

# Pursuit Bond Memo

February 2019

- **Updates to terminology: Pursuit Bond**

Pay it Forward (PIF) and 18-85 Job Outcomes Bond (18-85 JOB) were terms we used to describe our funding model when it first launched. Since then, we realized that these terms did not adequately capture how the model works:

- The term PIF suggested Fellows payments only pay for training future participants; in reality, these payments go to repaying the Bond, which finances the training of future Fellows *and* the Fellow's own training.
- The term PIF suggested that payments were charitable contributions; in reality, they are payments for a service (training and career advancement services)

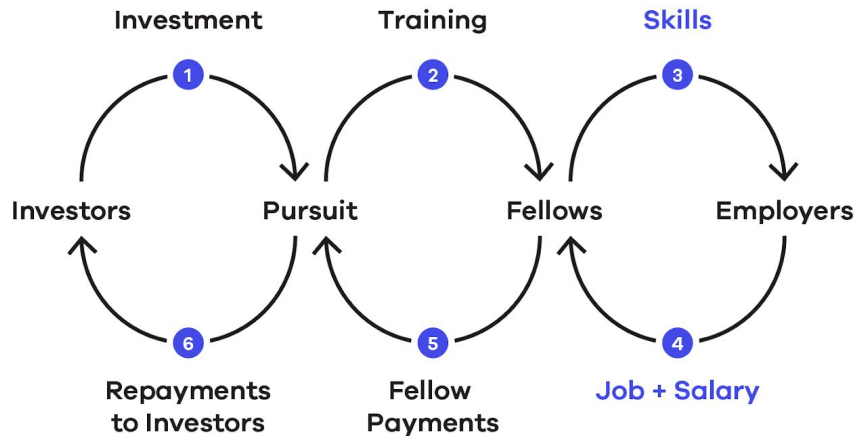
Moving forward, we will be referring to the 18-85 JOB and PIF as the Pursuit Bond. The Fellow's payments into the Bond will be called Fellow payments.

- **Why the Pursuit Bond and your payments are so important**

Fellow payments to Pursuit Bond are critical to the organization. Put another way: without the payments from our Fellows, we would not exist.

In 2017, Pursuit launched a new funding mechanism to help finance our work: then called the '18-85 Job Outcomes Bond' (see article from [Fast Company](#)). We recognized that if we continued to rely only on donations from traditional philanthropic sources, we would not be able to provide the quality of services we believe are required to prepare our Fellows to thrive in the tech industry. For comparison, our Core software developer training program is 10 months, whereas the average coding bootcamp offers three months of training; our classes are offered both during the day and on nights and weekend; and perhaps most importantly, all of our participants come from low-income backgrounds. Over the years, we've continued to make deeper commitments to our Fellows by adding instructional staff, building an office space for Fellows and staff, and launching a three-year career advancement program.

Funding these services requires deep capital investments that are enabled by the Pursuit Bond. Through this model, Pursuit receives funding from investors to run our programs. These investors provide funding upfront to Pursuit with the expectation that they will receive a financial and social return, i.e. a measurable, beneficial social or environmental impact, in the form of high-need high-potential adults receiving training, getting high-paying tech jobs, and transforming their lives. As part of financing our programs, the investors get their money back from Pursuit plus a return for the risk that they incur in providing the investment (i.e. interest). Pursuit is legally and financially obligated to fulfill these repayments.



**The Fellow payments and repayments to Investors are directly linked.** The payments that Pursuit receives from Fellows go to repaying the investment that the organization already received to train Fellows. In our current budget, these payments are expected to cover between 47% and 62% of our total operating costs; the rest of the cost of training is made up by donations and other fee for services that we secure. This means that the total amount that a Fellow with a Pursuit Bond-eligible job pays covers roughly half of the total amount it took to train that Fellow.

Fellows only pay back to the Pursuit Bond when they successfully get hired in a tech job or tech-driven company **and** make above a salary threshold. If these two requirements are not met, Fellows do not pay a cent. This means that if Pursuit does not deliver outcomes and help Fellows get jobs, the organization itself is financially and legally on the line for the investment. Pursuit would otherwise default on what we have borrowed with the Bond.

- **Getting back to fulfilling the Pursuit Bond: The reset**

Fellow payments are critical to how we operate. All Fellows who have Pursuit Bond-eligible jobs should be actively paying so that Pursuit can repay investors for the costs of training. We extend a sincere thanks to our Fellows who have been diligent about making their payments. Some of our Fellows will have completed the terms of their Pursuit Bond agreement and made their final payment as early as May 2019 — an important milestone for our community. We will work with all Fellows with Pursuit Bond-eligible jobs to ensure they complete their Fellow payments as well.

For those who have lapsed in meeting their responsibility to paying, we hope to work with you to get back on track by April 1, 2019. We will be offering **a one-time opportunity to reset**, i.e. begin paying or restart your payments to the Pursuit Bond. This includes:

1. A reset of the accrued late or delayed amount due to \$0
2. A due date of April 1, 2019 for your next Fellow payment
3. Basing your current payments on your past salary rather than your current salary. All your consequent payments will be tracked along with your employment and salary history. We believe that this is the fair and accurate amount that you should have paid. In order to enact this policy, we will need to work closely together; you will be required to share all previous employment contracts and paperwork with Pursuit.

4. Because the one-time reset is a new policy, Fellows will be asked to sign an amendment to the original contract in order to access this service.
5. Payment period reset to the number of months remaining on your Pursuit Bond payment term
  - If you paid 0 months, your 24 months (for 3.0 grads) or 36 months (for 4.0 grads) payment schedule starts immediately
  - If you paid 6 months, you have 18 months remaining (for 3.0 grads) or 30 months (for 4.0 grads) on your payment schedule

- **We are offering an Economic Hardship Pause**

We understand that financial challenges can arise, and we want to make sure Fellows have time to address them. To that end, we are instituting a 'Economic Hardship Pause' in which a Fellow with a Bond-eligible job can take a three-month consecutive or non-consecutive break in making Fellow payments. The Fellow will be required to start or return to making monthly salary payments on the first day of the month following the end of the pause. The pause can be used throughout the life of the Fellow's Pursuit Bond Agreement, not for each individual job. All 3.0 and 4.0 Fellows will be able to use the Pause. Because the Economic Hardship Pause is a new policy, Fellows will be asked to sign an amendment to the original contract in order to access this service.

Information about the pause is outlined in this [Economic Hardship Pause document](#).

- **What happens if I don't pay?**

Although we have not pursued any formal actions to date, the agreement that you signed at the start of the program is legal and binding. Though we hope not to enact them, we reserve the right to enact [recourse policies](#). Similarly, Pursuit has legal and binding agreements with investors that obligate Pursuit to enact recourse policies. These policies will go effective April 1, 2019.

If you have a Bond-eligible job and do not get in contact with Pursuit by March 20, 2019, there will be no one-time reset. In addition, if you are currently over 90 days past due, Pursuit reserves the right to enact recourse starting April 1, 2019.

- **Frequently Asked Questions**

In an effort to continue to clarify the Pursuit Bond and its many components, we have created a [Frequency Asked Questions \(FAQ\) page](#).

- **What's next?**

1. As a part of getting back on track to making your Fellow payments, you will receive an email from [bond@pursuit.org](mailto:bond@pursuit.org). Please respond by March 20 confirming your receipt of this email so we can take the necessary steps to completing your first payment or discussing next steps.
2. If you have not yet sent us your employment contract(s) or been onboarding onto Vemo, please email us your contract and schedule an onboarding session to ensure that you will be able to complete your payment by the due date of April 1, 2019. Yong Kang, our Director of Finance, will work with you to make sure you are up-to-date.

3. Apply for the Economic Hardship Pause if you would like for it to take effect April 1. Information on how to do that is available [here](#).