

THE CENTERBRIDGE-BAIN PARTNERSHIP GRANT

KHAN ACADEMY

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Introduction

Since 2012, The Centerbridge Foundation (“Centerbridge”) and Bain & Company (“Bain”) have leveraged the Centerbridge-Bain Partnership Grant to strengthen the capacity of high-impact organizations across the education sector. With a shared commitment to provide long-term investments in innovative organizations led by strong leaders tackling complex challenges, the Partnership Grant provides grant partners with significant financial investments alongside expert consulting services. Grant partners also receive access to a variety of additional professional services, such as networking, professional development opportunities and advisory support.

This case study details the significant impact of the Partnership Grant on the Khan Academy Districts (KAD)¹ program and to the organization’s strategic approach more broadly, including the dissemination of its artificial intelligence (AI) tool, Khanmigo. The case study begins with an overview of Khan Academy’s pioneering work in the Education Technology sector followed by an analysis of the impact of the partnership and support provided by Centerbridge and Bain. Lastly, the case study provides key considerations for future grant partnerships and opportunities for ongoing collaboration and support. Taken together, these insights shed light on the unique strengths of the Centerbridge-Bain Partnership Grant and its ability to radically support forward-thinking organizations tackling some of education’s most pressing challenges.



Background

Khan Academy is dedicated to expanding access to high-quality educational tools that can advance student learning and drive improvements in student outcomes. Through the provision of free, online resources for districts, teachers, families and students, the non-profit organization is committed to strengthening equity in education through innovative, user-friendly technology.

The Khan Academy platform provides free, high-quality content that supports students and their learning. In addition to free online resources, Khan Academy created KAD, a paid district product that provides districts with access to additional data, insights, and support.

As a research-driven technology organization, Khan Academy routinely draws on data to demonstrate and stimulate impact thereby driving improvements in products and services. Khan Academy prioritizes bold innovation paired with a strong dedication to continuous improvement resulting in high quality tools that are able to effectively support and accelerate student learning. Khan Academy has thus long been a pioneer in Education Technology including, most recently, the nexus between education and AI.

Selection of KAD in Context of the Education Landscape in 2020

In the fall of 2020 when Centerbridge and Bain selected Khan Academy as a grant partner, schools were wrestling with the impact of the COVID-19 pandemic and approximately two-thirds of US adults with children in school reported that their children were learning virtually.² During this time, the nation was also grappling with a racial reckoning that recentered the persistent educational opportunity gap. Education Technology, paired with a focus on equity, carried the potential to connect with school communities and expand access to advancements to improve learning for all students, regardless of identity or background. KAD's online, technological reach aligned with Centerbridge's interest in leveraging educational technology to support students regardless of identity and in historically underserved districts.

Many refer to this period just after the onset of COVID as a "gold rush" of for-profit Education Technology organizations seeking to

maximize capital. As Dina Neyman, Leader of District Success at Khan Academy, summed, "So much technology came out. [Schools] had things flying at them left and right. There were so many different platforms and programs available."³ While there were many for-profit organizations producing online instructional tools, there were very few non-profit organizations seeking to achieve impact in this sector. Khan Academy's demonstrated advancement in building and distributing technological instructional tools positioned the organization as an ideal candidate for the Partnership Grant. "The scale and reach make Khan incredibly unique, and being able to generate positive impact by investing in KAD given its ability to support an increasingly large number of educational leaders and students made it a no brainer," explained Johanna Meadows.

"When COVID-19 started, Khan developed a solution to help underserved districts nationwide ensure students had the extra support they needed. At Centerbridge we value innovative solutions and leaders who address challenges creatively, so investing in KAD was a no brainer," shared Jeff Aronson, Centerbridge Co-Founder and Managing Principal.

Khan Academy creates instructional tools and materials that are implemented in the classroom and meet students where they are. This direct engagement with student learning paired with Khan's expertise in data-driven decision-making strengthens the opportunity to scale

impact and precisely track key metrics of success. Bain recognized the value in Khan Academy's educational tools and strategic approach by sharing, "You need to make your way into the school day and into the school year. It can't just be homework help and it can't be extra... You need to have a product that teachers can use as part of their instructional practice that produces data districts can use to measure student learning."⁴ Centerbridge was also drawn to the ability to track this engagement in tangible ways with Khan Academy's ability to demonstrate direct impact on student outcomes.

"The [Partnership Grant] set the real ground game that you have to have. We wouldn't have been able to [scale KAD and Khanmigo] without this grant," shared Sal Khan, the CEO of Khan Academy, when reflecting on the invaluable benefits of the Partnership Grant.

Traditionally, the Partnership Grant funds one organization in the amount of \$500,000 over the course of four years. However, in an effort to provide greater support to organizations following the COVID-19 pandemic, in 2021 the Bain and Centerbridge Foundation committees decided to fund two organizations with \$300,000 to be invested over the course of three years. Additionally, to further support organizations during the pandemic, all grant partners in the Partnership Grant portfolio were invited to apply for a supplemental grant with a specific scope of work. Consequently, Khan Academy also received a supplementary grant of \$100,000 within the same time period to support hiring and staff development.



Partnership Grant Areas of Focus

Khan Academy Districts (KAD)

Khan Academy was selected as one of the 2021 grant partners with an intent to support KAD. Recognizing the need to drive engagement and achieve impact at scale, in 2019 Khan Academy formed KAD to provide additional tools for schools and districts to expand student reach and equip teachers and staff with wrap-around implementation support for the Khan Academy online platform. KAD targets districts that serve historically under-resourced students demonstrating Khan Academy's commitment to educational equity. The program is a direct result of feedback from early district partners that were using the Khan Academy online platform but requested additional support. Through access to customized professional learning, ongoing implementation support, and other features, the program increases the likelihood that districts are able to utilize Khan Academy's online platform with fidelity to improve student outcomes.

Through KAD, participating districts receive access to district level reporting that allows leaders to monitor student progress and gain insights about student performance. The additional reporting features help leaders use Khan Academy across multiple schools in a district and multiple classrooms in a school and provides access to school and district level data and insights. Time-saving features, such as automatic class rostering, allow teachers to spend more time on important student-facing engagement and instruction. Districts also gain access to direct, intensive professional learning and ongoing implementation support every two to four weeks throughout the school year. KAD allows Khan Academy to achieve impact at scale and reach a significantly higher number of classrooms, teachers, and students. Relatedly, the Bain and Centerbridge Foundation committees aimed to support organizations that were leveraging technology to tackle challenges connected to limited teacher capacity. Centerbridge and Bain were also inspired by Khan Academy's strong leadership and long history of innovation in the Education Technology sector, particularly in 2020 during a critical time in American public education.

A New Approach to AI in the Classroom: Khanmigo

In March 2023, Khan Academy introduced a new AI tool, Khanmigo, designed to serve as an on-demand tutor for students and assistant for teachers. The tool assists teachers with time-consuming tasks, enables tailored instruction, and supports teachers in meeting their students' needs. Due to its seamless integration with the Khan Academy online platform, Khanmigo is an important aspect of KAD as it strengthens its impact on learning by maximizing the instructional time teachers are able to spend with their students. Thus, Khanmigo became a focus of the Partnership Grant in its second year as a result of its promising impact on KAD.

Khanmigo provides a safe space for students to engage in technology and AI while also providing opportunities for teachers, administrators and parents to monitor student activity. As an in-class aide, Khanmigo helps students understand instructional content and work through practice exercises. When students are stuck, Khanmigo guides students through structured problem solving, empowering them to find the answer.

Partnership Grant Engagement

At the start of the Partnership Grant engagement, Centerbridge and Bain set an overarching goal to improve Khan Academy's ability to achieve impact at scale through focusing on KAD. During the first year of the Partnership Grant, Bain's engagement further defined the scope of the project and identified key performance indicators to measure success. Bain Partner Abby Smith described their approach stating, "We worked very hard to make sure there was a clear problem statement for the district work. What is the thing that they are selling? Who are they selling it to, which districts? How are they going to sell it? And then how are they going to make sure that people are using it afterwards?"⁵ By helping Khan Academy better conceptualize, market, and sell their product, Bain aided Khan in their ability to track desirable outcomes.

Using this lens, Bain identified the following two goals:

1

Increase the number of licensed students in partner districts with a focus on historically underserved students.

2

Increase the percentage of students reaching recommended dosage defined as monthly very active learners (MVALs).

During the second year of the Partnership Grant, Khan Academy integrated Khanmigo into KAD leading to a third goal of the Partnership Grant:

3

to bring AI to historically underserved students to improve learning.

Bain assisted Khan Academy with gaining internal clarity around the intended goals of Khanmigo and its relation to the KAD district product and identifying operational improvements. These efforts helped to increase KAD's desirability among districts. In year three, due to new research insights, Khan Academy shifted from MVALs to focus on yearly very active learners (YVALs) which led to an adjustment in key performance indicators. Efficacy studies indicated that YVALs better tracked usage at the recommended dosage that drives significant learning outcomes resulting in a more optimal performance indicator.

Bain and KAD

Bain consultants assisted with key strategic planning direction focused on increasing scale, providing concrete recommendations based on broader market analysis, elevating best practices, and identifying defining features of ideal district partners. Stacie Johnson, Director of Professional Learning at Khan Academy, summarized Bain's influence stating, "[Bain] took a global landscape of the whole District Partnerships Program from sales to marketing to success, to operations...identifying the greatest opportunities for growth and improvement and helping to define our value proposition."⁶ Bain consultants engaged in deep analytical work that focused on "not just depth but breadth."⁷

Bain also conducted robust market research bringing insights from broader market analysis to think critically about scaling during a critical time period in the expansion of KAD. In addition to leveraging data to illuminate broad trends in order to refine and package Khan Academy's market value, Bain also utilized data analysis to uncover best practices, inform long-term strategic planning, and identify optimal district partner characteristics. Vicki Zubovic elaborated on the benefits of this work saying, "[Bain] brought all these best practices right into the leadership team of [KAD] that was backed with data so that we could see and benchmark ourselves against others. It helped us...to prepare two years in advance for what's coming down the pike."⁸ Bain used data to help Khan prioritize their operational tasks and identify key criteria to inform district engagement. The synergy between Bain and Khan Academy as data-driven organizations facilitated a strong, collaborative working relationship that led to the formation of clear, targeted strategies for improvement.

Vicki Zubovic highlighted the critical timing of this support as districts were figuring out how to best utilize funds from the Every Student Succeeds Act (ESSA). Some of the additional ESSA funds districts received began to diminish and Khan Academy had to deeply think through marketing, messaging, and features of district support to not only maintain but to expand district engagement. As a result, Bain's strategic direction was integral to Khan's success with KAD and Khanmigo.

As Sal Khan highlighted, “It really did serendipitously set us up for success in this AI world because we wouldn’t have had an enterprise muscle if not for [The Partnership Grant].”⁹

Challenge of the Grant

Further evolution of the grant included the decision to no longer pursue the full expansion of KAD in New York City. The Partnership Grant typically prioritizes grant partners that are providing services and resources within the New York City region and at the start of the partnership, Centerbridge and Bain had hoped to support Khan Academy’s full expansion into the New York City Public Schools (NYCPS) district as well. While Khan Academy was able to build relationships within NYCPS, the district was in the midst of resolving curricular decisions that needed to finalize before investing widely in a strategic digital supplement. As a result,

Khan Academy instead pursued a smaller, more manageable pilot supporting math instruction, so in the second year of the grant, Khan Academy launched a pilot program with NYCPS to serve approximately 25,000 9th grade students across 140 schools focused on Algebra support.

That same year, Khan Academy successfully launched a pilot program in partnership with the nearby Newark Board of Education targeting 6,400 students in grades 3 – 8 to provide math support. Thus, despite the limitations in full expansion within NYCPS, KAD still achieved success in pilot programs in NYCPS and Newark. Notably, at the end of the 2022-2023 school year, Newark experienced the highest number of MVALs among all district partners.¹⁰



Impact of the Partnership Grant

Organizational Capacity

Centerbridge funding paired with Bain’s strategic consulting support contributed significantly to Khan’s Academy’s ability to accelerate their organizational capacity and increase their impact.

In addition to increased staffing capacity, Bain’s systems-level analytics and strategic direction influenced key components of Khan Academy’s organizational structure including sales, marketing, customer service and implementation support, and professional learning. Bain’s consultancy elucidated Khan’s existing organizational assets such as brand recognition and high-quality services and products. Bain’s focus on this work allowed Khan Academy staff to refine and focus on important district engagement. Support from the Partnership Grant allowed KAD staff to focus on providing direct district support while simultaneously improving their engagement strategies.

The strong relationship between Bain and Khan Academy also paved the road for supplemental, impactful engagements that extended beyond the Partnership Grant. Supplemental projects included the creation of a five-year strategic plan, a strategy plan external to US impact, and a renewed analysis of the District Partnerships Program. Centerbridge also continues to provide ongoing support to grant partners, including Khan Academy, such as inclusion in grant partner events, convenings, networking opportunities, and other support to strengthen organizational capacity.

For example, Khan Academy received an additional \$100,000 supplemental grant over three years to support hiring efforts. These funds allowed Khan Academy to increase their staff size and strengthen professional learning and implementation support. The number of employees across the organization increased from 214 to 270 over the course of the grant period.¹¹ Johanna Meadows characterized the addition of a financial award to fund hiring more staff as a “timely submission and decision by the Centerbridge Foundation committee.”¹²

Impact at Scale

With support from the Partnership Grant, Khan Academy experienced significant growth in users and licenses as demonstrated by increases in key performance indicators. Over the period of the grant, the number of licensed students in partner districts increased from 610,000 students to 978,524 while the program continued to target historically underserved districts.¹³ Khan Academy also exceeded their target for the number of Khanmigo licenses over the 2023-2024 academic year: with an initial goal of 25,000 licenses, Khan Academy reached 68,000 Khanmigo licenses across 53 districts via KAD as of March 2024.¹⁴ Khan Academy has conducted several efficacy studies that demonstrate associated increases in student learning and outcomes.

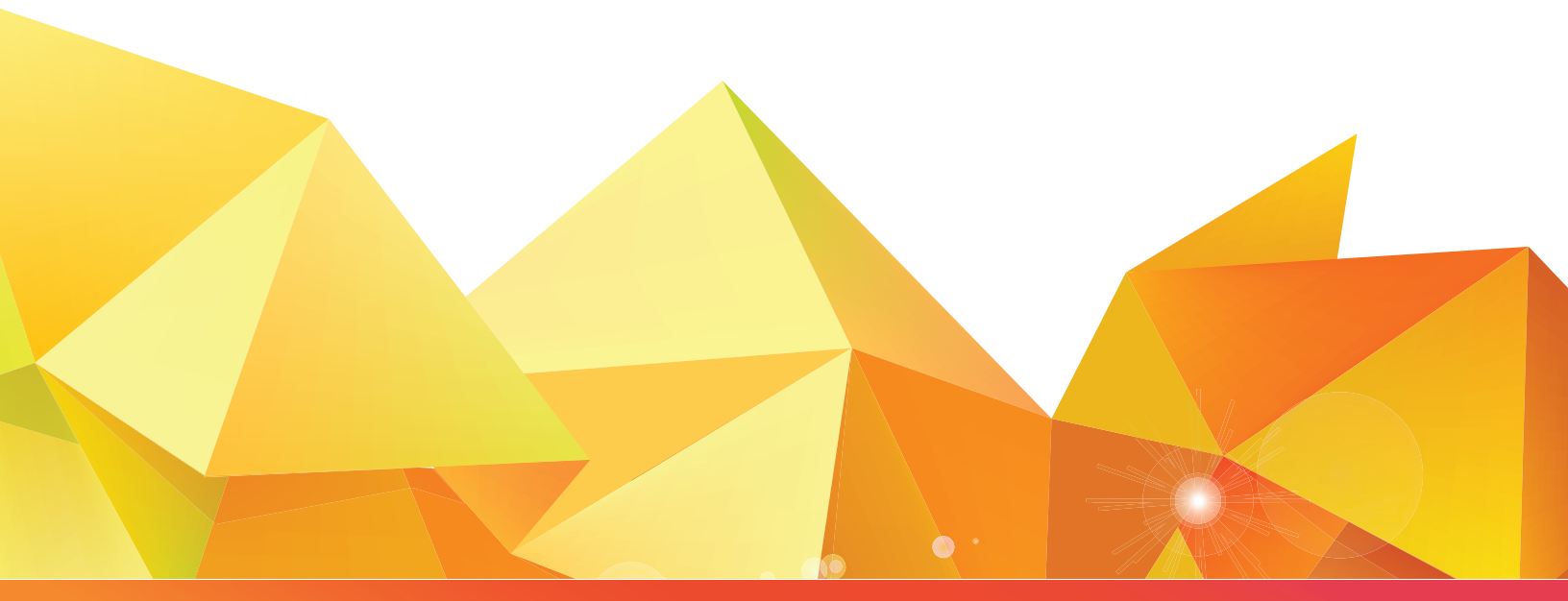
Key Data Points	SY 20-21	SY 21-22	SY 22-23	SY 23-24
# of Licensed Students	610,000	840,000	939,000	978,524
Khanmigo	N/A	N/A	Initial Goal: 25,000	67,000

As Khan Academy continued to achieve impact at scale, Bain advised the organization to create tiered services for districts allowing Khan staff to target their focus and further maximize impact. This led Khan Academy to create two options for customer service and implementation support: a low touch option that includes minimal district engagement and a high touch option that provides more frequent implementation support. This new model of service provision helped Khan Academy identify districts that would benefit the most from their support and make sure students who most needed it had access to KAD support.

Innovation through AI

Bain's consultancy support in improving their District Partnerships Program set the stage for Khan Academy to capitalize on the influx of AI in education. The addition of Khanmigo to KAD helped raise awareness of the District Partnerships Program. Sal Khan stressed that Khanmigo "helped raise the profile of our district offering...the district offering was not something that the press wanted to write about in a big ways and so [Khanmigo] created a ton of interest and you see that acceleration, especially in the last year and a half, from Khanmigo and AI."¹⁵

Sal Khan explained, "If we didn't do that [Bain consulting work] in 2021, when AI came into the scene, we would have been way more flat-footed, because we would have been at a loss. We would have had to build our district offering and if we didn't have one in place already, we would have been doing both of these things at the same time and that would have been a hard operation. It would have been very hard culturally for our organization."¹⁶



Key Takeaways and Future Considerations

Considerations for Khan Academy

In collaboration with Bain and Centerbridge, Khan Academy advanced their goals and strengthened their partnerships with districts across the country. As Khan Academy continues to strive for greater impact, there are lessons learned through their work with the Partnership Grant that might serve them moving forward.

Continue to Strengthen Organizational Capacity

Khan Academy is a leading innovator in the Education Technology sector serving the needs of hundreds of thousands of students and educators across the country. Utilizing cutting-edge technology paired with direct interpersonal support, Khan Academy effectively produces a multitude of online resources, district offerings and support, and AI educational tools designed to directly improve student outcomes.

A uniquely distinct organization, Khan Academy is also a non-profit organization operating in an industry saturated with for-profit competitors. As a relatively small organization in comparison to many for-profit technology firms, Khan Academy should continue to leverage support like the Partnership Grant to strengthen their organizational capacity. As Abby Smith noted, “Khan Academy’s brand recognition and global reach is very large; the actual organization itself is quite small... they are in the midst of enormous - and exciting - change. It is my hope that we helped them get the internal clarity and focus that is better positioning them to take advantage of this moment.”¹⁷

Khan Academy should also consider how to continue to leverage their unique resources, such as their brand recognition and high-quality online tools. The guidance and strategic direction that Bain provided helped Khan Academy navigate the national landscape while maximizing their assets. The funding Centerbridge provided helped Khan Academy increase capacity and bring even

more expertise to its leadership. Vicki Zubovic described the impact of these supports by sharing, “We’re never going to have a big marketing budget, and we’re never going to have a massive sales team. And so [Bain] helped us to think about who we are in this marketplace and how we operate and set goals given that reality.”¹⁸

Refine Characteristics of the Ideal District Partner

Bain provided key guidance on how to best identify characteristics of ideal district partnerships that can achieve success with KAD, and Khan Academy should continue to utilize and refine this guidance going forward. For example, in selecting districts for partnership Bain recommended that Khan Academy focus not on large school districts with high numbers of students – which is often a preferred indicator for many for-profit tech firms seeking to achieve scale – but instead on districts with which they can foster meaningful relationships with district leaders. This approach facilitates stronger buy-in among district leaders, school leaders, and teachers leading to better use of KAD, Khanmigo, and the professional learning and implementation support. For example, Khan Academy forged strong relationships in the Newark public school system that helped to achieve optimal outcomes. When a higher percentage of district students use KAD as recommended, Khan Academy achieves greater student learning and impact than when they sell more licenses but get less usage and therefore less learning.

And while Khan Academy was able to build relationships with NYCPS, they also decided to pursue a smaller, manageable engagement to support math instruction due to uncertainty about district curricular options, showing their flexibility to work with districts through individualized rollouts that meet their specific needs. As Khan Academy continues to refine identified characteristics of ideal partner districts, they should incorporate additional lessons learned from the Newark and New York City programs.

Continue to Learn from Districts and Provide Professional Learning and Implementation Support to Make AI Technology Accessible for Teachers and Classrooms

Khan Academy is a global leader in AI educational technology. While Khanmigo proves to be an easily accessible AI tool with several desirable features, many Khan Academy staff spent a lot of time during the early days of the launch translating engineer-designed technology to teachers. Many features of Khanmigo were rapidly updated, requiring staff to create multiple iterations of one-pagers and how-to guides to make the platform easily digestible in the classroom.

Intensive professional learning and implementation support provided every two to four weeks by KAD are integral to districts' ability to maximize the online platform. Khan Academy routinely refined their professional learning materials in response to district and school feedback. Khan Academy staff intentionally provides professional learning and implementation support in a way that makes KAD more digestible for teachers so they are better equipped to leverage its tools to improve student learning and they should continue to do this.

Considerations for Centerbridge and Bain

As Centerbridge and Bain continue to select grant partners, there are considerations they might include in their selection process moving forward.

Continue Traditional Grant Periods for US-based Grantees

In past years, the Partnership Grant has selected one organization to receive \$500,000 over the course of four years. Deviating from the norm, in 2021, due to a split committee vote and wanting to spread support out to assist organizations dealing with the impact of COVID, Centerbridge and Bain selected two organizations, including Khan Academy. Both organizations received \$300,000 over the course of four years along with the opportunity to apply for a one-time Supplemental grant of \$100,000 over three years. Due to challenges with management and ensuring that grant partners have the opportunity to receive the full \$500,000, Centerbridge should return to the previous standard of fund distribution over the course of four years.

Recognize the Impact of the Partnership Grant on Large Organizations

As compared to prior Partnership Grant recipients, Khan Academy is a relatively large organization with a sizable operating budget. During the selection process, Centerbridge and Bain considered whether or

not Partnership Grant investment could have a significant impact on Khan Academy's operations. Ultimately, Centerbridge and Bain decided to fund and target KAD and Khanmigo, specific components of their organization that contribute greatly to its overall success and ability to drive improvements in student outcomes in classrooms across the nation. This strategic focus accelerated Khan Academy's success in ways that were instrumental to its future endeavors. As Sal Khan noted above, the support from the Partnership Grant set up the organization to advance KAD and Khanmigo in invaluable and timely ways. As Centerbridge and Bain identify desirable features of potential grantee organizations, they should continue to consider large organizations that can benefit from targeted, strategic support.

Continue to Prioritize Strong Leadership with Bold Vision

The Partnership Grant elevated Khan Academy's work and helped to solidify their position as a leading Education Technology provider. Much of the success of the collaboration resulted from the partnership between Bain, Centerbridge, and Khan Academy. As data-driven organizations, Bain and Khan Academy forged a synergistic relationship that leveraged high-quality data analysis to drive decision-making and scale impact. The support from Centerbridge (e.g. the decision to provide additional funding to support hiring and professional development) came at a critical time during their program and product development. Khan Academy's innovative leadership further maximized the potential of the partnership. Johanna Meadows expressed praise for Khan Academy's leadership, "We talk about leadership all the time when we invest in organizations. I always say we can't change the leadership; we care deeply about investing in strong leadership for this reason."¹⁹ Centerbridge and Bain should continue to seek partners that exemplify strong leadership with the determination to impact real change.

Consider Organizations that Provide Services Outside of NYC

Traditionally the Partnership Grant has prioritized organizations that provide services in New York City. While full KAD expansion in NYC was ultimately not feasible due to the large size of the district, KAD still achieved impact in NYC and the Partnership Grant nonetheless proved to be a great success in helping to accelerate KAD's impact across the nation. Looking ahead, Centerbridge and Bain might consider funding organizations that are not headquartered in NYC and whose proposed scope of work for the Partnership Grant is not based in NYC, particularly if there is potential for the work to impact students and families in NYC.

Conclusion

The Partnership Grant with Khan Academy was incredibly successful in setting in motion many advantages that will persist long after the grant period. By investing in district offerings, AI tools, and organizational capacity, Centerbridge and Bain have accelerated Khan Academy's trajectory in the educational technology sector. By continuing to support the organization through formal and informal engagements, Centerbridge and Bain will assist in improving the outcomes for countless children across the country.



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