CASE STUDY: By Vinesh Kapil

UPSWING

Single Investment of Outcomes-Based Financing to Expand Student Support Services

OVERVIEW:

The UP Fund is a fund managed by Social Finance that aims to finance upskilling for people who face barriers to education and employment. Since 2020, the UP Fund has supported the design and launch of eight outcomes-based initiatives to prepare workers across the country for in-demand jobs. In 2024, the UP Fund provided a $2.6 million credit facility to Upswing, Inc. (Upswing), a technology company that delivers student support services — including tutoring, mental health counseling, and AI-powered navigation of available student resources — to community colleges and universities serving non-traditional students across the United States. The financing addressed a structural cash flow challenge: When students need more support than their institution originally purchased, Upswing serves them immediately but waits months for reimbursement from these institutions. The UP Fund lends capital to Upswing based on student service utilization, enabling the company to sustainably expand its reach.

ASSESS

1 *Understand the challenge*

- Non-traditional students drop out at roughly double the rate of traditional students, and the institutions that serve them — community colleges, Historically Black Colleges and Universities, Hispanic-Serving Institutions, and rural colleges — are often the least resourced to address this gap.
- These students often have heavy demands placed upon them — they may be caretakers, part-time employees working to afford their education, adult learners reacclimating to school, or individuals managing a combination of these factors.
- At the enterprise level, Upswing's cash flow model created a sustainability problem: It continued serving students beyond contracted hours but carried the cost as accounts receivable until the next institutional budget cycle, therefore constricting its growth and threatening its long-term viability.

2 *Determine social and financial impacts*

- Upswing's focus is consistent with the UP Fund's objectives: helping students achieve their career objectives by giving them the tools to navigate challenges and complete their education. Upswing's platform aggregates resources like tutoring, mental health counseling, and other institutional supports.

> *Together with Social Finance, we're analyzing student engagement and outcome data to gain deeper insights into not only retention and persistence, but also how students feel about their career readiness and long-term employment opportunities.*

Melvin Hines
CEO & Co-Founder, Upswing



ASSEMBLE

3 *Learn what we need to know about our partners to trust that capital will be well used*

- The UP Fund conducted deep diligence on Upswing. This diligence can be categorized into three buckets: financial, operational, and impact. The diligence process was intended to validate both repayment capacity and mission durability.

4 *Build bridges among vested partners*

- Upswing's mission-aligned investor base provided confidence in the company's mission orientation and downstream financial resilience. The relationships forged during the Upswing investment process led to future connections, references, and investments thanks to co-investors' appreciation for the outcomes-oriented approach of the UP Fund.
- This deal marked the UP Fund's first investment reaching community college learners — a population representing ~35% of U.S. undergraduates. Through it, the UP Fund provided support to a major driver of economic mobility for its priority population.

ACTIVATE

5 *Develop financial structures that align incentives and balance risk*

- T he Upswing investment includes an interest rate mechanism that ties Upswing's borrowing cost directly to student outcomes — the more students that use services funded by each draw, the lower the effective interest rate, aligning Upswing's economic interest with positive impact.
- Unlike traditional student loans, this financing places no repayment obligation on students. Risk is shared between Upswing and the UP Fund, redirecting financial exposure toward the party best positioned to manage it.

6 *Establish roles, responsibilities, and governance for accountability and learning*

- Quarterly financial and impact reports provide ongoing visibility into Upswing's fiscal health and the populations served, enabling early identification of mission drift or financial stress.
- The UP Fund and Upswing co-designed student surveys to capture participant voice and employment outcomes, ensuring beneficiary experience directly informs product improvement.
- This consistent engagement allows the UP Fund to continue supporting Upswing as it explores future growth plans.