

# Letter from Austen Allred, CEO & Cofounder

We started Lambda School over 3 years ago to give people a lower-risk path to rewarding, well-paying careers. Since the beginning, the foundation of Lambda School's educational model is the alignment of incentives – if our students aren't successful, neither are we.

As much as we talk about it, and as synonymous as Lambda School has become with Income Share Agreements<sup>1</sup> (one form of incentive-aligned education), the student impact of incentive-aligned education remains insufficiently understood and dramatically underappreciated.

The common narrative is that “if you go to college, you’ll get a good job.” And yet, when you look at the numbers, the odds of success for the typical freshman entering college are frighteningly low. To take one example, according to the National Center for Education Statistics, the graduation rate of students who entered four-year US colleges as of 2012 was 43.7%<sup>2</sup>. Think about that – almost half of all the students entering college each year will not earn a bachelor’s degree in 4 years despite all the tuition they owe – and therefore can’t leverage a diploma to get a good job.

We designed Lambda School to share that risk with our students because we believe that if an institution fails to properly prepare its graduates for employment, those graduates shouldn’t be obligated to pay tuition.

Part of being an incentive-aligned institution means having transparency, consistency, and accountability around student outcomes. Our goal is that after examining this Outcomes report, potential students should be able to answer the following question: *If I put in the work and effort, how likely is it that I'll be successful in getting a job?*

To ensure that we achieve our reporting goals with this report we are proud to be working for the first time with [The MFA Companies](#), an accounting, audit, and advisory firm. They performed an examination of our H2 2019 outcomes data, and you can view their independent accountant’s report below.

We plan to continue reporting on student outcomes regularly, and hope to continuously improve the report based on the feedback we receive.

We believe that incentive-aligned education is the future of education and hope this report demonstrates the progress we’re making, even in these extraordinarily difficult times.

— **Austen Allred** | Lambda School CEO & Cofounder

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<sup>1</sup> Income Share Agreement (ISA): A Lambda School ISA is a contract under which you agree to pay 17% of your post-Lambda School salary for 24 months, but only once you're making more than \$50,000 per year (or the equivalent of \$4,166.66 per month). The ISA is capped at a maximum repayment of \$30,000, so you won't pay more than \$30,000 under any circumstances.

<sup>2</sup> [https://nces.ed.gov/programs/digest/d19/tables/dt19\\_326.10.asp](https://nces.ed.gov/programs/digest/d19/tables/dt19_326.10.asp)



# The Lambda Model – How It Works

## Our Curriculum

**Lambda School is a remote, interactive experience, with two intensive program schedules students can choose from:** full-time, 40+ hours per week with approximately six months of coursework; and part-time, 15+ hours per week for approximately 12 months. As a part of our mission to make great education available to anyone we designed our programs to be accessible regardless of location, family responsibilities, or access to transportation.

**Our program curriculum is designed with input from real hiring managers.** We asked dozens of employers what specific skills they look for in candidates, and then designed our programs with learning activities that help students master these skills, including labs where students have the opportunity to build and ship real products.

**Experienced software engineers and data scientists lead our curriculum development and class instruction.** When hiring instructors, we look for the right mix of technical acumen, teaching ability, and real-world experience to ensure that our students get the mentorship they need to succeed in tech.

**Our curriculum includes project-based work to give students real-world experience.** Every fourth “sprint” (one week for full-time students, two weeks for part-time) in units 2-4 is a “build sprint,” in which students hone their technical skills and develop critical team skills. In addition, at the end of the program, students participate in Lambda Labs, an in-house apprenticeship program where students gain practical, real-world work experience.

**Students have access to on-demand support from their career coach, instructors, industry mentors, and other students** throughout their Lambda School experience, in addition to free mental health services from our health partners.

**Every student has the opportunity to give and receive mentorship throughout the program.** Through the new Lambda Leadership program, we’re building a culture of mentorship that gives every student the opportunity to give and receive feedback, build leadership skills, and learn to explain technical concepts in simple terms, which are vital skills for success in the workplace.

**Community, Support & Services:** Students have access to support and services throughout their Lambda School experience, including free mental health support from our health partners. Our mentoring and alumni programs, as well as special-interest Slack channels and virtual meetups, keep our Lambda community connected.



## Career Services

Starting in unit 1, every student is introduced to our career preparations curriculum and has access to online office hours hosted by Lambda's expert career coaches, whom they'll work with until they are placed in their first job. Students also complete assignments to help prepare them for the job search, including resume building, networking prep, and mock interviews. In addition, we offer an industry mentorship program in which each student is paired with a professional in their field, who can provide career guidance and networking opportunities.

When it comes time to place students in jobs, we work with companies who need fresh talent across the country to create pipelines for our graduates to get hired. Our career placement experts are in continual discussions with employers to understand their talent needs and share how our students have the hands-on practice, theory, and personal determination to make them prepared, skilled, and tenacious employees.

## Incentive-Aligned Education

We started Lambda School with one overarching goal: to align the incentives of Lambda School with the incentives of the student. We want to share the risk of completing a program and searching for a job with our students. We believe all students deserve the downside protection that incentive-aligned education brings.

To this end, Lambda School currently offers ISAs, so our students only repay tuition when they land a job making at least the monthly equivalent of earning \$50,000 per year<sup>3</sup>. This means the company can succeed only if our students succeed.

Students who choose the ISA payment option agree to pay 17% of their post-Lambda School salary for 24 months. We've built several protections for students into our ISA. For example, students only begin making payments if they're earning at least the monthly equivalent of earning \$50,000 per year (payments are calculated monthly). The ISA is also capped at a maximum repayment amount of \$30,000.

Crucially, if a student's income in a given month drops below the monthly equivalent of earning \$50,000 per year, payments are paused. Once a student has reached 5 years' worth of paused payments, the ISA is then cancelled, regardless of how much the student has paid to date. This downside protection is automatically built into our ISAs, unlike the student loans from typical universities.

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<sup>3</sup> As of this report, Lambda School ISAs are not available in California.



Tuition financing options, including ISAs, that align the incentives of the school with the incentives of the student are not only fair, they also have the potential for a measurable impact on a student's net worth over their lifetime.

Per the Summer 2019 NACE Salary Survey the average income of a recent college graduate after four or more years earning a bachelor's degree in 2019 was \$50,944.<sup>4</sup> Per The Institute for College Access & Success the average student debt of recent college graduates regardless of their starting salaries in the same year was \$28,950.<sup>5</sup>

As an example, if you make the following assumptions:

- A university student takes 4 years to graduate
- A Lambda graduate earns our median annualized salary from this report (\$65,000) upon graduation
- A Lambda graduate makes their ISA payments successfully to term (i.e. 24 months)

... then by the time that university student graduated, the Lambda student would have earned \$65,000 annually during three of those years, and already have paid off their ISA.<sup>6</sup>

At Lambda School we take on part of the financial risk of education for our students. Since our students come to us in order to get a better job, they only pay us once they have that job. Our students who don't get jobs making at least the monthly equivalent of earning \$50,000 per year never pay us anything. Regardless of all other outcomes, our students pay us only when they have a job.

## Program Flexibility

We designed Lambda School to accommodate multiple pathways to graduation, rather than taking a "one-size-fits-all" approach – and that means that the length of time a student spends in the program can vary considerably, although the total coursework and tuition will, of course, remain the same for every student that is enrolled.

There are four aspects of our program that result in variable program lengths (within the same program) for our students:

- **Flexible:** Mastery-based progression means that a student's progress is based on their individual needs and pace. If someone needs to repeat a section to demonstrate mastery, they will do so. It's not about checking boxes; it's about making sure students master the skills they need to land and succeed in a job.

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<sup>4</sup> <https://www.naceweb.org/uploadedfiles/files/2019/publication/executive-summary/2019-nace-salary-survey-summer-executive-summary.pdf>

<sup>5</sup> <https://ticas.org/affordability-2/student-aid/student-debt-student-aid/report-class-of-2019-four-year-graduates-average-student-debt-is-28950/>

<sup>6</sup> This assumes that a Lambda School student in the full-time program graduated on time, got hired making the median annualized salary of a Lambda School graduate as outlined in this report, and made 24 monthly payments on their ISA.



- **Team Lead Program:** During H2 2019, we encouraged many of our students to apply to our Team Lead (TL) Program during their time at Lambda School. The TL Program was an optional, paid student leadership experience that gave students an opportunity to further their technical learning while gaining valuable leadership skills they'll need throughout their career. Some students who were accepted as Team Leads chose to proceed with their Lambda School program concurrently, while others chose to pause their coursework to focus on their Team Lead responsibilities for a period of time. This program is currently being phased out, but was still part of our programs during H2 2019, which is why we're mentioning it.
- **Hiatus Option:** Lambda is designed to accommodate the “life happens” pause that some students may need, and we do allow students to go on “hiatus” on a case-by-case basis. These students’ ISA terms remain the same – they don’t make any payments until they get a job making at least the monthly equivalent of earning \$50,000 per year.
- **Switching Between Full-Time and Part-Time:** At times, we have students who request to switch from a full-time program to a part-time program. We often grant these change requests when they arise, as we understand that some students may need to maintain a job for financial stability while in school. On occasion, we also have students who are hired *before* their original anticipated graduation date, but who would like to finish the course material in our part-time program while engaged in their new jobs.

If a student falls under any of the above four possibilities, their actual graduation date will be later than their original anticipated graduation date when they started school. We purposefully designed our model to allow this type of flexibility, as we understand that each student will have different needs over the course of their educational experience.



# The Impact of the COVID-19 Pandemic

More than six months after our last outcomes report and eight months into a global pandemic, the world looks a lot different today. Educational institutions who have only ever offered a few, if any, online classes are now only offering online classes or a hybrid of on-campus and online courses. Unemployment rates have hit long-time highs – per McKinsey & Company in the five weeks ending April 18, 2020, 26 million Americans filed for unemployment<sup>7</sup> – and work trends have drastically changed due to the new socially distant world.

Many of our students and alumni have grappled with the economic and health ramifications of the pandemic. The Lambda School H2 2019 Outcomes Report includes students whose original anticipated graduation date fell within H2 2019, and there is no doubt that the pandemic impacted the outcomes outlined herein. Many students had just begun or were in the midst of job searching when the pandemic initially hit; many students lost their jobs, had to take work outside of their fields, or took drastic pay-cuts.

We, as a company and educational institution, are doing everything in our power to help get our students and graduates back to where they should be – prospering in a new career. In the past few months, Lambda School has strategically updated curriculum and processes to incorporate more robust support for students beginning their job search with weekly networking touch points, behavioral mock interviews, and more extensive preparation for technical interviews. We are always taking in feedback and working to evolve to best support the needs of our students, and our hope is that these updates will help more students land high-paying careers on the other side of Lambda School.

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<sup>7</sup> <https://www.mckinsey.com/industries/public-and-social-sector/our-insights/covid-19-and-jobs-monitoring-the-us-impact-on-people-and-places#>



# Methodology – Additions & Updates

In our last outcomes report, we included four metrics that we believe are important for students to understand when evaluating a school like Lambda:

- **Graduation rate:** Of the Starting Students whose Original Anticipated Graduation Date is in H2 2019, what percentage of them actually graduated as of the Reporting Date?
- **Job placement rate:** Of the students whose Actual Graduation Date was during H2 2019, what percent of them have been placed as of the Reporting Date?
- **Time to placement:** Of the Graduated Students whose Actual Graduation Date was during H2 2019 and were Job Seeking, how many of them were Placed within X days of graduation?
- **Salary expectations:** What is the median annualized salary of placed students?

In this report we are now also including:

- **Position Type:** What types of positions are Lambda graduates placed into?
- **Job Title:** What are the job titles of placed Lambda graduates?

We're also now breaking out the results by program (Full Stack Web, Data Science, and Other<sup>8</sup>), and program type (Full-Time and Part-Time).

## Updates

For our placement statistics we're now excluding students who were not Job Seeking<sup>9</sup>. A student who isn't Job Seeking is defined as either Unresponsive<sup>10</sup>, or No Longer Pursuing Intended Track<sup>11</sup>. We made this change because we feel it best represents to potential students what their likelihood of getting a job would be at Lambda School if they completed all the required coursework and were actively engaged in a job search.

For our graduation statistics we're now reporting on students who start Unit 2 (versus Unit 1). Unit 1 is financially risk-free to students (they can get a full refund at any time during Unit

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<sup>8</sup> UX, iOS, and Android

<sup>9</sup> **Job-Seeking:** A student who is working with a career trainer, actively searching for a job using our job board, and/or who has communicated to the career trainer team that they're actively applying or searching for a job in a technical field. This includes students who have received but not yet accepted a job offer, as well as students who have paused their job search for a period of time. It does not include students who have not responded to our outreach (Unresponsive; see next bullet).

<sup>10</sup> **Unresponsive:** A student who has been sent 3 slack messages and 3 emails, over the course of 2 weeks, with no reply. Afterwards, a student is added to an unresponsive sequence that emails them once a month. Status remains unresponsive unless a reply is received.

<sup>11</sup> **No Longer Pursuing Intended Track:** A student has chosen to not pursue the technology career path they learned at Lambda School. This is considered permanent.



1) therefore we felt that starting Unit 2 was a better benchmark for potential students to understand our results.

To complete our analysis for each of the above metrics, and similar to our previous report, we had to use distinct populations of students. See management assertions for details on the populations' relationships.





# Lambda School Outcomes Report

H2 2019 Cohorts | Released Q4 2020



To the Management  
Lambda Inc.  
250 Montgomery Street  
San Francisco, CA 94104

#### INDEPENDENT ACCOUNTANTS' REPORT

We have examined management of Lambda Inc.'s (the School) assertions that the accompanying Lambda School H2 2019 Outcomes Report (the Report) for the period from July 1, 2019 through December 31, 2019 is presented in accordance with the criteria set forth in the Management Statement Regarding Assertions Related to Lambda School's Program Results. The School's management is responsible for its assertions. Our responsibility is to express an opinion on management's assertions based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether management's assertions are fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about management's assertions. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatements of management's assertions, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide reasonable basis for our opinion.

In our opinion, management's assertions referred to above, based on the criteria set forth in the Management Statement Regarding Assertions Related to the Lambda School's Program Results, are fairly stated, in all material respects.

*Moody, Famiglietti & Andronico, LLP*

Moody, Famiglietti & Andronico, LLP  
Tewksbury, Massachusetts  
December 2, 2020

## Management statement regarding assertions related to Lambda School's program results

We, as management of Lambda School (the School), are responsible for the assertions made in preparing the Lambda School H2 2019<sup>12</sup> Outcomes Report (the Report) for students who had an original anticipated graduation date, and/or students who actually graduated for the period from July 1, 2019 through December 31, 2019. Management's assertions are included within the results of the Report and are based on the criteria as defined

The Report is intended to provide readers with information about historical graduation and job placement statistics for the period from July 1, 2019 through December 31, 2019. We confirm, to the best of our knowledge and belief, the following assertions:

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<sup>12</sup> July 1, 2019 - December 31, 2019



## Graduation Rate<sup>13</sup>

### Graduation Rate Addressable Population

The addressable population for the Graduation Rate is the 743 students whose Original Anticipated Graduation Date<sup>14</sup> fell in H2 2019, the period from July 1, 2019 through December 31, 2019, regardless of when these students actually graduated.

This population of 743 students is then broken down into three categories:

- Those who withdrew from the program
- Those who are still enrolled at Lambda School, as of the Reporting Date
- Those who graduated<sup>15</sup>

We designed the Lambda School model to accommodate multiple pathways to graduation, rather than taking a “one-size-fits-all” approach - and that means the program length can vary from one student to the next. There are several factors that can result in a student’s Actual Graduation Date<sup>16</sup> being later than their Original Anticipated Graduation Date, such as repeating a unit, serving as a Team Lead, going on hiatus for personal reasons, or switching to a part-time program. We have purposefully designed our model to allow for this type of flexibility because we understand that each student has different needs over the course of their educational experience.

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<sup>13</sup> Management’s criteria for defining Graduation Rate is determined from the population of Starting Students whose Original Anticipated Graduation Date is in H2 2019 and actually graduated as of the Reporting Date

**Reporting Date:** September 30, 2020

**Starting Student:** A student who attended day 1 of Unit 2 of the coursework

<sup>14</sup> **Original Anticipated Graduation Date:** The date the student would have been expected to graduate if they moved through the program without repeating a unit, going on hiatus, or pausing their student status to become a Team Lead.

**Team Lead:** A part-time position filled by students

<sup>15</sup> Includes students who accepted a technical position prior to completing the program

<sup>16</sup> The date when the student successfully completed the final sprint of their program

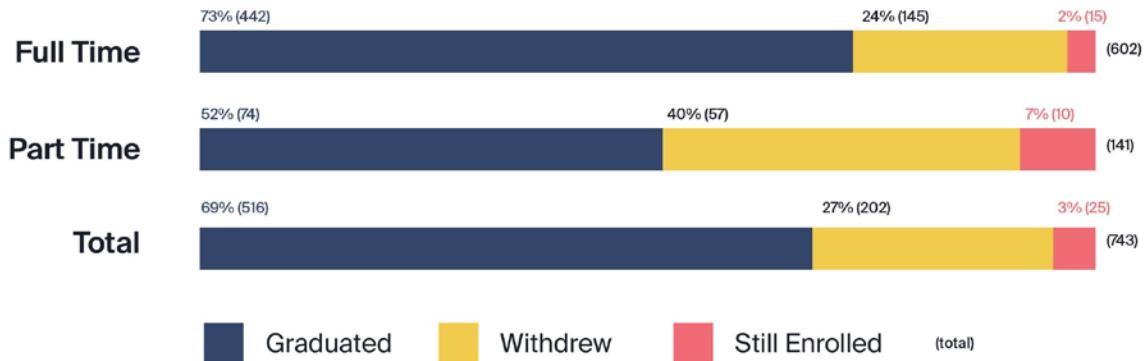


## Graduation Rate Results<sup>17</sup>

### Graduation Rate by Program



### Graduation Rate by Program Type



<sup>17</sup> This population size was 743. Note due to rounding not all totals add up to 100%

<sup>18</sup> Includes UX, iOS, and Android programs.

<sup>19</sup> A student who has successfully completed the final sprint of their program, or who has been hired (in a technical role) before their final sprint.



## Job Placement Rate<sup>20</sup>

### Graduation Rate to Job Placement Rate Methodology

Our Job Placement Rate is calculated from the addressable population of students (743) whose Actual Graduation Date was during H2 2019 (516).

The addressable population of students (743) students consist three unique groups:

- **Students who graduated (516)**
- Students who withdrew (202)
- Students who are still enrolled (25)

Of the **516 Students who graduated**, they consist of three unique groups:

- **Students who graduated in H2 2019 (300)**
- Students who graduated before H2 2019 (2)
- Students who graduated after H2 2019 (214)

Of the **300 students** whose Actual Graduation Date was in H2 2019 and who also had an Original Anticipated Graduation Date in H2 2019, we determined the number of Job-Seeking students in this population includes:

- **Job Seeking Students (234)**
- Non-Job Seeking and/or Unresponsive Students (66)

The Job Seeking Students of 234 were then adjusted for an additional **60 Job Seeking Students (excludes Non-Job Seeking and/or Unresponsive Students)** who had an Original Anticipated Graduation Date before or after H2 2019 but who had an Actual Graduation Date in H2 2019 for a total of **294 Students in the Job Placement Rate Addressable Population.**

**These 60 students consist of two unique groups:**

- Graduated in H2 2019, Original Anticipated Graduation before H2 2019 and Job Seeking (58)
- Graduated in H2 2019, Original Anticipated Graduation after H2 2019 and Job Seeking (2)

### Job Placement Rate Addressable Population

The addressable population for the Job Placement Rate is the **294 students whose Actual Graduation Date was in H2 2019 and who were Job Seeking.**

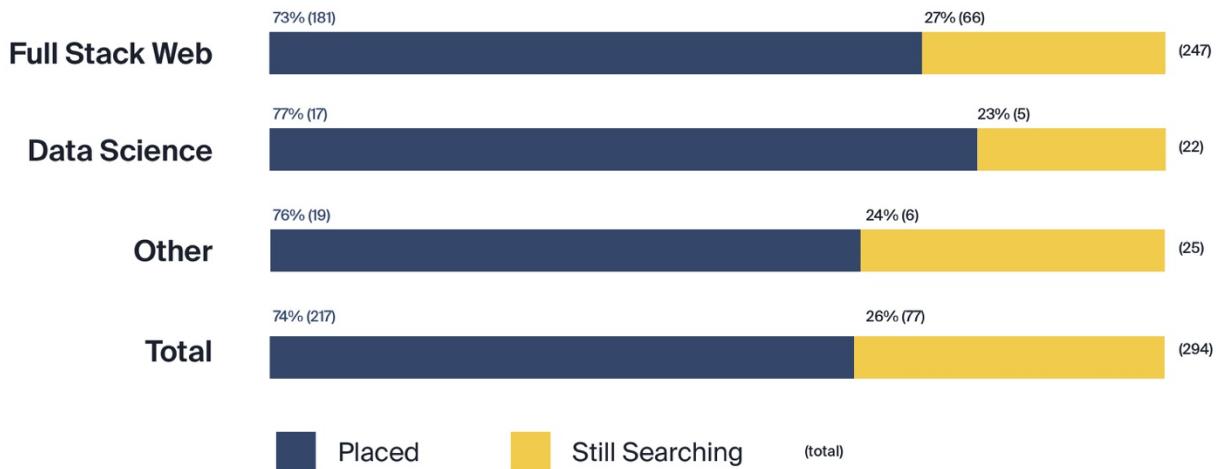
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<sup>20</sup> Management's criteria for defining Job Placement Rate is determined from the students whose Actual Graduation Date was during H2 2019, what percent of them have been placed as of the Reporting Date

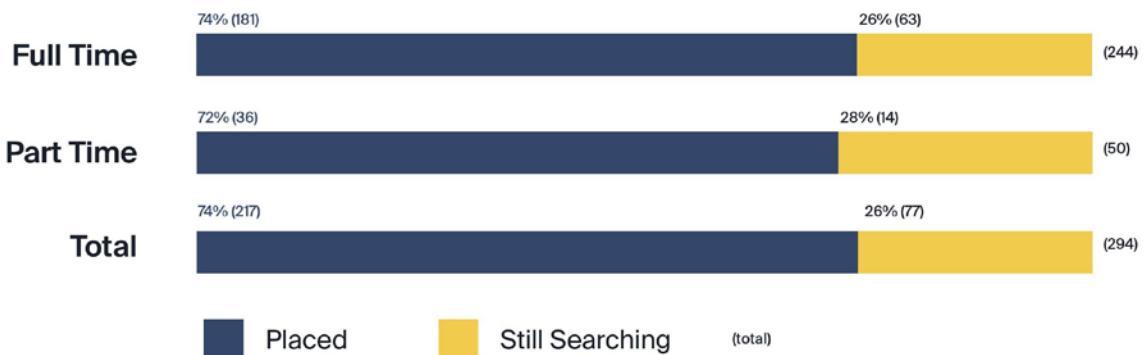


## Job Placement Rate Results<sup>21</sup>

### Job Placement Rate by Program



### Job Placement Rate by Program Type



<sup>21</sup> Population size is 294 students



## Time to Placement<sup>22</sup>

### Time to Placement Addressable Population

Of the 294 students who had an Actual Graduation Date in H2 2019 and were Job Seeking, 217 of these students were subsequently Placed in jobs. The addressable population for Time to Placement is the 217 Placed Students.<sup>23</sup>

### Time to Placement Results<sup>24 25</sup>

#### By Program

	Full Stack Web	Data Science	Other	Total
Within 90 days	107 (59%)	11 (65%)	14 (74%)	132 (61%)
Within 180 days	140 (77%)	16 (94%)	19 (100%)	175 (81%)
All Time <sup>26</sup>	181 (100%)	17 (100%)	19 (100%)	217 (100%)

#### By Program Type

	Full Time	Part Time	Total
Within 90 days	110 (61%)	22 (31%)	132 (61%)
Within 180 days	146 (81%)	29 (81%)	175 (81%)
All Time	181 (100%)	36 (100%)	217 (100%)

<sup>22</sup> Management's criteria for defining Time to Placement is determined from the Graduated Students whose Actual Graduation Date was during H2 2019 and were Job Seeking, how many of them were Placed within X days of graduation

<sup>23</sup> **Placed Student:** A student whose Actual Graduation Date was in H2 2019 and who was subsequently placed in a job. For this report there are 217 Placed Students

<sup>24</sup> Population size is 217 students

<sup>25</sup> Please note that each row is a subset of the following rows, so columns will not add to 100%

<sup>26</sup> Each row is a subset of the following rows, so columns will not add to 100%. For example, every student who is counted in "Within 90 days" is also included in "Within 180 days".



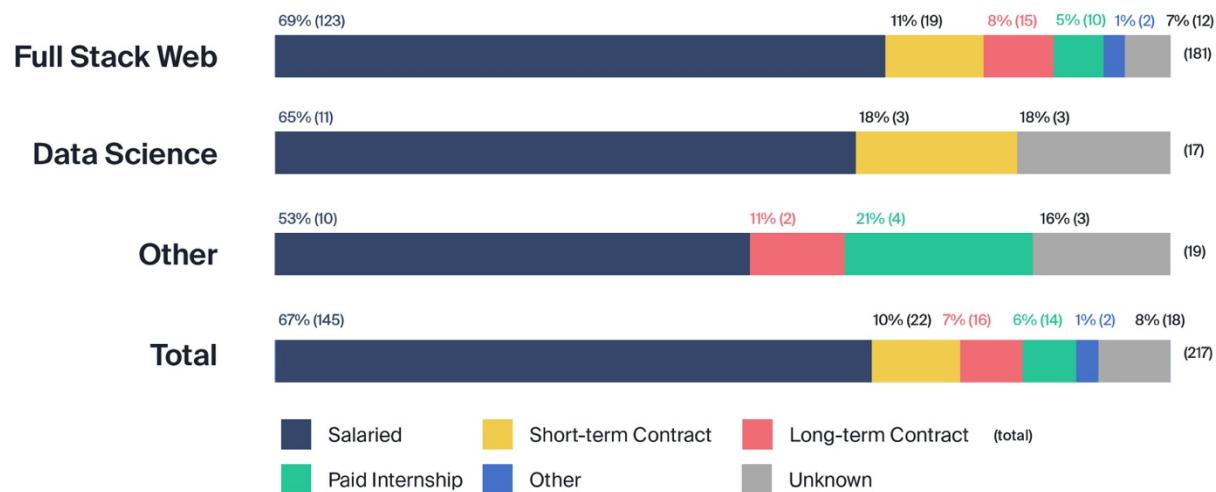
## Position Type<sup>27</sup>

### Position Type Addressable Population

Of the 294 students who had an Actual Graduation Date in H2 2019 and were Job Seeking, 217 of these students were subsequently Placed in jobs. The addressable population for Position Type is the 217 Placed Students. For the students whose Position Type were not reported, they are reported below as Unknown.

### Position Type Results

#### By Program

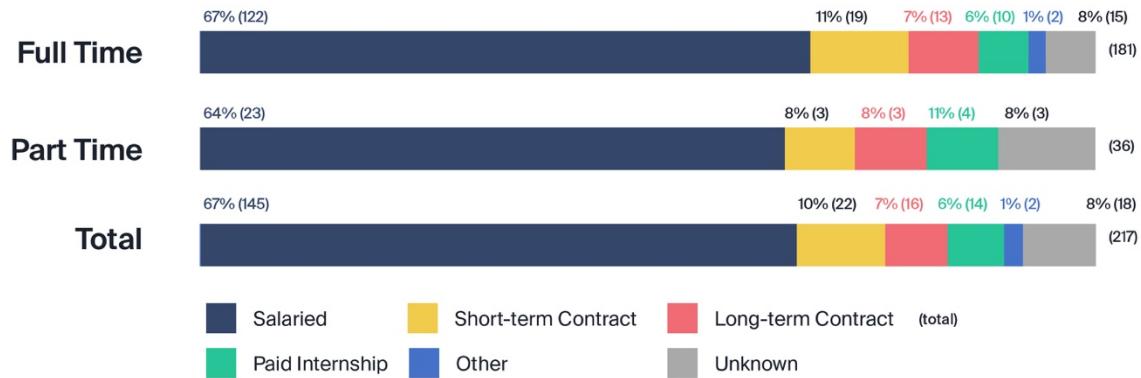


<sup>27</sup> Management's criteria for defining Position Type is determined from the position type of a student's first Recorded Offer

**Recorded Offer:** The job offer the student self-reported to Lambda School or our ISA servicers



## By Program Type



## Salary Outcomes<sup>28</sup>

### Salary Outcomes Addressable Population

The addressable population for Salary Outcomes is the 217 Placed Students. For the students whose Position Type were not reported, they are reported below as Unknown. This analysis includes full-time salaried positions, as well as other types of work including full-time apprenticeships, part-time hourly positions and contract positions. Salaries for non-full time roles have been annualized.

### Salary Outcomes Results

#### Median Annualized Salary<sup>29</sup> of Placed Students

	Full Stack Web	Data Science	Other	All Programs
Median Annualized Salary	\$60,000	\$75,000	\$72,000	\$65,000

	Full Time	Part Time	All Programs
Median Annualized Salary	\$65,000	\$59,120	\$65,000

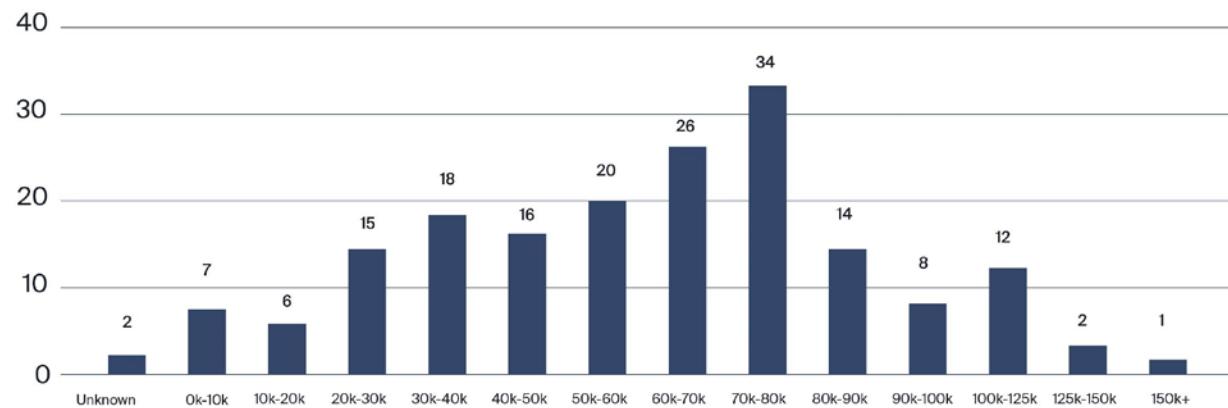
<sup>28</sup> Management's criteria for defining Salary Outcomes is determined from using the first Recorded Offer salary in USD (converted to USD for non-US salaries). Jobs that aren't paid via annual salary (e.g. hourly consultants, part time, etc.) are annualized.

<sup>29</sup> Based on the first Recorded Offer of all Placed students during H2 2019

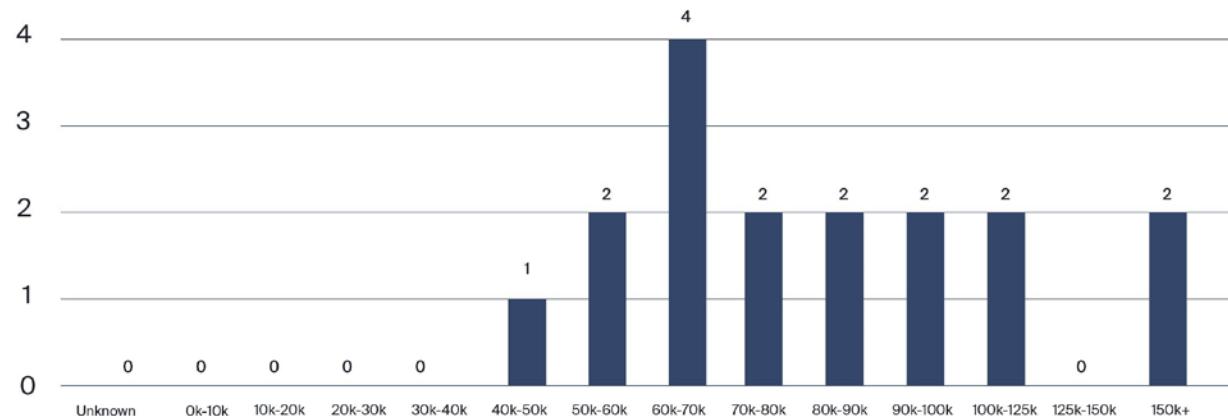


## Salary Distribution<sup>30</sup> of annualized salaries among Placed Students

### Full Stack Web Salary Distribution<sup>31</sup>



### Data Science Salary Distribution<sup>32</sup>



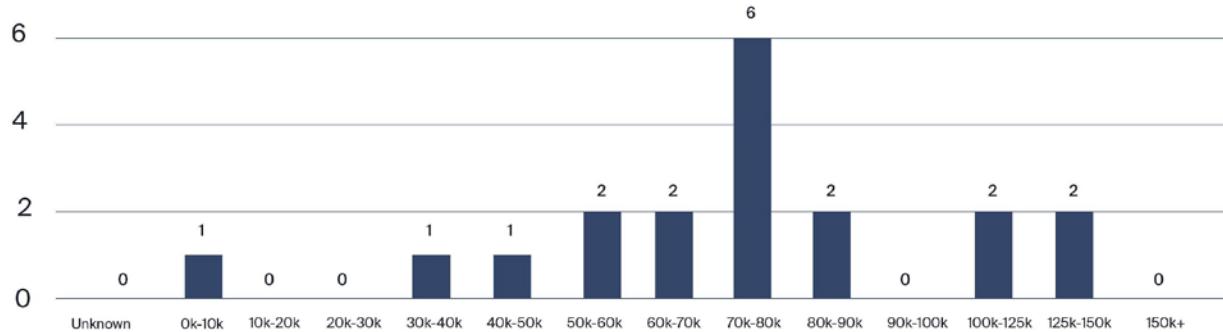
<sup>30</sup> Based on the first Recorded Offer of all Placed students during H2 2019

<sup>31</sup> Total count is 181 students

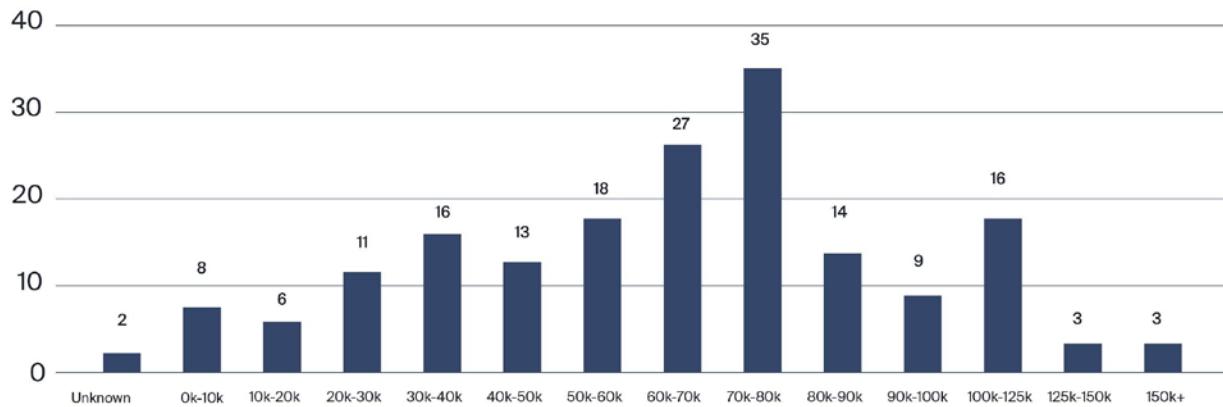
<sup>32</sup> Total count is 17 students



### Other Salary Distribution<sup>33</sup>



### Full Time Program Salary Distribution<sup>34</sup>

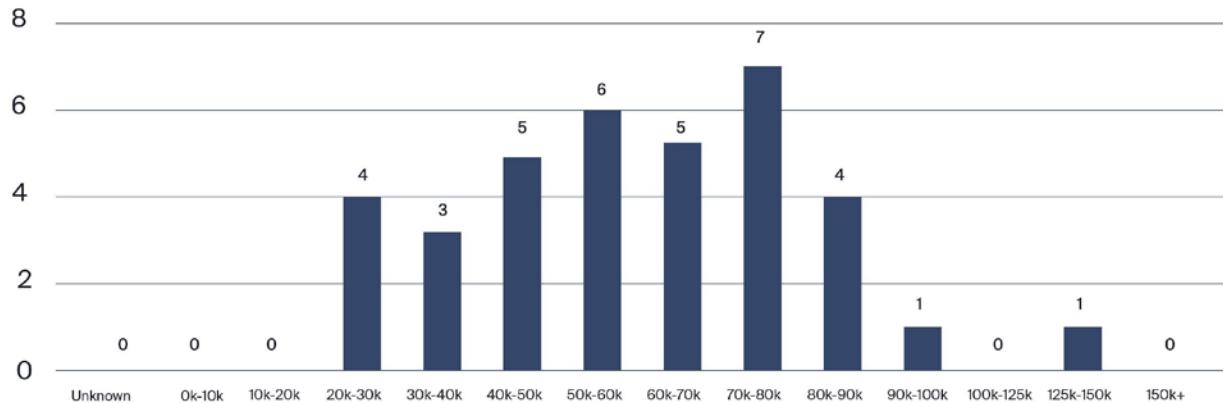


<sup>33</sup> Total count is 19 students

<sup>34</sup> Total count is 181 students



## Part Time Program Salary Distribution<sup>35</sup>



<sup>35</sup> Total count is 36 students



## Job Titles<sup>36</sup>

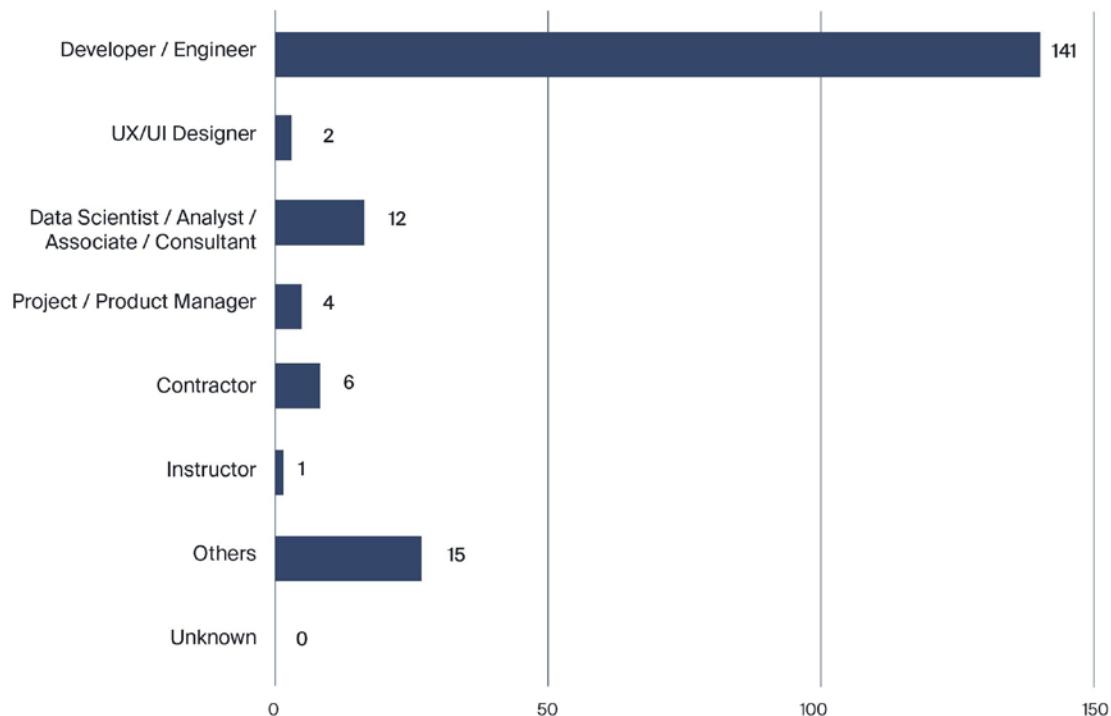
### Job Titles Addressable Population

The addressable population for Job Titles is the 217 Placed Students. For students whose Job Title was not reported, they are reported below as Unknown.

These charts reflect the number of Placed Students with each reported Job Title, by program. The combined totals by category tie to the population of 217 Placed Students.

### Job Titles Results

#### Full Stack Web Job Title Distribution<sup>37</sup>

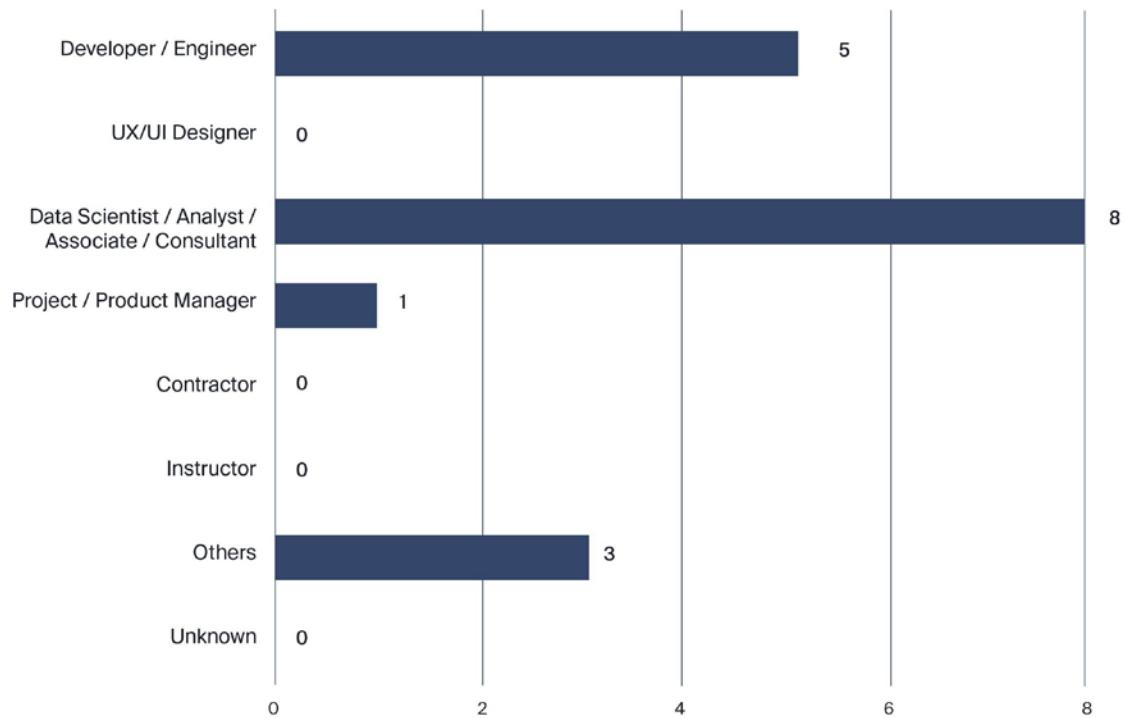


<sup>36</sup> Management's criteria for defining Job Title is determined from the job title of the student's first Recorded Offer

<sup>37</sup> Total count is 181 students



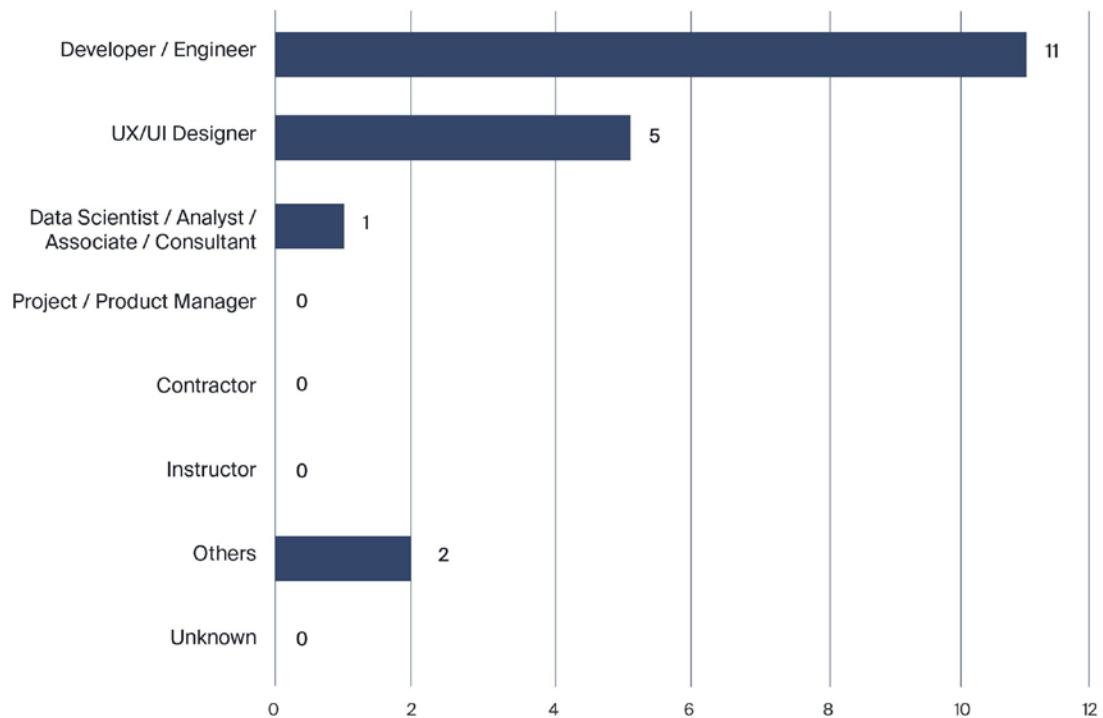
## Data Science Job Title Distribution<sup>38</sup>



<sup>38</sup> Total count is 17 students



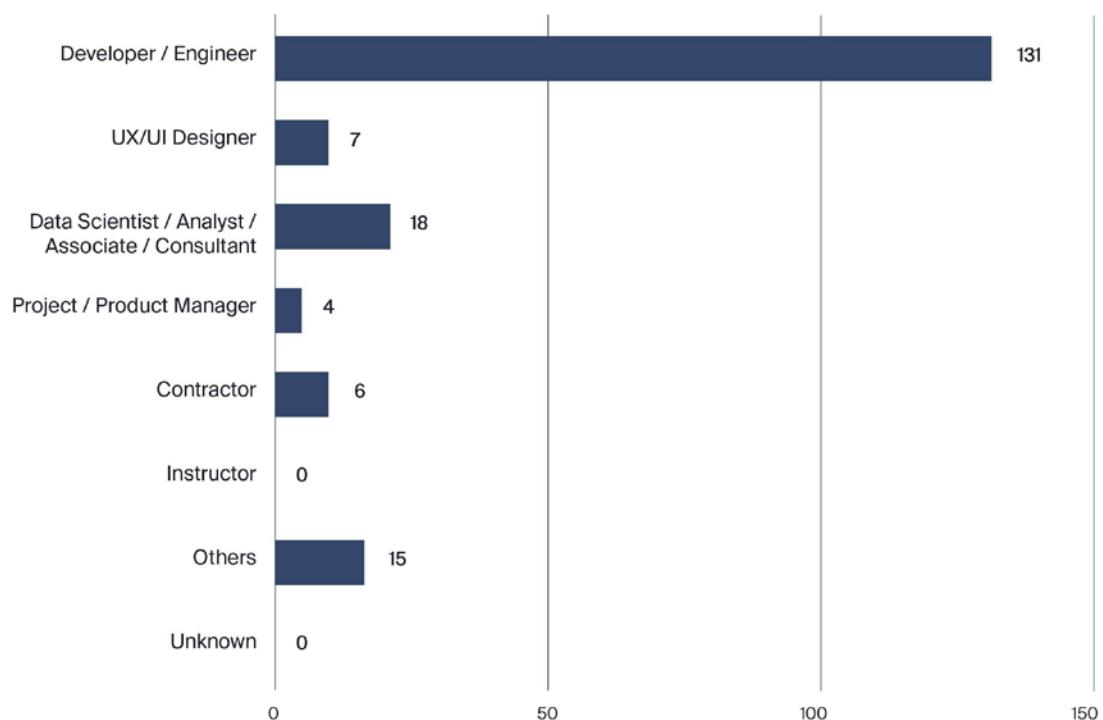
## Other Job Title Distribution<sup>39</sup>



<sup>39</sup> Total count is 19 students



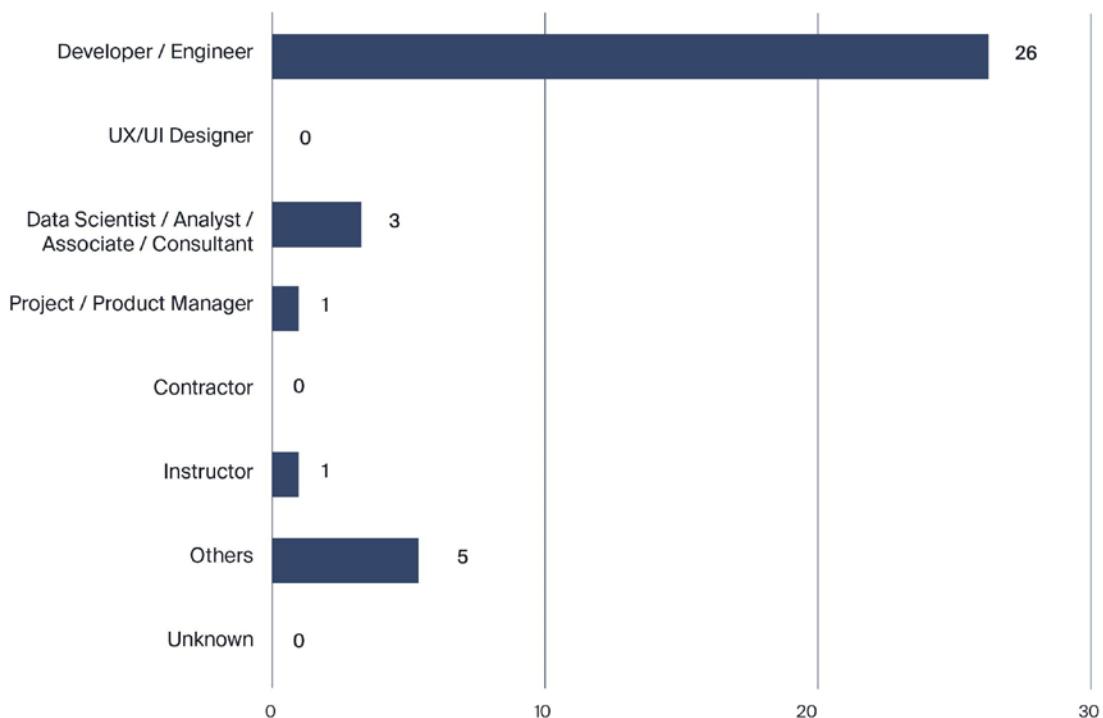
## Full Time Program Job Title Distribution<sup>40</sup>



<sup>40</sup> Total count is 181 students



## Part Time Program Job Title Distribution<sup>41</sup>



Austen Allred, CEO

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<sup>41</sup> Total count is 36 students



# A selection of companies who hired Lambda graduates

