

Portfolio Update

Prison Scholar Fund (PSF)

Presented by The USIT Foundation in Spring '23

Originally Presented in Spring '22

Charity
Summary

- **PSF is a growing prisoner re-entry program that provides educational needs to prisoners seeking a second chance**
 - It provides paper-based and online courses, online coding session, and individualized mentorship for participants
 - Partnerships with Coding Dojo, Arizona State University, GED programs, tech companies (AWS, Google, Microsoft)
 - Self-reported \$1.45M created in value through creation of 130 scholars, 84 graduates, and 81 new jobs

Donation
Thesis

- **We believe that PSF deserves a re-donation because:**
 - A growing tech network and industry connections (nepotism) for placing employees at ex-FAANG startups
 - Success in securing **\$850,000** from four grants applied to with help from a grant writer hired from previous donation
 - The high possibility for impact and program expansion into new markets through Boston's Green Light Fund
 - Seattle's continued unique positionality as a computer science hub constantly seeking new and engaged employees

Theory of
Change

- **PSF transforms the lives of formerly incarcerated individuals through a unique CS education model and industry placement**
 - PSF selects the top 40 participants after reaching out to thousands of potential participants across Washington
 - Management team with extensive experience and comprehensive software engineering network at FAANG
 - Participants complete comprehensive computer science courses & online coding sessions as well as attend networking sessions and interview skills training while earning GEDs and additional vocational training
 - Participants receive, on average, 12 job interviews post-graduation
 - 100% of PSF participants are employed or in-education within 90 days of their graduation, with an average salary of **\$96,967**, an average salary increase of **\$56,158**
 - A 3-year recidivism rate of 4% compared to the Washington state average of 27.8% and nationwide rate of 68%

Prison Scholar Fund (PSF)

Charity Updates & Forward Trajectory

Notable Highlights

Funding:

- PSF utilized PIT’s donation to the cost of a grant writer, who was also formerly incarcerated, on pursuing and securing more funding opportunities
- The grant writer is *Galen Baughman*, who is a directly-impacted advocate, policy analyst, and development professional.
 - Galen was awarded a Soros Justice Fellowship by Open Society Foundations in 2015 to focus on systems of indefinite detention.
- PSF has applied to **7** funds with the help of grant writing, and has been awarded **\$476,539** from 3 foundations and 2 significant funds of \$800,000 on pending
- Independent to these, PSF also won a **\$350,000** grant with the **FCC** to help connect returning residents with free/discounted phone services

Programs:

- The Coding Dojo partnership has grown to provide 2 slots of lessons to people enrolled in PSF per month
- The scholarship now awards 34 grants each month

Future Plans

Current Challenges:

- Capacity building
 - PSF is understaffed because of a lack of program staff members, so they’re hoping to hire a program manager, executive assistant, and a director of grant development

Digital:

- Boston's [Green Light Fund](#) has reached out to PSF to explore a program expansion into Boston
- If partnered, it will receive \$600k to spend on its Boston program over 4 years, which allows PSF to open an office in Boston as well

Partnership:

- PSF hired its prison scholar and coding bootcamp graduate David Moore full-time as an Employment Navigator
- This work has lead to **7 new companies** being willing to interview through

Funder	Grant Ask	Purpose	LOI Response	Cost
Gathering Collective King County General Grant	\$545,082	Digital Equity	??	\$350
CS Fund	\$100,000	Digital Equity	??	\$350
FCC - ACP outreach	\$700,000	Digital Equity Promotion	\$350,000	\$600
Lucky Seven Fdn	\$5,000	Unrestricted	\$5,000	\$375
Affordable Connectivity Outreach Grant Program	\$455,539	Digital Equity, ACP	\$455,539	\$850
Hazel Miller Fdn	\$5,000	Digital Equity, Food security	\$16,000	\$350
Medina Foundation	\$40,000	Truck, food security	Declined	\$350
Wash Women's Fdn	\$100,000	Unrestricted	Declined	\$500
				\$3,725

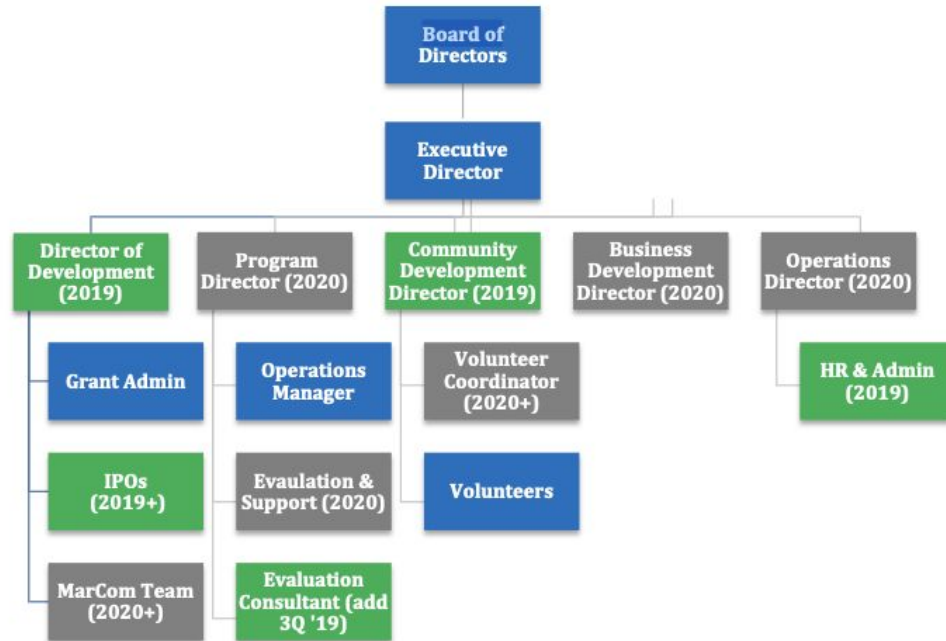
Unit Economics

KPI	2018	2019	2020	2021	2022P	2023P
Revenues	\$84,148	\$98,903	\$767,067	\$1,210,114	\$1,898,361	\$2,306,877
Expenses	\$97,099	\$152,016	\$737,310	\$1,224,683	\$1,825,762	\$2,300,826
Participants	21	15	20	100*	200	400
Average Cost per Participant (Expenses/Participants)	\$4,623.29	\$7600.80	\$36,865.5	\$12246.83*	\$9128.81	\$5752.065
Recidivism Rate (3-year)	0%	0%	0%	4%	5%	5%
Employment rate	PSF did not track this data in this time period			100%	PSF has not projected or collected this data	
Average Salary per Participant				\$96,967		
Other Commentary / Timeline of Operations	PSF attends the ASU + GSV accelerator summit		PSF partners with local food charities to donate ~600k in food boxes	Partnership with Coding Dojo begins in Q4	PSF hires a grant writer, foray into Boston expansion	

Note: sources for data linked in speaker notes

Appendix

Projections for Future Growth from 2019



W/ RCT

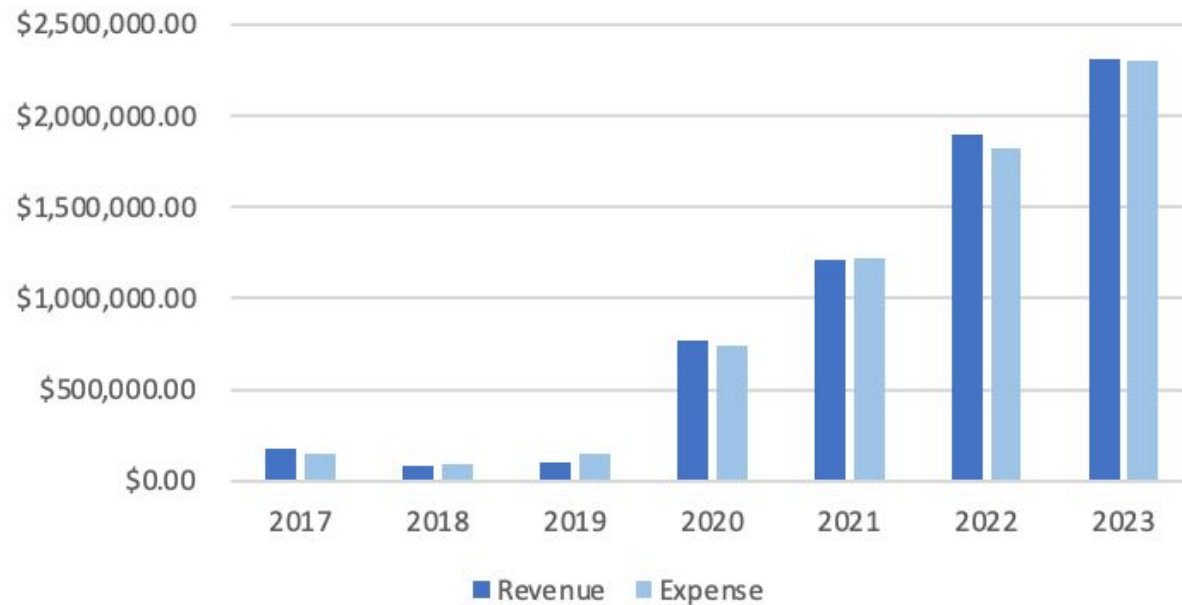
	2019	2020	2021	2022	2023
Revenues					
Contributed Income					
Individuals	48,205	550,000	1,000,000	1,100,000	1,200,000
Foundations	140,000	2,000,000	2,000,000	2,000,000	2,000,000
Corporations	5,000	10,000	50,000	75,000	100,000
Gov't Agencies (Pay for Success)	-	250,000	250,000	500,000	500,000
<i>Contributed Income subtotal</i>	193,205	2,810,000	3,300,000	3,675,000	3,800,000
In-Kind Contributions					
In-Kind Contributions / Support	100,000	140,000	200,000	250,000	300,000
<i>In-Kind subtotal</i>	100,000	140,000	200,000	250,000	300,000
Total Revenues	293,205	2,950,000	3,500,000	3,925,000	4,100,000
Expenses					
<i>Salaries and Benefits subtotal</i>	83,248	468,750	1,043,500	1,371,900	1,578,276
<i>Professional Services subtotal</i>	71,000	50,500	71,400	79,316	82,654
<i>Outreach subtotal</i>	15,686	32,500	47,500	82,500	97,850
<i>Program subtotal</i>	20,000	2,360,000	2,360,000	2,360,000	2,360,000
<i>Operations subtotal</i>	16,739	23,369	32,989	42,046	42,046
Total Expenses	206,673	2,935,119	3,555,389	3,935,762	4,160,826
Contribution to Net Assets	86,532	14,881	(55,389)	(10,762)	(60,826)

Relevant Links

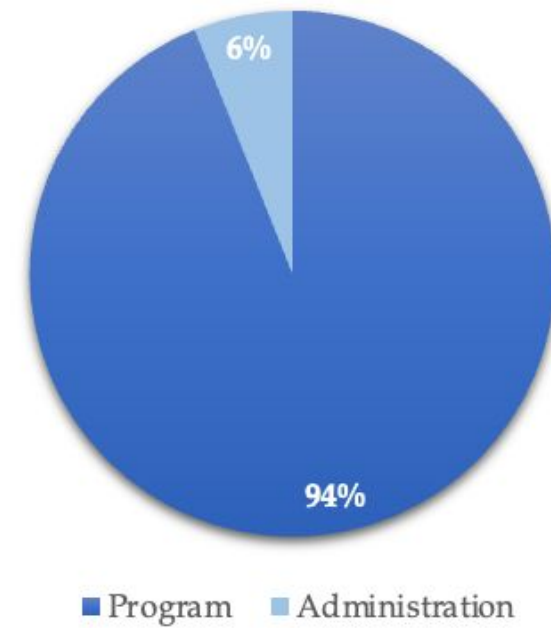
- Updated relevant links
 - [2021 Form 990](#)
 - [2022 Form 990](#)
 - [Call Notes](#)
- Original relevant links
 - [PSF Folder](#)
 - [Impact Report](#)
 - [Call Notes](#)
 - [Theory of Change Study #1](#)
 - [Theory of Change Study #2](#)
 - [Website](#)
- Existing Decks
 - [PSF Original Presentation](#)

PSF's cash has grown significantly since 2020 with the increase in secured funds and expansion of programs

Revenues & Expenses over Time



2023P Organizational Budget



Prior Engagement & Analyst Verdict

- PSF utilized PIT's donation to the cost of a grant writer on pursuing and securing more funding opportunities
- PSF has applied to 7 funds with the help of grant writing, and has been awarded \$476,539 from 3 foundations and 2 significant funds of \$800,000 on pending status
- PSF is aiming at capacity building to accommodate larger classes and more cohorts, which they plan to do via additional hires of a Program Manager and Executive Assistant

Contact History

- Feb 18th – First contacted to request a meeting for portfolio management update
- Feb 28th – Discussed recent updates with CEO Dirk van Velzen through Zoom
- Mar 8th – Received post-discussion detailed information as requested in the meeting

Analyst Verdict

The Prison Scholar Fund **deserves continued funding** for three reasons:

- **First**, a PIT donation of \$10,000 was successful in facilitating ~85x return on investment by allowing the charity to write successful grants for \$850k+ over the course of one year. Future donations from PIT would allow for further unrestricted funding which would allow for further grants and program expansion, which would continue to decrease recidivism in the greater Seattle area and beyond.
- **Second**, a PIT donation which allows for more grant money would allow PSF to expand its program further across the country. PSF has already displayed new partnership potential through its work in Boston, and further grants would allow this program to become a reality.
- **Third**, PSF has displayed improving KPIs and a significantly improved work placement rate within the past year in conjunction, though not related to the PIT donation. In the past year, PSF has displayed improved employment rate, more participants served, and a lower cost per participant.

The USIT Foundation

usitfoundation.org | texasusit.org

History

The Philanthropy Investment Team was formed in Spring 2020 at The University of Texas at Austin by request of the University Securities Investment Team (USIT) Foundation and Alumni Network, which wished to establish a partnership with the student organization to source charitable investment opportunities.

This fund generates ideas and performs diligence on charities that merit a donation with a value investing framework. Through the primary and secondary research of undergraduate Analysts, the Philanthropy Investment Team is developing a model of impact measurement, both for initial investment diligence and subsequent staged donations. Its funds are replenished yearly, comprising 1% of the total Annual Gross Income of the Alumni Network.

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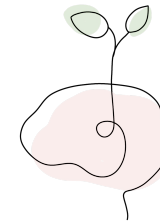
About the USIT Foundation

The USIT Foundation is the 501(c)(3) parent organization of the University Securities Investment Team, the largest student-run investment fund at The University of Texas at Austin. Comprised of alumni who started their investing journeys with the team, the USIT Foundation works closely with student leadership in the contexts of investing, data science, and philanthropy.

The USIT Foundation supports and advises the USIT student organization and marshals and engages its alumni to promote personal and professional growth through active charitable giving. In Spring 2020, the alumni of the USIT Foundation initiated a philanthropic Giving Pledge to commit time and resources to better our communities.

Philosophy and Approach

The USIT Foundation is committed to evidence-based philanthropy and continuously builds upon a model of effective, responsible capital deployment. In its months-long competitive annual process, the Foundation identifies and performs deep diligence, including client testimonials, data room modeling, and impact stress testing, on charities. In the 2022-23 academic year, the Foundation plans to provide \$120,000 in donations to several charities that operate within the three observed impact verticals, with the initial donation opening the door for years-long engagement and follow-on investments.



Education

Ensuring that students of all ages receive high-quality, equitable education while community members are properly supported.



Justice & Opportunity

Breaking down systemic barriers to assist the reentry transition and reduce nationwide recidivism.



Climate Change

Reducing emissions and waste to invest in a cleaner planet and higher quality of life for communities.