



Focusing  
Philanthropy

## Per Scholas Bronx Diligence Trip Report Bronx, NY November 14, 2022

### Program Visited

- Per Scholas New York Headquarters

### Focusing Philanthropy Staff

- Larry Gilson
- Teresa Burton

### Per Scholas Staff Bronx Headquarters

- Plinio Ayala, CEO
- Caitlyn Brazil, Exec. VP Development
- Debbie Roman, Managing Director, New York

### Executive Summary

Larry Gilson and Teresa Burton visited Per Scholas Headquarters in the Bronx on November 14, 2022, for discussions with the management team. A lunch session included the opportunity to meet students.

### Background

Per Scholas is a national nonprofit offering intensive, tuition-free classes, placement, and career development services to prepare young people and adults for long-term careers in technology. Working closely with employers in each location, Per Scholas designs class curricula to teach students the technical skills they need for entry-level jobs with high demand in their local area. In 18 weeks or less, graduates have the knowledge and experience to apply for highly technical jobs at a range of companies. Per Scholas students are 90% people of color, 30-40% are women, and before the program, all students report household incomes at 200% of the federal poverty level or below. After the program, Per Scholas graduates go on to earn first-year salaries between \$33,000 and \$49,000 with potential for more each year they continue in the industry.

### Updates from Headquarters

The Per Scholas Bronx Headquarters is an impressive place with classrooms, conference rooms, and student study areas. Due to a board meeting taking place that day and only one in-person class, the site was quiet.



LG and TB met with leadership regarding programs and fundraising for the Bold Initiative. Plinio reported that Per Scholas would likely serve 4,000 students nationwide in 2022, less than planned. Their goal for 2024 has been revised to 4,800 learners. Fortunately, the graduation rate is strong and hovering at 86%, above the goal of 85%. Job placements have also been strong and are above 80%. The expected growth rate for learners will be 1,000 per year for the next couple years.

As a result, the projected number of learners in 2025 is 7,500 or 8,000, down from 10,000. The ultimate goal of reaching 50,000 learners will take longer and will probably take more than 25 cities, possibly 30. Per Scholas recognizes the need to build more efficient delivery models. The type of class that lends itself most to increasing student numbers is the satellite model – one instructor teaches a class of 12 to 15 in one location and another class in a separate location of equal numbers of students with an in-person junior instructor.

Fundraising efforts are going well even though 2022 has been challenging following record levels of support during the pandemic. In 2022, they raised \$9 million from approximately 40 individual donors, some of whom gave to the Kristof initiative. They are beginning an effort to recruit new board members, especially those who can recruit new major donors. In addition, two events in New York and Atlanta raised \$200,000 and added several donors.

Per Scholas maintains strong relationships with its employer partners. They are making an effort to diversify and deepen employer ties by partnering with at least 10 new small employers and expanding the number of graduates hired out of each cohort by their largest partners e.g., Wells Fargo. Notably, Per Scholas is a part of the OneTen initiative, composed of 70 companies, that collectively aim to hire one million black employees in the next ten years into jobs with family sustaining wages. OneTen is behind on their interim goals, but being part of the efforts helps Per Scholas place grads and increases visibility nationwide.

The discussion also covered what major funders to target for multi-year, multimillion dollar contributions to help reach past 10,000 learners. Per Scholas has made efforts to reach mega funders with no success. FP had a discussion with ELMA staff who are part of the Audacious Project about the potential for future support. In addition, talks with Social Finance are ongoing regarding student loans that will cover expenses during training. In the past, interest was too high on those loans (18 -18%) for Per Scholas to recommend loans to students, but deals have improved. Per Scholas is also negotiating with Google for a stipend instead of a loan as Plinio feels loans are de-stabilizing to learners who already shoulder debt and first jobs in tech don't pay enough to cover living costs plus debt. One potential source of revenue is alumni classes. Per Scholas will consider this idea. For now, alumni are very helpful in hiring graduates of the program into companies where they have been promoted into positions where they can make hiring decisions.

## Challenges

The largest challenge facing Per Scholas is the recruitment and retention of instructors. The shortage results in a reduced pipeline of employees for partner companies and Per Scholas having to disappoint some potential employers' and reject inquiries and requests because they cannot deliver the graduates. The Instructor Academy began in November with a cohort of 16. Per Scholas sees this as a way to address their own shortage and potentially bring in revenue from other training programs that need instructors as well.

The cost per student remains high at \$14,000/learner. The estimated cost in 2023 will be \$11,000/learner. The goal is to reduce the number to \$10,000/learner by 2026. The reasons for the increased costs have to do with remote learning. Despite early plans to reduce costs by offering remote classes, it turns out that learners per remote cohort must be capped at 16 to 18 students (except in satellite classes) because of the need for instructor attention and tech support.

The growth of earned revenue has not met their goals and stands at 20% of the current budget, less than the 30% goal. They plan to meet that goal in 2026, with an expected \$28 million in earned revenue. The fee for hire program is currently limited to St. Louis where employers are paying fees for half of each cohort. Fees are set at 12% of first year's salary, half of market rate which is 25%. Other potential markets to test recruitment fees are LA, Indianapolis and possibly Philadelphia.

Another challenge is the conversion rate of interested learners to applicants and eventual admits to each cohort. It is currently 10%, short of their 22% goal (one in ten interested people become students). Per Scholas staff is working with researchers and consultants at MDRC to identify ways to increase the rate. So far, stipends of \$250 per learner have shown the most promise.

## Students

Students joined the group for lunch and a round of introductions, each took a few minutes to tell us how they found Per Scholas and what they planned to do after graduating.

## Key Observations

We continue to work closely and collegially with Per Scholas staff at all levels to fundraise and promote their programs and new site launches. Despite significant challenges, Per Scholas has always been transparent with FP about their difficulties and how they plan to address them. Per Scholas is a strong program with continuing opportunities for expansion and innovation.

