase their wages.

Support service development and adaptation.
The support services for the ADTC Career Impact Bond were designed to facilitate learner career progression and hinge on the learner-instructor relationship. The program also used an existing ADTC online portal that helps learners build soft skills for interviewing, create resumes, and gain insight into the hiring process. Many learners managed to find jobs before graduating.

Contact

Contact Andrew Chen to learn more: achen@socialfinance.org.

Media

“Job Training That’s Free Until You’re Hired is a Blueprint For Biden,” The New York Times
“Filling the Skills Gap: A New Way of Training Workers to Match the Jobs,” Matter of Fact TV

Video: “Five Weeks of Intense Training—And a Better Life For Stephanie and Her Son”

Learn more about the ADTC Career Impact Bond