



Zero Percent Loan: Zero Interest, Zero Barriers

Transforming Workforce Access



Creating the Zero Percent Loan

Per Scholas is grateful to the Google Career Certificates Fund and Social Finance for their vision and partnership. Together, they are helping to create and implement a powerful financial tool to help unlock potential for thousands of diverse technologists, their families, and their communities.

This has been and continues to be an extremely collaborative endeavor. We are grateful for the leadership and support of numerous organizations without which the Zero Percent Loan would not exist, including Social Finance, Ascent Funding, and Steady Impact.

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Executive Summary

Accelerated sector-specific learning programs generate demonstrable long-term earnings gains for adult learners. However, unemployed and underemployed adults face significant challenges in pursuing full-time immersive learning – the biggest barrier to enrollment is often finding the means to support oneself while preparing for a new career. Per Scholas, a national nonprofit organization with two randomized controlled trials proving long-term impact on economic outcomes, piloted a Zero Percent Loan with support from the Google Career Certificate Fund to increase access to our tuition-free IT Support program. The Zero Percent Loan provides funds directly to learners to pay for living expenses.

Initial findings from the Zero Percent Loan pilot revealed promising outcomes, including increased participation and a substantially higher graduation rate among loan applicants compared to learners who did not receive the loan. An effective means of reducing barriers to enrollment, the Zero Percent Loan can increase access to programs like the ones Per Scholas offers and help countless Americans struggling in low-wage jobs pursue practical skills training to transform their lives.

Context & Need

Accelerated sector-specific learning programs generate demonstrable long-term earnings gains for adult learners¹. Per Scholas is an award-winning and growing national nonprofit that helped pioneer a sectoral approach to technology workforce development. We offer proven technology career training, professional development, and connections to employers for low-to-moderate-income adults historically underrepresented in tech. Since 1995, we have graduated more than 25,000 individuals and partnered with employers nationwide to build more sustainable and diverse talent pipelines. On average, 80% of our alumni secure full-time employment within one year of graduation, and graduates earn 3X their pre-training wage in their first job post-graduation.

Personal financial challenges are the main barrier separating thousands of qualified candidates from opportunities to learn and grow in Per Scholas classrooms. It's the top reason many prospective applicants do not complete the application process and a significant factor in attrition when enrolled.

While our courses have always been tuition-free, their full-time nature requires significant economic sacrifices during the 3–4-month training program. This lengthy period, coupled with minimal income, compels learners to rely on savings, credit card debt, government assistance, and support from friends and family members to cover expenses during training and their subsequent job search. A financial challenge for the average American, this is often untenable for many among our target audience: 54% of Per Scholas learners are unemployed at admission, a large majority carry significant personal debt and/or lack established good credit, and the average annualized pre-training income among IT Support learners (our most popular training program) is just \$18,445.



Per Scholas is one of the only tech workforce development agencies nationally whose outcomes have repeatedly been evaluated and proven in multiyear, randomized, and controlled research trials. Studies by both Public/Private Ventures² and MDRC³ have concluded that Per Scholas training generates significant positive changes in the lives of participants versus control group members. In March 2022, MDRC updated its WorkAdvance findings showing that after seven years, Per Scholas program participants earned nearly 20% more (\$28,000) than control group members. Accelerated skills development programs, like the ones offered by Per Scholas, provide a cost-effective and practical pathway to economic advancement for many within this diverse demographic. However, learners still face significant opportunity costs. This unintended financial burden can prevent models like ours from reaching the people who could most benefit from them.

Alternative financing, including stipends, has been shown to help learners defray living costs and weather personal crises to remain enrolled in full-time post-secondary studies. Even modest financial support when emergencies arise can significantly impact an adult learner's ability to stay enrolled.^{4,5} Further, the availability of funds to support living expenses removes the stigma attached to need, creates a relationship of care between the institution and the learner, and empowers learners to seek assistance without fear or shame.⁴



Indeed, Per Scholas implemented a successful stipend pilot in 2021. With support from partners SkillUp Together Fund and Social Finance, Per Scholas offered \$1,000 stipends to qualified learners to help pay for housing, groceries, utilities, and other living expenses during their training. Our 2022 report, [“Stipends & Skills Training: A Winning Combination,”](#) demonstrated significant increases in graduation, certification, and job attainment rates among learners who received the stipend compared with a similar group of learners who did not. Unfortunately, stipend costs restrict our model from scaling as they greatly exceed what Per Scholas can provide through philanthropic and government support.⁶

Per Scholas' Zero Percent Loan Pilot

Buoyed by the results of our stipends study, in 2023, Per Scholas aligned with Google and Social Finance to explore a more cost-effective solution to enhancing access and reducing barriers to our training. In June 2023, we initiated a pilot study of an optional outcomes-based Zero Percent Loan, allowing learners enrolled in our IT Support courses to borrow \$3,000 while in training. Capital for the loan was provided by the \$100M Google Career Certificate Fund; Social Finance managed the fund and supported the partnerships; Ascent was the loan originator and servicer; and Steady Impact disbursed direct funds to learners. Generous grants from the Annie E. Casey Foundation and the Charles Koch Foundation supported financial coaching, measurement and evaluation, compilation of initial findings, and the ongoing development of research briefs to share our findings and advance sectoral thought around fostering economic mobility.



Per Scholas piloted the Zero Percent Loan offering in IT Support cohorts, which offer the Google IT Support Professional Certificate, at eight Per Scholas campuses between June 2023 and March 2024 (IT Support is our most popular training program, enrolling 2,500 individuals in 2023). Participating learners can borrow \$3,000 interest-free while enrolled in training and use it for any purpose. There is a 3-month grace period after graduation. Once the repayment period begins, monthly payments are fixed, and learners can request a deferment if they do not have a job earning at least \$40,000 per year. Moreover, loan holders can request forbearance if they have other life events that make repayment challenging. The repayments are recycled by being returned to the Google Career Certificate Fund and reused to support future loans.

Importantly, unlike typical income-share agreements (ISAs) that are sometimes mandated by other training providers, Per Scholas' Zero Percent Loan is entirely optional and only funds learners' direct expenses rather than covering tuition for their education. The Per Scholas model remains tuition-free and ensures that anyone can participate without taking on debt. Further, the Zero Percent Loan is outcomes based. Per Scholas contributes a portion of the loan cost, recouping funds only when graduates achieve successful employment outcomes. The Zero Percent Loan is a meaningful innovation for low-to-moderate-income individuals that could be implemented by local governments, employers, or other institutional actors who want to increase access to high-quality employer-demand-driven, full-time training options.



Rather than a funding mechanism for Per Scholas' training costs, the Zero Percent Loan is an investment in our learners' well-being and long-term success. At Per Scholas campuses nationwide, we have received growing demand from our learner community for greater financial support. Learners consistently indicate in the admissions process and to financial coaches that financial constraints present the biggest challenges to enrolling in and completing a Per Scholas training. Helping learners alleviate the financial stress that comes with any period of dedication to full-time study – because the everyday costs of living continue – is a common sense approach to fulfilling our mission to advance economic equity.

Our Research

To assess the impact of the Zero Percent Loan pilot, our Research and Evaluation Team analyzed the initial outcomes, focusing on the following questions:

1. **Access:** Does the presence of the loan opportunity increase enrollment among individuals who would not otherwise be able to attend Per Scholas?
2. **Financial Burden:** Does the loan help alleviate the financial pressures of enrolling in a full-time learning opportunity?
3. **Persistence:** Does participation in the loan help learners persist at Per Scholas throughout the 13-week course?

Between June 2023 and March 2024, the Zero Percent Loan was offered to 466 individuals across 21 IT Support cohorts at eight Per Scholas campuses (Atlanta, Baltimore, Chicago, Cincinnati, Dallas, Detroit, North Carolina, and Philadelphia). While the uptake rate fluctuated by cohort and location, nearly 60% of those offered the Zero Percent Loan chose to apply for it.

Access

The availability of the Zero Percent Loan as a resource for learners coincided with higher enrollment rates – during the pilot study, Zero Percent Loan cohorts reached 101% of their target enrollment. In comparison, non-Zero Percent Loan cohorts enrolled 95% of their target during the same period.

Per Scholas has consistently prioritized providing technology training to individuals traditionally underrepresented in the tech industry.



Enrollment data in markets where the Zero Percent Loan has been offered show an increase in the diversity of cohorts served, with the percentage of Black or Hispanic participants rising from 71% before introducing the Zero Percent Loan to 78% afterward. Additionally, female representation increased from 39% to 48% during the same period. This trend suggests promising possibilities for expanding access and inclusivity in tech training, which aligns with Per Scholas' mission to empower diverse talent in the technology sector.

Figure 1. Difference in the Diversity of Cohorts Served

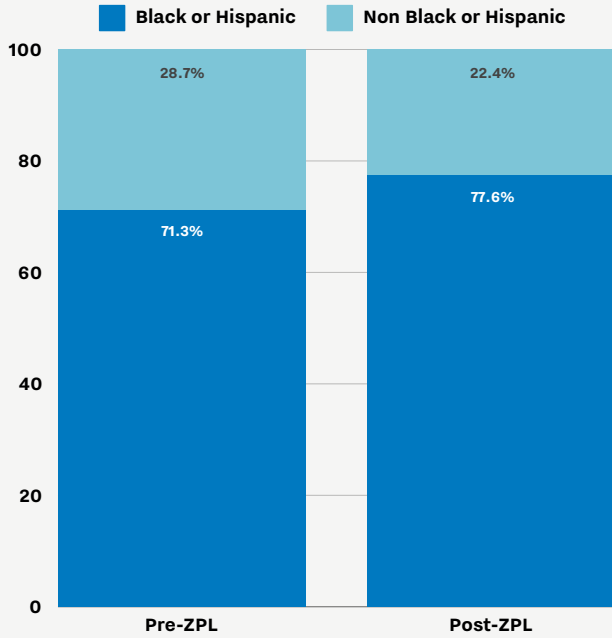
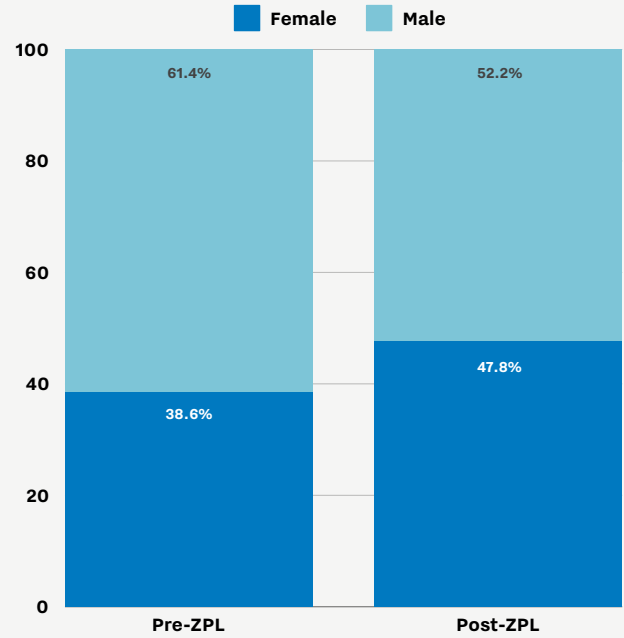


Figure 2. Difference in Female and Male Representation



There were some demographic differences between individuals who applied for the loan and those who did not. For instance, higher percentages of Black and Hispanic learners (54%) applied for the loan versus White learners (48%), and higher percentages of women (56%) applied for the loan versus men (51%). Additionally, higher percentages of learners with a high school diploma or equivalent (54%) applied for the loan than those with trade school and associates degrees (45%). Overall, loan applicants were slightly older than non-applicants (34 compared to 32 years old), and loan applicants were earning approximately \$1,500 per year less than those who did not apply for the loan.

Figure 3. Demographic Differences Between Loan Applicants

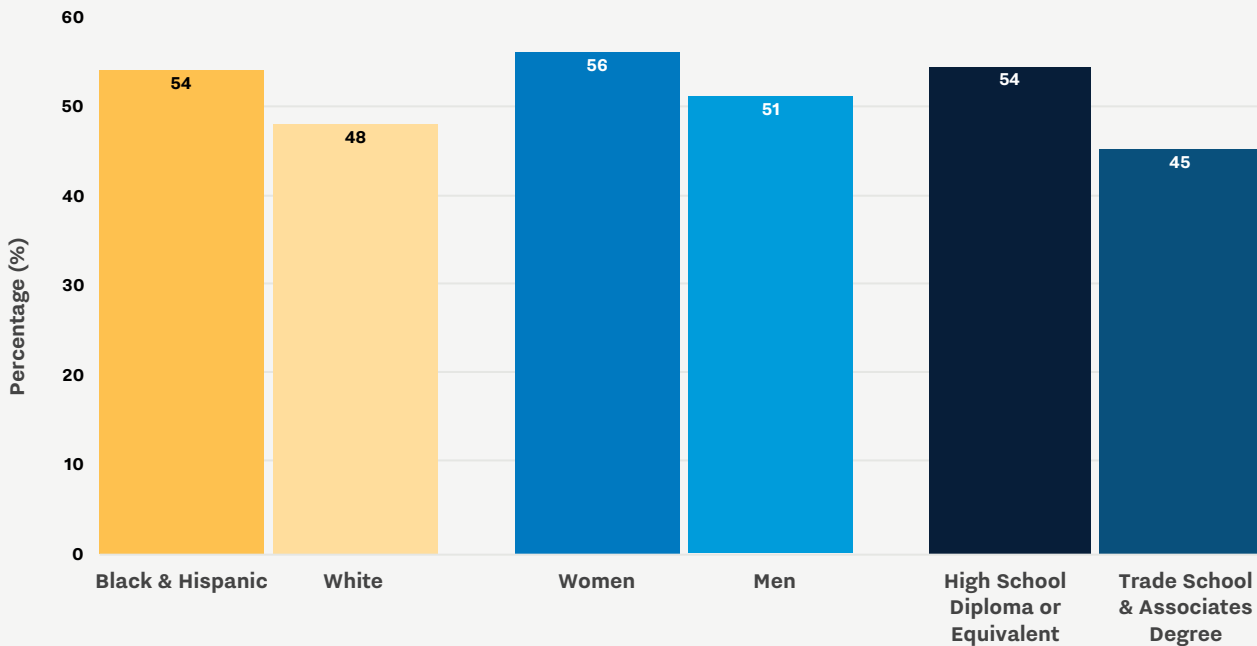


Figure 4. Difference in Average Age Between Applicants and Non-Applicants

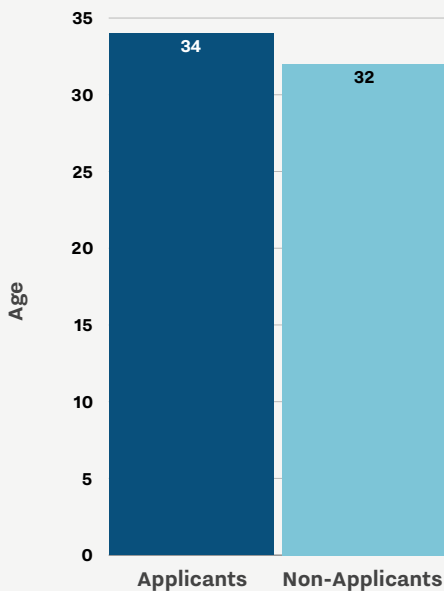
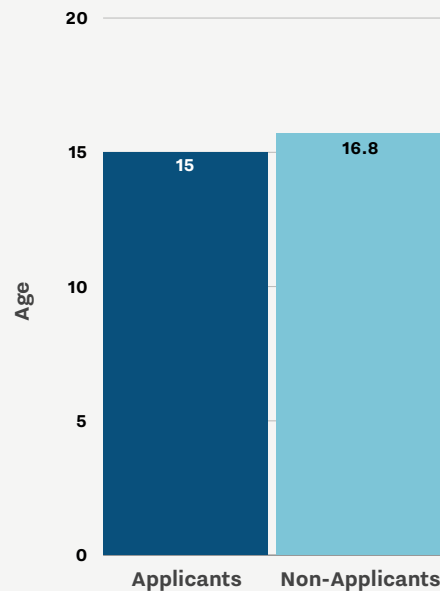


Figure 5. Difference in Average Pre-Training Hourly Wages Between Applicants and Non-Applicants

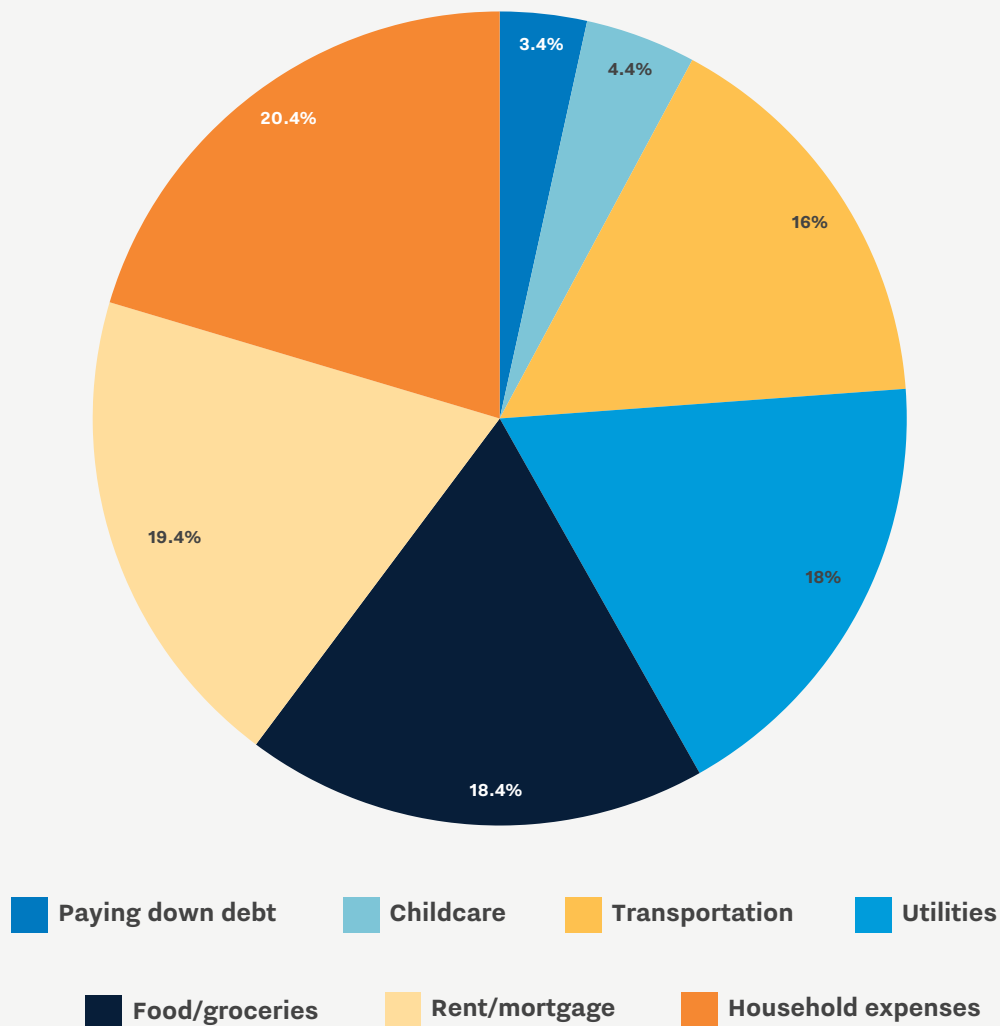


Reducing Financial Barriers

Learners reported that the Zero Percent Loan reduced the financial burden of full-time study for 12–15 weeks. Of the 96 learners who responded to a survey administered during their third week of class, 75% of loan applicants agreed that receiving the loan motivated them to stay enrolled. Among survey respondents, the most commonly reported use of loan funds was related to household expenses, rent/mortgage, food/groceries, utilities, and transportation. When asked why she applied for the loan, one learner’s response exemplifies the dilemma countless potential enrollees face: “I am a single parent of two small girls, solely responsible for our livelihoods. I could not complete this program for 12 weeks without some form of assistance.”



Figure 6. Zero Percent Loan Usage

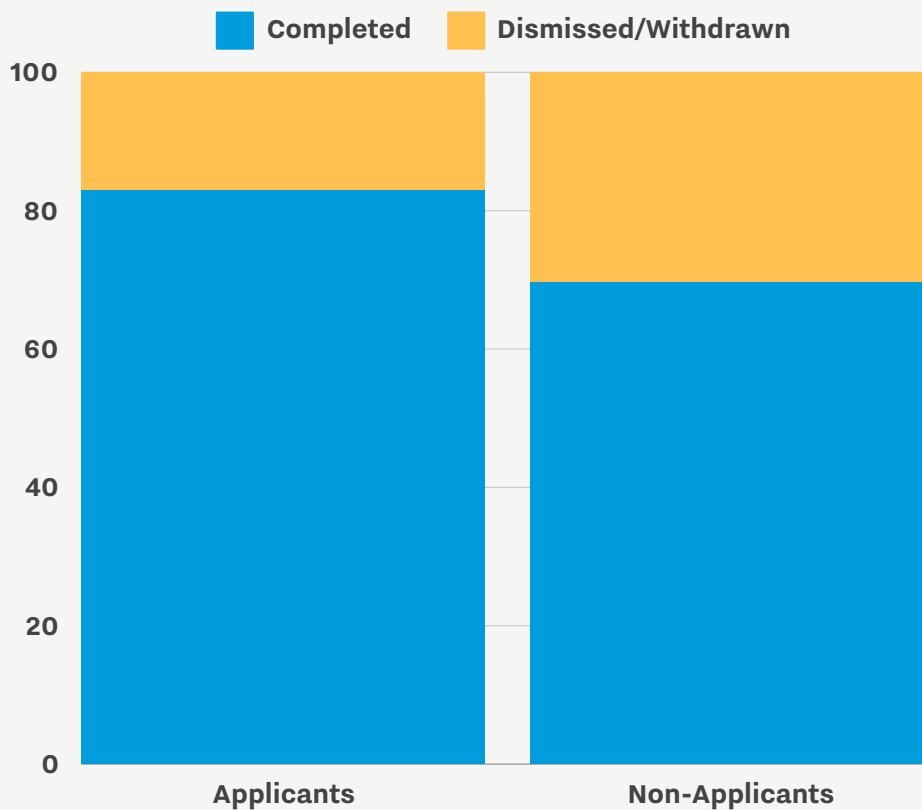


Persistence

The most significant result of the Zero Percent Loan pilot study was its impact on graduation. Preliminary analyses reveal that Zero Percent Loan applicants had substantially higher graduation rates compared to those who did not take out the loan: 83% versus 70%, a difference of 13 percentage points.



Figure 7. Graduation Rates for Loan Applicants and Non-Applicants in Per Scholas cohorts that offered the Zero Percent Loan (unadjusted)



Note. Applicants, N = 188; Non-Applicants, N = 155



Additionally, we conducted a binary logistic regression, controlling for campus and learning environment, demographics, and other factors that could impact graduation rates. We found that learners who applied for the loan were more than two times more likely to complete their courses than those who did not apply ($p = .009$). Learners who used the Zero Percent Loan also had higher certification rates, but that difference was not statistically significant.

Per Scholas Experience

When the Covid pandemic hit, security guard and professional DJ Tori Haynes decided to pursue a career in tech.

“I was looking for growth and development,” Tori reflected. “A career where I can use my mind more and my body less. Where I could do something I loved and get paid for my brainpower versus my sweat equity. Tech did that for me.”

After interviewing for a tech position, Tori couldn’t secure the job without certifications. However, her interviewer, a Per Scholas alum, recommended the program as a pathway into tech. “What appealed to me about Per Scholas was that it was a short program; I didn’t want to go to school for four more years. It would get me the certifications and the fact that it was free was like the icing on top.”

During her IT Support training at Per Scholas Baltimore, Tori received timely support through the Zero Percent Loan program – a \$3,000 interest-free loan for living expenses. “When I found out I got the loan, it was such a relief. It allowed me to concentrate fully on my studies and gave me a cushion so I didn’t have to work constantly to make ends meet. Some people literally can’t pursue education because they can’t afford it. Doing this program for free and with the extra financial help? That’s a miracle for some people.”



Tori Haynes

IT Support Alumna

Not long after graduating, Tori secured a position as an IT Support Specialist at MCB Real Estate. “My financial situation has improved,” Tori said. “I would definitely say Per Scholas was life-changing for me. If you’re looking for a way to transition into tech, or seeking a fresh start, Per Scholas is the perfect catalyst. The program is incredibly thorough, and you will be prepared very holistically. They really care about your success.”



Key Takeaways & Next Steps

The success of the Zero Percent Loan pilot highlights its potential for broader implementation and further study. Loan recipients reported reduced financial burdens and demonstrated higher graduation rates. Markets offering the loan increased classroom diversity and improved seat utilization – evidence the Zero Percent Loan is enhancing the efficiency of Per Scholas’ tuition-free education program. Every unfilled seat in a training cohort or mid-class vacancy represents a missed opportunity – for an individual seeking transformative career training, for employers in need of qualified talent, and for the communities poised to benefit from economic mobility.



These initial findings have prompted Per Scholas to expand the Zero Percent Loan to all markets, and examine its influence on employment rates and time-to-job attainment.



Implications & Policy Solutions

The Zero Percent Loan pilot demonstrates a significant financial innovation in education support and workforce training. Unlike loans provided to pay tuition, it helps learners cover essential living costs such as food, housing, and transportation while enrolled.

The key distinction of the Zero Percent Loan is its design. By eliminating interest, the model allows learners to invest in their future without accumulating compounding debt. This approach offers a forward-thinking solution to workforce training funding, emphasizing the importance of meeting basic needs for learners' success and future economic mobility.

For government, philanthropic, and employer stakeholders, the Zero Percent Loan enhances the effectiveness of workforce training investments. By providing learners with the financial stability necessary to succeed, it bolsters program graduation rates and fosters financial independence. Learners can build credit responsibly while knowing they will never pay more than they borrowed. Flexible repayment options like deferments and forbearances acknowledge unpredictable challenges learners may face as they transition into new careers. Compared to higher-risk options like credit cards and personal loans, the Zero Percent Loan offers a safer, more sustainable path to financial independence, supporting long-term economic mobility.



As we advance to the next stage of the Zero Percent Loan implementation and study, Per Scholas looks to engage additional partners to help us refine and scale this promising new tool and develop thought leadership and public policy advocacy to promote its broader implementation. The Zero Percent Loan can help individuals struggling in low-wage jobs access proven skills training to prepare them for high-quality work with long-term career potential. By addressing the diverse needs of our learners, Per Scholas aims to foster inclusive economic prosperity across the country.

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