

# The Value of Tuition Assistance



# A 21ST CENTURY BENEFIT FOR 21ST CENTURY CHALLENGES

Tuition assistance has the potential to be a very powerful benefit within an organization, providing employees with opportunities to learn, enhance their job performance – and ultimately – impact both their organizations and their lives. Capella University, EdLink and the ROI Institute partnered to deliver the first macro-level study on the organizational value of tuition assistance from the employee perspective. The findings in *The Value of Tuition Assistance Study* (analysis of the findings begins on page 4) demonstrate that employees believe that tuition assistance is an effective and valued benefit, leading to a more skilled and engaged workforce. Over 94% of study respondents reported that the knowledge gained from using the tuition benefit was useful to their job, and 88% of respondents reported increased engagement and organizational commitment.

## EVOLUTION OF TUITION BENEFITS

According to the *National Association of Colleges and Employers 2011 Student Survey*<sup>1</sup>, tuition reimbursement came in as the third most desirable corporate benefit – just behind 100-percent employer-paid medical coverage and annual salary increases. In addition, opportunities for professional development was named as the top attribute of a job/employer in the survey.

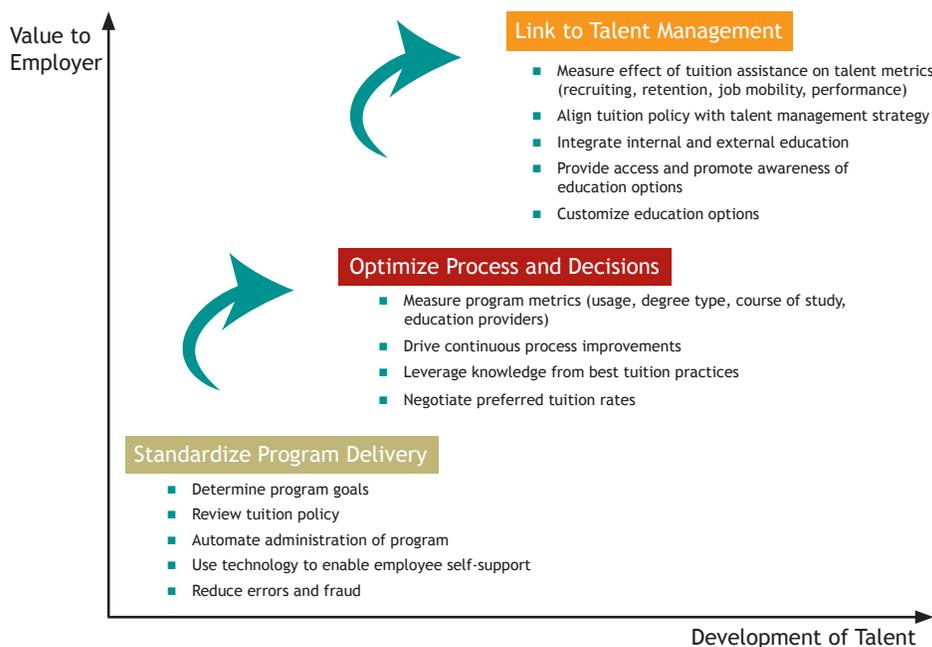
Over the years, tuition benefits have evolved from a business expense to a strategic investment in employee education. In today's ever-changing global landscape, most companies understand that the investment in employee development is a vital investment in the future growth and vitality of the business, and in some cases, the industry.

Companies are looking more closely at their tuition policies and recognizing the importance of closely aligning their tuition program investment with their overall talent management and career pipeline strategies. This helps not only to address current and future skills shortages, but also increases retention rates, recruitment, career mobility and employee engagement. Examples of policy refinements range from including certificate and certification programs needed by the company to integrating corporate global policies into one equitable, centrally administered policy.

## Why is tuition assistance important?

- Aligns employee education with corporate goals
- Addresses skill gaps within an organization
- Addresses skills needed to compete in a global economy
- Supports and drive business outcomes
- Builds workforce competencies and talent pipeline strategies

## Increasing the Value of Tuition Assistance



Source: EdLink 2010

Finally, companies increasingly are recognizing the need to measure and evaluate the overall value back to the company from these tuition program investments.

When managed to target skills shortages and workforce development, a tuition assistance program has the potential to be an extremely impactful benefit within an organization. By integrating tuition assistance with talent management, employers will get most value out of their tuition programs now and into the future.



## A MORE ENGAGED WORKFORCE

Companies today understand the importance of ensuring a more proficient, productive and engaged workforce.

According to a 2008 Gallup Research Study<sup>2</sup>, only 33% of employees in the U.S. are actively engaged in their jobs. This lack of employee engagement costs the U.S. upwards of \$362 billion per year.

A well-managed tuition assistance program is one of the tools that employers are using to increase employee engagement. Employees who have access to tuition assistance and additional training and development return higher levels of performance and are less likely to leave the organization.

The result: engaged employees who are more profitable and customer focused. These employees feel supported by their organization, enjoy their work and are committed to their organization.

## THE VALUE OF TUITION ASSISTANCE

According to the 2009 Bersin and Associates study *Tuition Assistance Programs: Best Practices for Maximizing a Key Talent Investment*<sup>3</sup>, each year companies spend over \$16.5 billion on tuition assistance benefits. In fact, 87 percent of organizations in the U.S. – regardless of size or industry – offer tuition assistance. Among organizations with over 10,000 employees, this number rises to 94 percent. EdLink, a company specializing in the management of tuition assistance benefits for organizations, reports that the average tuition spend per employee in 2011 was \$4,050<sup>4</sup>.

In April 2011, *The Value of Tuition Assistance* survey was distributed to employees participating in tuition assistance programs at a variety of prominent organizations across the country and across multiple industries such as telecommunications, financial services, healthcare, energy and consumer products. More than 2,100 employees responded to the survey.

Results indicate that there are significant benefits for organizations to invest in tuition assistance for their employees. In addition to respondents reacting favorably to the program, the respondents also reported acquiring knowledge as a result of the coursework completed. The respondents reported that knowledge, skills, and information acquired through tuition assistance-sponsored programs were required in their job. They also reported that their job proficiency had improved since attending the program. Lastly, they reported applying the knowledge, skills and information on the job. Furthermore, respondents reported agreement that employee satisfaction, efficiency, quality and productivity were positively influenced by their participation in the tuition assistance program.

The findings in this study show that tuition assistance programs have significant value not only for the individual, but also for the sponsoring company.

*Analysis of the Value of Tuition Assistance Study begins on page 4.*

## FOOTNOTES

Nacweb.org. November 10, 2011. <<http://www.nacweb.org>>.

Gallup.com. November 10, 2011. <<http://www.gallup.com>>.

Chris Howard. November 10, 2011. <<http://www.bersin.com>>.

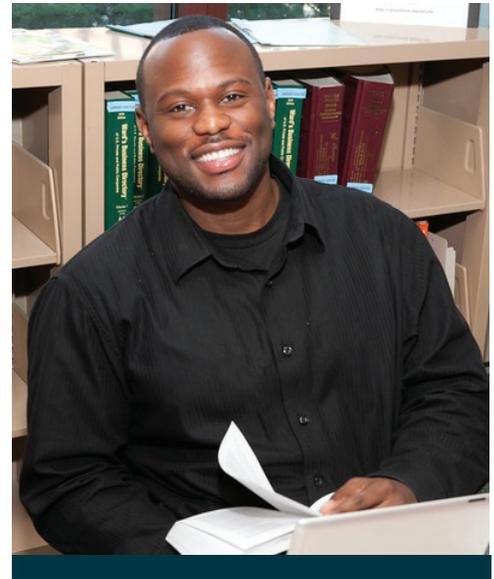
EdLink data from January 1-December 2011.

## INTRODUCTION AND BACKGROUND

Capella University, EdLink and the ROI Institute partnered to deliver the first macro-level study on the organizational value of tuition assistance. The impact of tuition assistance was measured on the corporate employee – whether and how they apply new knowledge on the job and the tangible benefits to the employer.

The survey was distributed in April 2011 to employees participating in tuition assistance programs at a variety of prominent EdLink client organizations across the country and across multiple industries, such as telecommunications, financial services, healthcare, energy and consumer products. More than 2,100 individual employees responded to the survey.

The benefits of tuition assistance programs shown in this study indicates that the vast majority of employees who have advanced their education through such programs report that their job satisfaction, efficiency, quality and productivity were positively influenced, and that the knowledge they acquired was useful in their jobs.



## EVALUATION STRATEGY

The evaluation study was implemented utilizing the Phillips ROI Methodology™. The results generated by this comprehensive process are used to identify the success of a program, as well as to identify opportunities for improvement.

For this study, we decided to stop the evaluation at the Impact level which includes isolating the effects of the program through the estimation process.

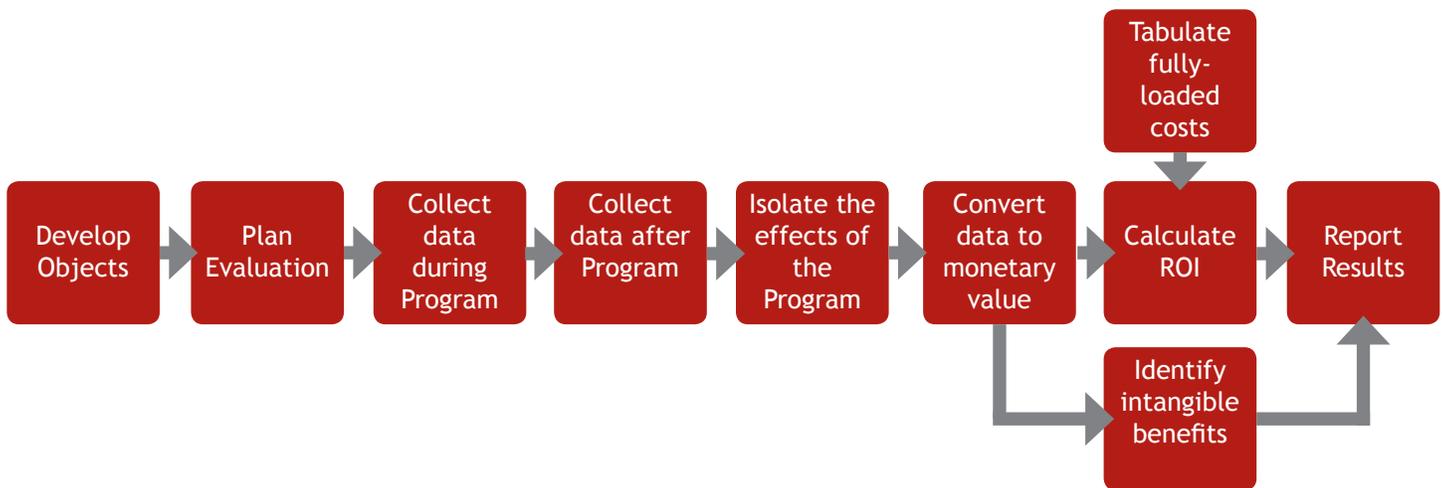
Capella University, EdLink and The ROI Institute are committed to future research studies that will focus more specifically on the ROI of tuition assistance, as well as the impact from the employer (rather than employee) perspective.

LEVEL	MEASUREMENT FOCUS
1. Reaction & Planned Action	Measures participant satisfaction and captures planned actions
2. Learning	Measures changes in knowledge, skills and attitudes related
3. Application & Implementation	Measures changes in on-the-job behavior or actions
4. Business Impact	Measures changes in business impact variables
5. Return on Investment	Compares project benefits to costs

## PROCESS MODEL

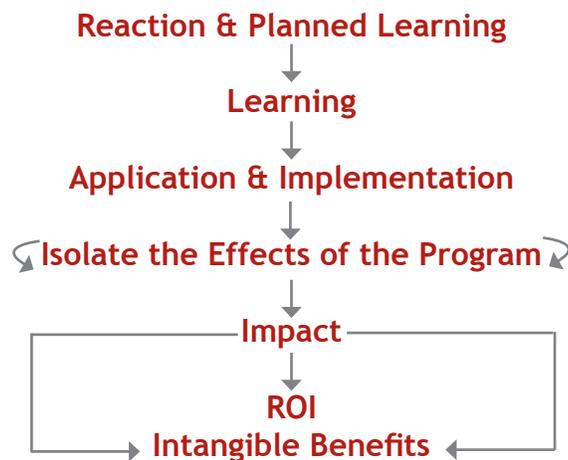
The process model offers a step-by-step approach for collecting and analyzing data categorized within the five-level framework.

# PHILLIPS ROI METHODOLOGY™



## CHAIN OF IMPACT

The results of the survey evaluation communicate the complete story of a program's success or failure. The chain of impact represents the sequence of events that occurs when the participants of a program react positively, acquire the needed knowledge/skills, apply the skills back on the job and, as a consequence, positively affect key business measures.



## EVALUATION RESULTS

The results of study are categorized by the levels of evaluation as follows:

- Level 1: Reaction and Planned Action
- Level 2: Learning
- Level 3: Application and Implementation
- Level 4: Business Impact
- Level 5: Return on Investment

# LEVEL 1: REACTION

To capture the overall reaction to, and perceived value of, tuition assistance programs offered by participating organizations, the questionnaire respondents were asked to provide their level of agreement (strongly disagree to strongly agree) for the following statements:

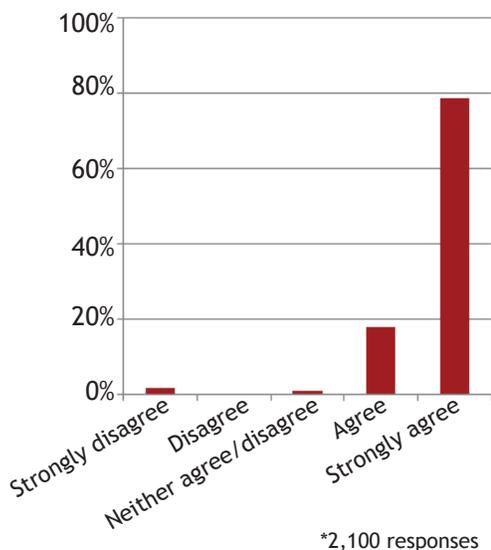
- The courses supported by my organization’s tuition assistance program have provided me content that is usable on the job.
- The courses supported by my organization’s tuition assistance program have been valuable to me personally.
- The tuition assistance program is the reason I pursued furthering my academic/professional development.
- Without the tuition assistance program, I would not have pursued further academic/professional development.
- The tuition assistance program is a good use of my organization’s resources.
- My organization is receiving a positive return on its investment in tuition assistance for employees.



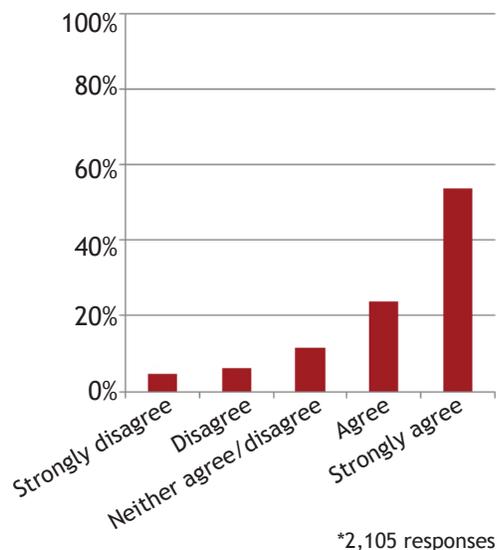
## KEY FINDINGS

- Over 96% reported the program being a good use of organizational resources
- Over 77% of the respondents reported agreement that the program was the reason they pursued furthering their academic/professional development
- 92% of employees gave their tuition assistance program a positive ROI

**The Tuition Program Is a Good Use of Organization’s Resources**



**Tuition Assistance Program Is the Reason I Pursued Furthering Academic/Professional Development**



## LEVEL 2: LEARNING

Participant learning can be measured using one or more various techniques. In order to capture the learning that occurred as a result of participating in the tuition assistance-sponsored programs, the participants provided their level of agreement (strongly disagree to strongly agree) for the following statements:

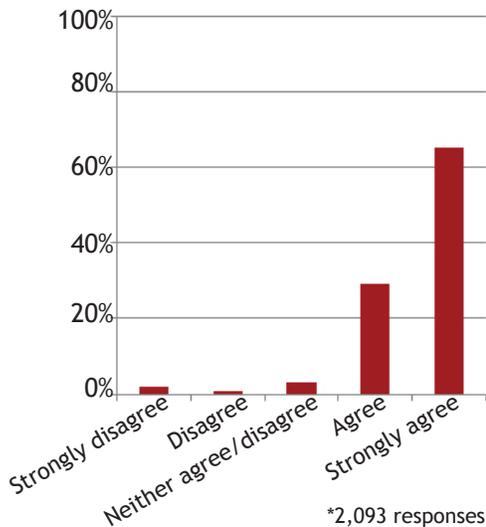
- Since completing the coursework supported by the tuition assistance program, I am more confident in my ability to perform on the job.
- Throughout my participation in coursework sponsored by the tuition assistance program, I have maintained a grade point average at or above that required by the school.
- Throughout my participation in the coursework sponsored by the tuition assistance program, I acquired knowledge useful to my job.
- Throughout my participation in the coursework sponsored by the tuition assistance program, I acquired knowledge useful to me personal.



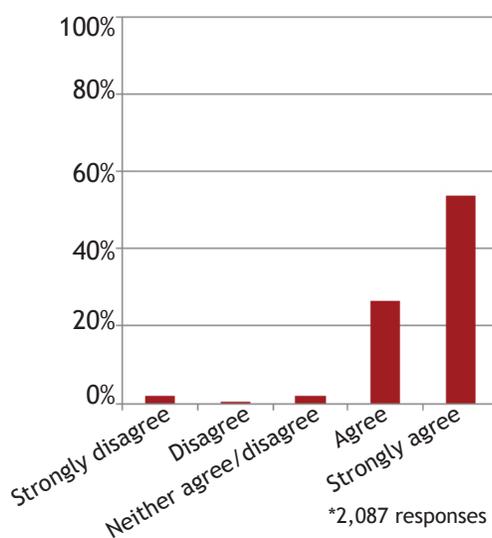
## KEY FINDINGS

- Over 94% reported agreement that the knowledge was useful to their job
- 89% reported increased confidence in ability to perform on the job
- 94% acquired useful personal knowledge

Acquired Knowledge Is Useful to My Job



Acquired Knowledge Is Useful to Me Personally

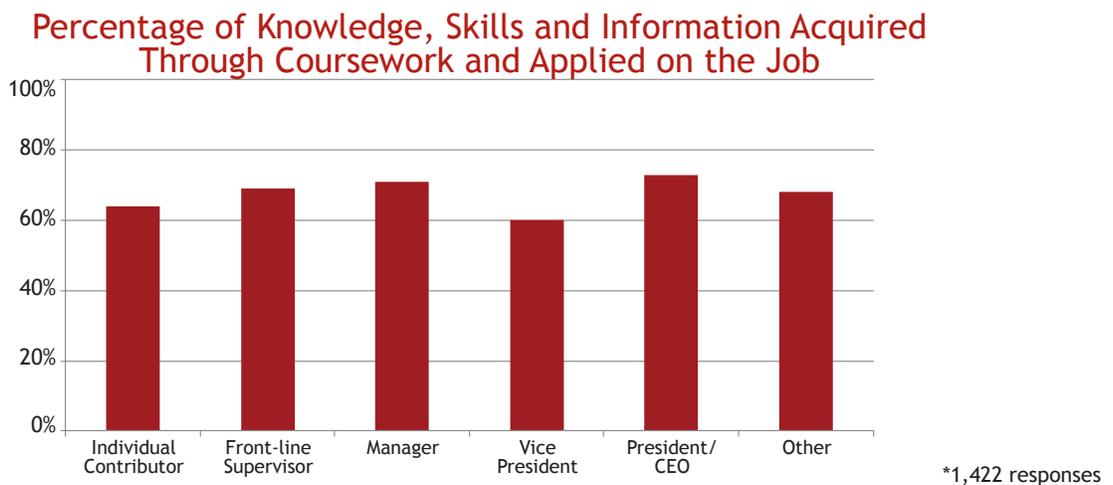


## LEVEL 3: APPLICATION AND IMPLEMENTATION

After determining that learning occurred as a result of the program, it is important to understand how the acquired skills and knowledge are being applied on the job. In an effort to understand this element, the respondents were asked three questions regarding on-the-job application and were instructed to provide a percentage between 0% and 100%.

### KEY FINDINGS

- Over 66% indicating more than half of what they acquired was needed on the job
- Job proficiency (skillfulness in the command of job responsibilities, skills) improved by over 63%
- Over 66% of the acquired knowledge, skills, and information gained was applied on the job



To further understand the extent to which application occurred, the respondents were asked to describe how they applied course content on the job. Approximately 1,369 employees responded to this question and provided a variety of activities and comments. Some of the common themes referenced in their responses included activities related to:

- Business acumen
- Teamwork
- Technology
- Critical thinking
- Finance
- Customer service
- Patient care
- Sales
- Project management
- Organization
- Human resources
- Decision making
- Relationship management
- Time management
- Communication (both verbal & written)
- Leadership and management
- Mentoring, and coaching
- Change management

*“Throughout my educational journey, I have become more efficient at managing my workforce, meeting my objectives and understanding the business as a whole. I have learned to drive results and to get things done through effective management of the resources afforded to me within the company.”*

—Survey Participant



## LEVEL 4: BUSINESS IMPACT

One of the primary goals of the evaluation study was to identify the impact of the tuition assistance-sponsored programs offered by organizations. To capture this information, the participants were asked a series of questions to identify the:

- Extent to which employee turnover, career mobility, employee engagement, organization commitment and job satisfaction improved as a result of offering tuition assistance.
- Likelihood employee turnover, career mobility, employee engagement, organization commitment and job satisfaction would decrease by not offering tuition assistance.
- Improvement in specific business measures due to applying knowledge, skill and information acquired through tuition assistance sponsored programs.
- Monetary value of the business improvement and the estimated costs associated with the tuition assistance-sponsored programs.

*“My job satisfaction has improved because I have a better grasp on how my job supports the company goals.”*

*—Survey Participant*



## KEY FINDINGS

### EMPLOYEE PERSPECTIVE

- 87% reported improved organizational commitment
- 87% reported increased job satisfaction
- 87% reported improved career mobility
- 88% reported increased engagement

### Impact to Participant Personally

	No improvement		Moderate Improvement	4	Very Significant Improvement	Favorable Responses (3.0-5.0)
	1	2	3		5	
Job Satisfaction	5%	7%	18%	33%	36%	87%
Career Mobility	7%	5%	16%	29%	42%	87%
Employee Engagement	4%	7%	16%	34%	38%	88%
Organizational Commitment	6%	7%	14%	31%	42%	87%

\*1,488 responses

## EMPLOYER PERSPECTIVE

- 81% reported improved engagement
- 80% reported improved organizational commitment
- 77% reported increased career mobility

### Impact to Participant's Organization

	No improvement		Moderate Improvement	4	Very Significant Improvement	Favorable Responses (3.0-5.0)
	1	2	3		5	
Job Satisfaction	8%	8%	15%	26%	36%	77%
Employee Engagement	4%	7%	18%	28%	35%	81%
Organizational Commitment	5%	7%	16%	26%	38%	80%

\*1,491 responses

\*\*Some respondents reported a not applicable response indicating unable to speak to results

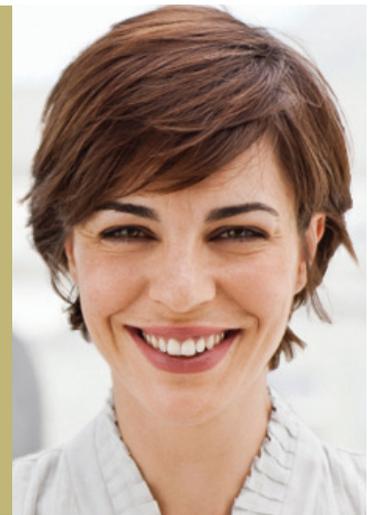
## ADDITIONAL COMMENTS AND THEMES

Respondents provided comments that illustrated how the programs had impacted the measures. Some of the mentioned themes included:

- More motivated employees
- Strengthened career path
- More marketability as an employee
- Job security
- Increased morale
- Makes organization a desirable place to work
- Impact on others (e.g., educating peers)
- Innovation
- Quality of life
- Confidence, self esteem
- Teamwork
- Attractive for recruiting and retention

*“The tuition program is an enormous benefit to (the organizations) employees. This is an investment from the employer’s perspective. Therefore, I return that investment by performing to the greatest of my abilities and applying the skills I have acquired in my continued learning to my daily responsibilities.”*

—Survey Participant



## CONCLUSION

In summary, the results show that responding employees reacted favorably to the tuition assistance programs offered by their employers.

In addition to reacting favorably to the program, the respondents also reported acquiring knowledge as a result of coursework completed in the courses sponsored by the tuition assistance program. The respondents reported that knowledge, skills and information acquired through the tuition assistance-sponsored programs were required in their job. They also reported that their job proficiency had improved since attending the program. Lastly, they reported applying of the knowledge, skills and information on the job. Furthermore, respondents reported agreement that employee satisfaction, efficiency, quality and productivity were positively influenced by their participation in the tuition assistance program.

The findings of the study show that there is value in the tuition assistance programs offered by organizations. The tuition assistance programs provide employees opportunities to learn, enhance their job performance and, ultimately, impact both their organizations and individual lives.

## ABOUT CAPELLA UNIVERSITY, EDLINK & ROI INSTITUTE

**Capella University** is the leading provider of online education making opportunities available to adults who seek to maximize their personal and professional potential. Capella's mission is fulfilled through innovative programs that are responsive to the needs of adult learners and the organizations that support them in their educational endeavors.

**EdLink** is the nation's largest and most experienced provider of outsourced tuition management services, working with companies of all sizes across multiple industries. EdLink is an independent company jointly created by the Council for Adult and Experiential Learning (CAEL) and ACT, Inc.

**ROI Institute, Inc.** is the global expert in measurement and evaluation of learning, development and education programs. Its expertise lies in calculating the return on non-capital investments such as the services provided by EdLink.

### Get the Most Value from Your Tuition Program

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