# Khan Academy's Free Education Model

## Idea In Short

Khan Academy gives away its entire product, thousands of instructional videos and practice exercises covering subjects from kindergarten arithmetic to college-level science, without charging students, parents or schools a fee. The nonprofit runs instead on donations from foundations, technology companies and individual donors, a structure Sal Khan chose deliberately when he incorporated the organization in 2008 rather than turning his tutoring videos into a paid product. That funding model has scaled alongside the platform: Khan Academy reported record revenue of roughly $117.5 million in its 2024-2025 fiscal year, most of it contributed rather than earned. The organization's newest bet is Khanmigo, an Artificial Intelligence tutor built on OpenAI's GPT-4 and backed by a free-access deal with Microsoft for every teacher in the United States. Whether that bet pays off in improved learning outcomes, rather than just usage numbers, is a question Khan himself has publicly wrestled with.

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## From Tutoring One Cousin to a Global Platform

Sal Khan began tutoring his cousin Nadia in math remotely in 2004, using little more than a shared notepad application. As word spread among relatives, scheduling individual sessions became impractical, so Khan started recording short lessons and posting them to YouTube in 2006, letting anyone watch at their own pace. He incorporated Khan Academy as a 501c nonprofit in 2008 and left his job at a hedge fund the following year to work on it full time.1 What started as math-only content has since grown to cover subjects including biology, chemistry, economics, history and music, developed by subject-matter experts rather than Khan alone.

## A Nonprofit That Runs on Donations, Not Tuition

Khan Academy's revenue comes almost entirely from contributions rather than fees charged

to learners, parents or schools. In its 2024-2025 fiscal year, the organization's first full year on its current reporting calendar, contributions reached $90.4 million and program service revenue hit $22.2 million, both record highs that pushed total revenue to roughly $117.5 million.2 Major donors have included the Bill and Melinda Gates Foundation, Google, AT&T and a range of other foundations and individuals, a mix that has funded the organization since its earliest years as a scrappy YouTube channel. That structure means Khan Academy's growth depends less on user monetization and more on its ability to keep making the case to funders that free educational content justifies continued, and increasing, financial support.

## Reaching 190 Countries Through Volunteers and Translation

Khan Academy's content now reaches learners in more than 190 countries, a scale the organization could not have achieved through paid staff alone. Volunteer translators have rendered the material into more than 50 languages, extending its reach well beyond English-speaking markets. Nonprofit partners have also distributed offline versions of the content in rural regions of Asia, Latin America and Africa where reliable internet access remains limited. That combination, free core content plus volunteer-driven localization, let Khan Academy scale globally without the infrastructure costs a for-profit competitor would need to enter the same markets directly.

## Khan Lab School and the Physical Classroom Bet

Beyond its online platform, Khan Academy also operates Khan Lab School, an independent physical school Sal Khan founded in 2014 in Mountain View, California, where students and teachers are treated as learners in a shared community rather than separated by strict hierarchy. Khan has since extended that experiment further with Khan World School, an online high school, and Schoolhouse.world, a separate nonprofit offering free peer tutoring. These ventures let Khan test ideas about mastery-based learning and personalized pacing in settings the free video platform alone cannot replicate. They also diversify Khan's public role beyond the nonprofit's original video library, positioning him as a broader voice on how technology should reshape schooling.

## Khanmigo Bets on AI as a Personal Tutor

Khan Academy became an early access partner for OpenAI's GPT-4 model, using it to build

Khanmigo, an AI tutor and teaching assistant trained on the organization's own instructional content. Khanmigo launched in a limited pilot in March 2023, positioned to guide students toward answers through questions rather than simply supplying solutions, and to help teachers with tasks like lesson planning and student progress summaries.3 The tool represented a significant technical and financial undertaking for a nonprofit that had built its reputation on prerecorded video rather than real-time, adaptive interaction. Khan Academy priced Khanmigo access for individual families and schools separately from its free core content, a rare instance of the organization charging directly for a product rather than relying solely on donations.

## Microsoft's Funding Opens Khanmigo to Every U.S. Teacher

Khanmigo's reach expanded sharply once Microsoft agreed to fund free access to Khanmigo for Teachers for every educator in the United States, an arrangement announced in May 2024.4 The number of people signing up for Khanmigo grew 731% year over year, reaching about 2 million students, educators and parents using the tool during the 2024-2025 school year. That growth pattern mirrors Khan Academy's original video strategy: secure a well-resourced partner to underwrite free access, then let adoption scale organically once the cost barrier disappears. Corporate philanthropy has effectively replaced tuition as the mechanism that keeps Khan Academy's newest product accessible to the same free-for-all audience its videos have always served.

## Sal Khan's Own Doubts About What AI Delivered

Even as usage numbers climbed, Khan has been candid in interviews about Khanmigo's uneven impact, acknowledging that for a meaningful share of students the tool was, in his words, a "non-event" that many simply did not use much.5 That kind of public self-assessment is unusual for an organization promoting its own flagship product, and it signals Khan Academy treating AI adoption as an open problem rather than a solved one. Broader commentary on AI in education has raised similar questions about whether personalized tutoring tools translate into measurable learning gains or simply add another optional feature students ignore.6 Khan Academy's response has leaned on classroom integration, syncing directly with tools like Google Classroom and Canvas for the 2025-2026 school year, on the theory that AI tutoring works better embedded in existing teacher workflows than as a standalone app.

## Supplementing School Rather Than Replacing It

Khan has faced criticism over his lack of formal training in pedagogy, a point he has addressed directly rather than dismissed. He has said Khan Academy will never constitute a complete education on its own and describes its purpose as supplementing individual learning needs rather than replacing classroom instruction. Khan has argued the platform's online format allows for a faster editorial cycle than a printed textbook, since feedback from thousands of users each week lets the team fix errors quickly rather than waiting for a new edition. He outlined a broader vision for restructuring education around mastery-based learning in his 2012 book, "The One World Schoolhouse," a framework that still shapes how Khan Academy sequences its content today.

> A platform built to supplement learning still has to prove it changes what students actually understand, not just how many of them log in.

# Key Partners

Philanthropic foundations, including the Bill and Melinda Gates Foundation, and major corporate donors such as Google, AT&T and Microsoft provide the funding base that keeps Khan Academy's core content free. OpenAI functions as a technology partner, supplying the GPT-4 model underlying Khanmigo and giving Khan Academy early access to new capabilities as they develop. Volunteer translators and subject-matter experts extend the organization's content into dozens of languages and academic disciplines without requiring a proportional increase in paid staff. School districts and education technology platforms, including Google Classroom and Canvas, serve as distribution partners that embed Khan Academy's tools into existing classroom workflows.

# Key Activities

Content creation remains Khan Academy's central activity, covering instructional videos, practice exercises and now AI-assisted tutoring built on top of that library. Platform maintenance and engineering support the website, mobile apps and Khanmigo's real-time AI interactions at a scale serving millions of users. Translation and localization work, largely volunteer-driven, adapts existing content for non-English-speaking learners across more

than 50 languages. Fundraising and donor relations round out the activity list, since sustaining a free product at Khan Academy's scale requires continuously renewing philanthropic support.

## Key Resources

Khan Academy's content library, thousands of videos and exercises developed over more than a decade, forms its most valuable resource and the foundation Khanmigo draws on for training data. Donor relationships and funding commitments function as a resource in their own right, since the organization's ability to operate depends entirely on renewing that support each year. The organization's reputation and brand recognition, built through consistent free access and coverage in outlets discussing education technology, help attract both learners and new donors. Its technology partnership with OpenAI gives Khan Academy access to AI capabilities a smaller or less well-connected nonprofit could not obtain on comparable terms.

## Value Propositions

For students, Khan Academy offers free, high-quality instructional content across nearly every school subject, paired with practice exercises that adapt to individual pace. For teachers, the platform offers ready-made lesson content and, through Khanmigo, an AI assistant that helps with planning and student progress tracking at no direct cost. For parents, Khan Academy provides a way to support a child's learning outside the classroom without the cost of private tutoring. For donors and philanthropic partners, the organization offers a measurable, large-scale channel for funding education access, with millions of learners reached per dollar contributed relative to many other education interventions.

## Customer Relationships

Khan Academy maintains a largely self-service, noncommercial relationship with the vast majority of its learners, who access content directly through the website or app without any sales or account-management contact. Personalization comes through the platform's exercise recommendations and, increasingly, through Khanmigo's real-time responses to individual student questions. Schools and districts that adopt Khan Academy's tools at scale receive more structured support, including integration with existing classroom software. Donors receive a separate relationship track entirely, involving reporting, impact updates

and direct engagement to sustain long-term financial commitments.

## Channels

Khan Academy's website and mobile apps serve as the primary channels through which students and teachers access video content, exercises and Khanmigo. Its original YouTube channel remains a channel in its own right, hosting the instructional videos that first built the organization's audience before the dedicated platform existed. Volunteer-translated and offline-distributed versions of the content function as channels reaching learners without reliable internet access, particularly in parts of Asia, Latin America and Africa. Integrations with school platforms such as Google Classroom, Canvas and Schoology extend Khan Academy's reach directly into existing classroom technology stacks.

## Customer Segments

Students from kindergarten through high school make up Khan Academy's largest user segment, seeking supplementary help across core academic subjects. Teachers and school districts form a distinct segment, using the platform's content and, increasingly, Khanmigo to support classroom instruction and lesson planning. Parents represent a related segment, often the ones selecting and monitoring Khan Academy use for younger children. Philanthropic donors and corporate partners function as a business-facing segment in their own right, since their continued financial support determines how much of the platform can remain free.

## Cost Structure

Platform development and maintenance, including the engineering behind Khanmigo's AI infrastructure, represent a significant and growing cost as the organization's technical ambitions expand beyond static video content. Human resources costs cover the salaries of content developers, engineers, fundraising staff and leadership across a nonprofit that reported spending the large majority of its budget on programs. Content creation and translation coordination, though partly volunteer-supported, still requires paid staff to manage quality and consistency. Network and infrastructure costs, including hosting the video library and supporting real-time AI interactions at scale, round out a cost base that has grown alongside Khan Academy's expanding product line.

## Revenue Streams

Contributions from philanthropic foundations and corporate donors make up the large majority of Khan Academy's revenue, reaching $90.4 million in the 2024-2025 fiscal year. Program service revenue, including fees for products like certain Khanmigo tiers for individual families and paid school licenses, contributed an additional $22.2 million in the same period. Individual donations, though smaller in aggregate than major institutional gifts, supplement the funding base and broaden the organization's donor pool. Khan Academy's core educational content remains free for individual learners, meaning its revenue model depends on convincing funders rather than users to pay.

- 1Khan Academy History And Founding
- 2Khan Academy Annual Report Fiscal Year 2024-2025
- 3Khan Academy And OpenAI's GPT-4 Partnership
- 4Microsoft And Khan Academy Launch Free AI Assistant For US Teachers
- 5Sal Khan Reflects On AI In Schools And Khanmigo's Limits
- 6AI And Personalized Tutoring In Education

## Summary

Khan Academy proved that a free product and a nonprofit structure could still build one of the most used education platforms in the world, reaching learners across more than 190 countries without charging any of them directly. Its funding model depends on convincing foundations, technology companies and individual donors that the mission justifies continued support, a case that gets harder to make as the organization's budget grows past $100 million a year. Khanmigo represents the clearest test of that mission in its current form: an AI tutor built with a leading technology partner, offered free to teachers through a Microsoft-funded deal, and still working out whether it changes how students actually learn or simply adds another tool many barely touch. Sal Khan's own acknowledgment that adoption has been uneven suggests the organization is treating that as an open engineering problem rather than a marketing talking point. What Khan Academy does with that honesty over the next few years will likely matter more than any single feature launch.