



A Better Chicago Fights Poverty by Scaling Promising Opportunities

Case Study 2022: One Million Degrees

A BETTER CHICAGO



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Edward Blanco...

excelled in high school and set his sights on a four-year university. But his family couldn't afford it, and he was stymied by the thicket of paperwork to apply for admissions, financial aid and scholarships. Community college—and a Chicago nonprofit called One Million Degrees—offered a path forward: He earned an associate degree from Harper College, transferred to Illinois State University and is now a special education teacher in Chicago.

Precious McNeil...

was confused and overwhelmed as she neared the end of her first year at Malcolm X College. The straight A's she'd earned in high school didn't come as easily, and she was having second thoughts about her chosen career in medicine. OMD got her back on track academically and helped her develop a Plan B. She finished up at the University of Illinois/Chicago with a degree in urban studies.

Qahir Muhammad...

struggled at Western Illinois University and came home to Chicago for a reset. "There was so much I didn't know about the professional world, or about how to be successful in college," he says. OMD provided the mentorship he needed to complete his associate degree at Harold Washington College. He'll study nutrition at a state university in the spring and feels confident about his future.

Edward, Precious, and Qahir all are part of the larger success story that is One Million Degrees.

OMD—one of A Better Chicago's portfolio investments since 2013—helps highly motivated students from low-income backgrounds graduate from community college and access a brighter future. For these students, money isn't the only barrier to higher education. They benefit from OMD's wraparound supports: financial aid, academic tutoring, personal coaching and professional development.

The result: OMD scholars earn degrees at twice the overall rate of City Colleges of Chicago.

For A Better Chicago, OMD represents another kind of success. Its remarkable performance serves as a proof point for A Better Chicago's venture philanthropy model. As an early investor in OMD, we recognized its potential to grow exponentially. Since 2013, we've provided OMD with more than \$4.6 million in unrestricted capital, strategic and management support and other resources—all to enable OMD to innovate and expand its reach.

A Better Chicago supported OMD steadily as it grew from serving 121 students in 2013 to 743 in 2021. We invested capital, facilitated collaborations with other institutions, and helped plan and secure funding for strategic projects, such as a pivotal eight-year randomized controlled trial to quantify its results. Now, OMD is poised to scale its work within systems such as Chicago Public Schools and City Colleges of Chicago, potentially reaching thousands of Chicago students annually. Research shows that an associate degree translates to \$222,000 in additional lifetime earnings. A Better Chicago's investment in OMD exemplifies how A Better Chicago collaborates with nonprofits to break the cycle of poverty for thousands of Chicago students.



About Our Model

A Better Chicago's mission is to fight poverty with opportunity, creating pathways to economic mobility for youth from low-income backgrounds. Instead of focusing only on established nonprofits, we aim to identify and elevate promising early-stage initiatives that have the potential to scale to serve larger populations and ideally become self-sustaining.

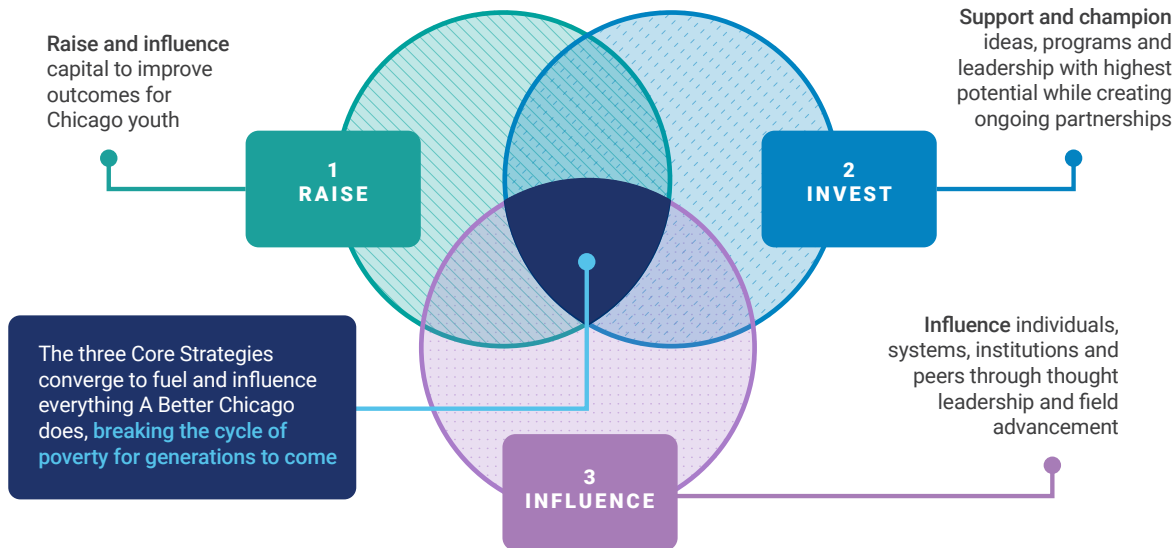
To do this, we leverage a venture capital approach: We raise money from donors who want to amplify their impact. (Every dollar donated goes to support our portfolio organizations, since our board of directors generously covers our operating costs.)

We provide unrestricted funds and strategic capacity-building support for our investments. We track our portfolio's performance and share results.

Our model is evidence-based. Candidate nonprofits are rigorously vetted before being added to our portfolio to make sure they align with our mission, serve a critical unmet need, have sound management and financial records and have the potential to scale. Crucially, they must make the case that their approach will succeed.

OMD checked all those boxes in 2013. It was delivering strong outcomes for a relatively small group of students. It had a new CEO, Paige Ponder, with a vision for growth. And it had far more applicants than it could help. That year, A Better Chicago made an inaugural investment of \$75,000.

Our model



Our unique approach is driven by impact and collaboration



Diligence

We do the homework for you and only invest in the most effective nonprofits.



Partnership

We invest financial and management support to help our portfolio nonprofits succeed.



Results

We carefully track our portfolio's performance and share results.

Why One Million Degrees?

Community college is a lamentably untapped resource. Nearly half of U.S. college students begin their higher education at community colleges, but only one in three earns an associate degree within three years. In Chicago, it's even worse: 23 percent of students who enroll in City Colleges of Chicago earn a degree or certificate in three years.

College costs are not the only factor. Low-income students qualify for federal Pell grants or Chicago STAR scholarships, which cover tuition and books. But students face an array of other challenges. Many are first-generation college students, so they have no experienced adult to help them navigate the admissions and financial aid process. They may lack study skills or need guidance to select and schedule courses strategically. They need help writing resumes, building networks and interacting with professionals to connect their degrees to workplace success. OMD's strategy is to dismantle those obstacles all at once. It provides last-dollar financial aid, personal coaching, free tutoring and mandatory professional development workshops, for which students earn annual stipends of up to \$1,000.

Each year since our inaugural investment, A Better Chicago's board of trustees has approved additional support for OMD at levels of up to \$250,000, based on the recommendations of A Better Chicago's fund manager. Meeting at least quarterly with OMD leadership, the fund manager monitors the organization's progress toward its goals and documents its performance

against benchmarks. The funding recommendation is based on a 360-degree assessment that includes a "confidence rating" of 1 to 4 in each of four areas: program, leadership, operations and scale.

Those recommendations have consistently noted compelling student outcomes, strong leadership, stable finances and sustained growth at OMD.

Over time, OMD has expanded its impact strategically by shifting from a direct services model to partnering at the systems level with City Colleges and three other area community colleges. OMD also was selected by the Illinois Community Colleges Board to help implement a statewide apprenticeship model in information technology.

Along the way, A Better Chicago has been a consistent investor and thought partner. In addition to annual unrestricted capital, A Better Chicago has provided steady funding and continued guidance to support executive development, strategic planning, communications and marketing and hiring for key positions, including a new CEO, Aneesh Sohoni.

In 2015, we helped plan and secure funding for an eight-year randomized controlled trial (RCT) conducted by the University of Chicago Inclusive Economy Lab. Early results show that when compared to a control group, OMD scholars were more likely to enroll full time, to persist through their first year of community college and to earn a degree or certificate within three years. Future reports will focus on employment and earnings as these scholars pursue careers.



Measuring Effectiveness

Researchers at the Inclusive Economy Lab randomly selected participants from a pool of eligible applicants recruited by OMD. The 892 scholars who accepted the offer enrolled in 2016, 2017, and 2018.

Nearly 85 percent of the students were Black or Latinx; almost 60 percent were first-generation college students, and all qualified for federal Pell grants or Chicago STAR scholarships.

To document outcomes, the analysts consulted National Student Clearinghouse, a nonprofit research center that collects data from colleges and universities nationwide.

The Results

OMD
scholars
were

35%

more likely
to enroll
full time

47%

more likely to
persist through
their first year
of community
college

46%

of OMD students
in the trial earned a
degree within three
years, double City
Colleges' 23%

Compared to the control group, the OMD scholars were 35 percent more likely to enroll full time and 47 percent more likely to persist through their first year of community college. Overall, 46 percent of the OMD students in the trial earned a degree within three years. That's 18 percent more than the control group—and double City Colleges' 23 percent.

Scholars who entered the program directly from high school were 73 percent more likely to earn a degree in three years than the control group. Those students represent a small subset of the cohort, and their larger margin of success led OMD leadership to reconsider how to better target and support those applicants, the researchers' report notes.

The findings of the randomized controlled trial are a potential game-changer, validating the success of the OMD approach and inspiring confidence that it can be replicated elsewhere and at scale. The results have generated interest from corporate and public partners.

Last year, OMD partnered with the Colorado Department of Higher Education's Colorado Opportunity Scholarship Initiative on a pilot program called "Finish What You Started." The program targets low-income adults, 25 and older, who have some postsecondary education but no degree. Colorado's General Assembly recently approved \$49 million in public spending to expand the program to 31 colleges and universities throughout the state.

The results of the randomized controlled trial provide convincing evidence that Edward, Precious, and Qahir are more than anecdotal triumphs. They are products of a proven approach, pioneered by OMD and amplified by A Better Chicago, that

can be applied broadly and change the lives of countless young people. OMD has developed a national prototype for community college success—and a validation of A Better Chicago's transformative investment model.

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