



Since 2011, over 23,000 students have transformed their lives and careers by participating in GA's Immersive programs: full-time, 12-week courses in software engineering, data science, and user experience (UX) design. In addition to skill development, students participate in career services programming and work with a coach until they secure employment using their new skills. With campus locations in nine countries and a deep network of hiring partners around the globe, GA has a proven track record of helping students land new roles: Over 91% of graduates who participate in GA's full-time Career Services program accept a job offer in their field of study within six months of graduating.

While our programs lead to significant wage gains, the upfront cost is a barrier for many prospective students. To date, GA has secured public and private investment in scholarship programs that fully fund the cost of training for over 1,700 adults, creating greater access for talent from underserved and overlooked communities.

But while scholarship programs and traditional financing options have supported many students, half of the applicants who successfully completed our screening process and were admitted to GA Immersives were unable to secure financing—often due to factors outside their control, like FICO credit score cutoffs often associated with private loans.

Branden LaCour, for instance, grew up in the foster care system and had poor credit history from his time as a touring musician due to subsidizing his band's costs. He eventually fell in love with coding in his downtime but was unsure that

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General Assembly

# ACCESS TO OPPORTUNITY

THE GENERAL ASSEMBLY CAREER IMPACT BOND

/ LISA LEWIN + TOM OGLETREE /

General Assembly (GA) is a global education company that prepares adults with the most in-demand skills of the digital economy, focusing on career changers looking to break into the fields of technology, data, design, and marketing. Through partnerships with community organizations and Fortune 500 employers, GA provides training programs that are designed to meet the most urgent needs of a rapidly changing economy and help individuals learn the industry-relevant skills they need to enter and succeed in higher-wage jobs.

## Working with employers

GA's high placement rates are in part due to alignment with labor market demand. We design our curriculum with the current job market in mind and adapt it to respond to market shifts. Instructors are hired out of industry and bring their experience as software engineers, UX designers, and data scientists into the classroom. Instructional designers regularly review and update the curriculum with guidance and input from seasoned industry leaders (who also serve on GA's standards boards) and experienced practitioners (who make up GA's product advisory boards). Further, our in-house work to provide training to employees of Fortune 500 companies provides additional feedback loops and market signals about the skills and competencies required to be successful in the digital economy. In 2017, GA was acquired by The Adecco Group, the world's largest human capital solutions firm, creating further opportunities to scale up our programs.

he had the means or credit history to apply to a full-time GA program.

As LaCour tells it: **"GA got in touch and said, 'Hey, we have this new Career Impact Bond thing,' and then two weeks later I got in. And it was a huge celebration. It felt like, this is it."**

Prior to enrolling in the GA program in December 2020, LaCour was a bartender; he graduated amid the COVID-19 pandemic and currently works as a software engineer in Chicago.

GA is licensed as a trade school, rather than a traditional higher education institution such as a college or university. Unlike students in accredited, degree-granting

postsecondary education programs, GA students are not eligible for traditional student loans as they work to build new career-relevant skills. As a result, students like LaCour with limited credit history, a handful of penalties due to late payments, or other debt obligations are often unable to secure financing—perpetuating a cycle that keeps them from obtaining the training necessary for sustainable career paths with upward mobility.

We believe that past credit history is not a predictor of future career success and earning potential, and we have seen students from a wide range of educational and professional backgrounds achieve success through our programs. We admit students with the highest likelihood of being successful in the program and in their job search, which is often poorly correlated to prior educational attainment or professional experience.

Our decision to explore income share agreements (ISAs) stemmed from the following factors: a track record of securing post-program placements for career changers, a rigorous assessment process that set clear expectations for prospective students, and a high volume of students interested in pursuing training through GA programs but without access to capital or credit to finance them. Given GA's focus on outcomes, there was also appeal in leveraging a program model that demonstrated a commitment to placing students in jobs and created financial incentives for us to ensure that graduates secure employment in industry.

### ISAs AT GENERAL ASSEMBLY

In 2018, we launched Catalyst, an ISA model rooted in the mission of expanding access and opportunity that underpins all GA programs. Catalyst provides ISAs as one of multiple financing options for full-time Immersive training programs in three disciplines: software engineering, UX

design, and data science. For the Catalyst program, we worked with Vemo Education, the largest servicer of ISAs in the U.S., to develop a model based on historical data on GA student outcomes, starting salaries, loan repayments, and default rates.

The Catalyst program offers the following terms:

- ISA holders make 48 monthly payments of 10% of their income when employed. We chose this amount because it is comparable to what students might pay for a loan, based on GA graduates' typical starting salaries.
- ISA holders are expected to make these 48 payments over a time horizon of 96 months post-GA certification, after which ISA repayment obligations end, regardless of the amount paid. Graduates also have a six-month grace period before their ISA contract obligation goes into effect, ensuring there will be time for them to secure a job and begin settling into their role.
- When not employed for any reason, ISA holders do not make payments.
  - a. This applies not just to individuals who are actively seeking work, but also to those who have personal, family, or health-related reasons for being out of the workforce.
- ISA holders making less than \$40,000 per year do not make payments.
  - a. According to PayScale, average starting salaries for web developers are \$54,237 nationally.
  - b. Data from Climb Credit shows that GA graduates report median starting salaries of \$60,000 after taking a GA Immersive course.

- c. The threshold is designed to protect students who pursue freelance work, start businesses, or seek roles outside of their industry if they are making salaries below tech industry averages.
- The total ISA is capped at 1.5 times GA's tuition.
  - a. In practice, this means that ISA holders who command high salaries may end up paying \$22,500 total, as opposed to the consumer price of about \$15,000 or the average loan repayment of \$18,500.

### LAUNCHING THE CAREER IMPACT BOND PROGRAM

Since its launch, Catalyst has proved to be a promising tool to help individuals finance their training: To date, the program has served over 2,000 students. However, **financing alone does not ensure that students can consistently be successful in the program if they are navigating circumstances such as housing insecurity, prior (and current) financial obligations, or personal circumstances that might affect their ability to complete the program and commit to the job search.** Further, while the Catalyst program has generous credit requirements, some students are still unable to secure an ISA due to specific types of credit events, typically some combination of bankruptcies, defaults, and delinquencies.

As we continued to expand the Catalyst program, we saw the need for other forms of support in addition to financial assistance—like career coaching, financial literacy training, and emergency aid for those who need immediate support. We also encountered the limitations of traditional scholarship-based models for under-resourced students, often due to limited or geographically constrained philanthropic partners and inconsistent public investment in education and training.



*The Career Impact Bond is rooted in the belief that individuals with fewer resources would, with the appropriate support, be able to succeed at the same level as those with more.*

GA worked with Social Finance over a two-year period to structure the Career Impact Bond program. In designing the program, GA and Social Finance decided that payment terms must be consistent with the Catalyst program. The perception among most funders is that the populations GA serves are “riskier” than traditional students. For GA, it was imperative to combat this false narrative. The Career Impact Bond is rooted in the belief that individuals with fewer resources would, with the appropriate support, be able to succeed at the same level as those with more.

Unlike GA’s other financing programs, the Career Impact Bond was designed to be accessible to (though not limited to) people who have had negative credit events in the past. Students are eligible for the Career Impact Bond if they:

1. Are ineligible for other financing options at GA,
2. Were eligible for public benefits in the two years before enrolling, or
3. Have a felony or misdemeanor charge on their record.

The Career Impact Bond was funded through impact investment commitments from Social Finance’s UP Fund, a financing vehicle created for these kinds of mechanisms, and Prudential Financial. In addition to financing for the ISA, the program also includes comprehensive wraparound

services. The Career Impact Bond supports these efforts in two primary ways:

1. Funding full-time social service professionals to directly support student needs and
2. Maintaining an emergency aid fund to provide emergency financial assistance for students to cover unexpected costs related to housing, food, transportation, tech, medical, or other issues.

The team is composed of seasoned professionals with backgrounds in social work who provide student counseling, case management, and relevant and timely community referrals. Students can access immediate cash support for financial emergencies, disruptions to child care, hardware or software needs, or food insecurity.

We launched the program in December 2019 with the aim of serving 1,000 students over a three-year period.

### **WHAT WE’VE LEARNED—AND WHAT’S NEXT**

Right now, we are at the beginning of the evolution of the Career Impact Bond. What have we learned?

The ability to pivot in real time has been integral to the program’s success to date, especially in 2020 with the onset of the COVID-19 pandemic. GA’s course offerings moved entirely online, and many students required assistance in navigating this transition, from securing necessary hardware to navigating the remote learning environment. Further, students had to manage factors outside of the classroom that required additional support, including personal and family health challenges and loss of supplemental income. Our Social Impact team had to completely rethink its traditional support of students, responding to their needs in real time by developing tools like the COVID-19 Global

Resource Guide, an expansive list of housing, mental health, and emergency assistance resources.

Despite the unexpected challenges posed by the pandemic, we have found that the Career Impact Bond program is, for many students, helping to advance our goal of accelerating economic mobility and expanding access to training. Below are testimonials from students in California:

*“I spent decades in prison and was able to learn about coding as a member of The Last Mile program. After my release I didn’t have a job or credit and was starting over but wanted to continue what I learned with The Last Mile. This ISA helped me enroll in the Software Engineering Immersive program and continue my journey.”*

*“I didn’t have a lot of money or options and was making \$20K a year. I have a son and needed to find something that would improve our lives. This ISA has put me on track for a new career, a new salary, with new skills. The emergency fund helped me during the pandemic to pay my bills when I could no longer work.”*

The Career Impact Bond program will require consistent and ongoing iteration to adapt to the external environment while integrating the lessons we are learning as we support increasing numbers of students. Below are a few reflections



*This ISA has put me on track for a new career, a new salary, with new skills. The emergency fund helped me during the pandemic to pay my bills, when I could no longer work.*

and recommendations for other training providers considering such a financing option:

- **Know your audience:** To launch an effective Career Impact Bond program, it is critical to first have a deep understanding of the nuances of the student population and the life circumstances that may affect a student’s experience in the classroom and in their job search. In many cases, we have been able to anticipate student needs in a way that has helped the program run smoothly—from tech challenges to health insurance needs to emergency funding. Program surveys have been one effective method to receive anonymous feedback from current students about program support services that could be useful for future cohorts (e.g., tech support or assistance) as well as external resources that are helpful for students, depending on personal needs outside of the classroom (e.g., child care).
- **Invest in upfront assessment:** It is also important to understand the competencies required to be successful in an education or training program—and use that understanding to conduct an in-depth, robust assessment of incoming students. Any provider must have a clear-eyed understanding of its strengths, as well as its limitations; a given program will not be a fit for everyone who walks in the door. To that end, it is imperative to create assessments on the front end to ensure students have clear expectations and the support structures in place to be successful from day one.
- **Create strong partnerships:** Of course, strong partnerships and seamless collaboration are required to get any education or training program off the ground, whether that comes from funding partners, social service organizations, or public sector entities.
- **Embrace learning and growth opportunities:** Career Impact Bonds unlock a tremendous amount of data—

from how students navigate programs and use different services to what employment outcomes look like years down the road. Capture this data and use it to revisit original assumptions and seek continual improvements.

Launching a program like this has been, and continues to be, as much of a learning experience for us as it is for our students. Our work with the Career Impact Bond has also informed our approach in other programs: Now, for instance, we make the global resource guide available to all students and leverage trained social service staff to help instructors deal with complex situations. We are exploring the right ways to expand the supportive services and emergency fund to all our students. Initial results have provided reason for optimism that the program will achieve its goals, even amid the global public health and economic crises—but we also know that this is only the beginning. We are excited to continue building and learning as we expand the Career Impact Bond and explore new ways to help lift up those who are in greatest need of support and opportunity.



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*Lisa Lewin is the CEO of General Assembly, a pioneer in education and career transformation offering dynamic courses in data, design, business, technology, and other high-demand skills. Prior to General Assembly, Lewin served as president of Pearson’s teacher education group and managing director of the publisher’s global learning technology group.*



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This chapter came from the book *Workforce Realigned: How New Partnerships are Advancing Economic Mobility*.

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