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# Getting Results from the Learning Investment: A Report from CAEL's Tuition Strategy Group

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Employers are one of the largest sources of financial support for adult learning today. Some of this support goes to in-house training, but a significant amount—in the tens of billions of dollars, according to some estimates—goes to tuition reimbursement for employees.

CAEL has managed tuition programs for employers and their workers for more than two decades. In the last few years, we have convened human resource managers to discuss tuition strategies—how tuition programs can be structured and positioned to best help the workforce and the corporation itself.

The last meeting of the CAEL Tuition Strategy Group (TSG) was attended by twenty-four representatives of companies with tuition assistance programs, and the focus of the day-long session was how to get more bang for your tuition dollar. That's right—ROI, or return on investment.

Headlining the agenda was Michael E. Echols, PhD, Vice President of Strategic Initiatives at Bellevue University, who discussed the demand for high skills and why demographic changes will make it difficult for corporations to rely solely on recruitment for getting the skills they need in the workplace. Three themes emerged from his presentation and were echoed throughout the day as attendees discussed their own challenges in getting the most return for their tuition dollars.

### Theme 1: Corporations Will Increasingly Need to "Grow Their Own" High-skilled Workforce.

Individuals in human resources positions in corporations know that their role is to make sure that the company has the talent, skills and knowledge to compete in the future. As Echols explained, there are two ways to carry out this job: you can recruit it, or you can develop it in-house.

In the past, there has been some in-house development of skills that were needed, but management knew that if developing the skills was too big of a challenge, recruitment was always a fairly reliable fall-back option. Echols shared data with the Tuition Strategy Group showing that a reliance on recruitment might have been a good strategy in the past, but it may no longer be. The reason is demographics:

- The U.S. labor pool as a whole will be decreasing by 20 million between 2000 and 2019.
- The decrease in the labor pool will be primarily of workers in leadership positions—between 1998 and 2008, the "Exiting Leadership Pool" consisting of workers aged 45 and older will total 15.8 million, while the Entering Leadership Pool consisting of workers aged 25-44 will actually decline by 3 million.
- The group of people aged 25-40 will see zero growth between 2000-2019. (Echols noted that this and other data is available at www.corporatelearning.com.)

The implications of these demographic realities are that counting on recruiting new talent is not a viable option for corporations in the future. Even factoring in the foreign workforce, we are facing what Echols calls a "fixed supply equation" in the next 15-20 years. Corporations will need to develop their current workers in order to have the talent they will need in the future.

### Theme #2: A Key Tension Within Corporations is the Treatment of Tuition Programs as "Benefits" When They Need to Be Seen as "Investments"

Given the need for higher skilled workers, tuition programs offered by employers—when structured well—can serve as investments in the company's future. In fact, according to data compiled by Bellevue University, most CEOs do see tuition assistance programs as important investments:

- Nearly $100 billion is spent annually on learning and development (in the form of training and tuition assistance), with $75 billion going to training, and $20 billion to tuition assistance. (Echols cited these as estimates from Eduventures research).
- 100% of all major corporations offer tuition assistance to their employees.
- 75% of all surveyed CEOs think that employee education is critical for enterprise success.

From this data, it is easy to draw the conclusion that CEOs support spending resources on learning, even though methods to measure the return on investment from learning (ROI-L) do not yet really exist.

The problem, according to Echols, is that in most corporations, tuition programs are treated as employee benefits. Sure, the common phrase that leaves the lips of management is, "Employees are our biggest asset." But in reality, tuition assistance is not treated as an investment in an asset—and cannot be, according to accepted accounting rules and practices—but rather as an "expense" on the balance sheet. So no matter how strongly a CEO believes in tuition assistance, that belief tends to be "trumped" by financial considerations when times are tough. Tuition assistance becomes just one more expense that needs to be reduced in order for the company to meet its financial targets.

Comments and questions from the attendees of the TSG meeting validated that concern. Acknowledging the internal pressures that are cutting the tuition budgets in some corporations, attendees asked each other: "What are some of the ways that you are managing the cost of your tuition program, especially given rising tuition?" Some attendees reported that they are imposing caps on tuition or limiting allowable uses to career related studies. One attendee has been negotiating reduced tuition rates with colleges and universities who offer onsite programs, while also promoting the use of prior learning assessment (PLA) as a way for employees to get their degrees faster and at a lower cost.

Another solution proposed by Echols was for Chief Learning Officers and other employee development staff to learn how to pitch tuition assistance as a company investment, changing the nature of the conversation about tuition. If the term "benefit" is used, says Echols, senior management conversations will be about how to reduce expenses, but if tuition is called an "investment," the conversation will be about outcomes. The focus will then be on how the company can get the skills and knowledge it needs in order to ensure the best possible return for its investment.

### Theme #3: Corporations Need to Start Using Their Tuition Program More Strategically in Order to Gain a Greater Return for That Investment

Attendees were eager to learn from each other about the ways in which they worked proactively to ensure a greater return for tuition assistance programs. Some of the strategies used by the attendees included:

- Working with colleges and universities to design custom degree programs for their industry, and then to offer those degree programs onsite. This makes it convenient for employees to take advantage of learning opportunities that benefit the employer. Example: Bellevue University offers customized degree programs where the business-specific content is offered first, followed by the general degree requirements. This helps employees apply learning to the workplace much quicker than the traditional model where students must get through introductory and general survey courses before taking on material that is most relevant to their work lives.
- Providing job fairs where individual departments share information with the incumbent workforce about job opportunities in those departments, as well as the degrees and/or credentials that might be required for those jobs.
- Intensive promotion of education and training opportunities that help to meet company needs.

- Cash awards for employees who complete industry-specific certifications.

Echols noted that getting hard data on ROI-L is an important strategy for making the case internally that tuition is an investment. He suggested finding ways to tie learning investments to one or more of the following five learning outcomes:

1. revenue growth
2. productivity
3. quality
4. customer service
5. employee retention

One attendee demonstrated how her staff had been collecting data on the impact of learning on career advancement and retention of the current workforce. She shared the affirmative outcomes based on the learning investment made by the company, such as a higher incidence or promotion and lower terminations among employees participating in the tuition program.

Given the challenge in gathering meaningful outcome data, Echols suggested a plan of action to ensure larger returns from tuition programs. Step one is to find out what skills and knowledge will be needed by the company in the next ten years—either from general industry requirements or from the departure of retirees. Step two is to aggressively communicate that information to the current workforce so that they can make decisions about learning opportunities that benefit the company and position them for advancement opportunities. Companies who are working with colleges and universities on customized degree programs—and then promoting those to employees—are carrying out that action plan well.

## Summary

At the TSG meeting, attendees gained some new perspectives on how to view their tuition programs and how they might position them differently in order to ensure continued investment and to get management thinking about how to use tuition as an investment strategy.

Colleges and universities should note from this discussion that companies who view tuition as a strategic investment will be demanding more from their educational partners—from customized degree programs to onsite delivery of instruction. These companies may also enlist the help of colleges and universities in identifying future industry skill needs and how best to meet those needs through education and training. Colleges and universities who are able to anticipate those employer needs— while understanding the internal tension around tuition and how it is viewed by company management—may be able to help make the case for even greater employee investment through tuition assistance programs.

To learn more about CAEL's Tuition Strategy Group, please contact John Zappa, Senior Vice President for Learner Services, **jzappa@cael.org.**