

HOW TO FINE-TUNE YOUR TUITION ASSISTANCE PROGRAM

You have a tuition assistance program. You've had it for years and it's become an important part of your benefits strategy. But do you know exactly what it's doing for your company? And could it be doing more?

The truth is, many tuition assistance programs could be doing much more than they are. With a targeted strategy, the same budget that's giving employees access to education could not only get considerably more people through school, it could also catch the eye of new hires, get current employees engaged, and ensure that the learning your employees are pursuing matches up precisely with the skills your organization needs.



WHY YOU SHOULD TUNE UP YOUR PROGRAM

Challenges in today's talent market are increasing the value of and the need for strategically run education assistance programs:

- **Low unemployment:** With only 1.5 employees per open job¹, many organizations are having a tough time finding qualified talent — especially talent that's the right cultural fit. Recruiting from in-house can be less risky than recruiting an external candidate
- **Jobs require more specialized skills:** The skills gap is expected to widen through 2020² and companies are using education to fill it
- **Tuition rates have skyrocketed:** College costs have risen more than 1200% since the late 1970s, way outpacing inflation and rising at nearly 2x the rate of medical insurance³
- **Changing motivation:** Millennials want opportunities for career growth, with nearly 60% saying they'd pick a job with strong professional development potential over one with regular pay raises⁴
- **Unprecedented debt:** 70% of new graduates carry education-related debt, making it harder for them to pursue the skills their companies need⁵



The result? Many employers are recognizing education assistance as an important and sustainable resource for talent.

¹ Center on Budget and Policy Priorities; "Unemployed Workers Per Job Opening;" <http://www.cbpp.org/unemployment-workers-per-opening.png> (accessed July 12, 2016)

² Carnevale, Anthony P, Nicole Smith, and Jeff Strohl; "Recovery: Job Growth and Education Requirements through 2020;" Georgetown Public Policy Institute; Georgetown University, 2013

³ Jamrisko, Michelle and Ilan Kolet; "College Tuition Costs Soar: Chart of the Day;" Bloomberg.com; August 2014.
<http://www.bloomberg.com/news/articles/2014-08-18/college-tuition-costs-soar-4-chart-of-the-day> (accessed July 12, 2016)

⁴ The Key to Attracting Millennials, EdAssist®, 2015

⁵ Sparshott, Jeffrey; "Congratulations, Class of 2015. You're the Most Indebted Ever (For Now);" The Wall Street Journal, May 8, 2015

FIVE STEPS TO TUNING UP YOUR PROGRAM

Regularly reviewing your tuition program will ensure it keeps up with both the talent market and your workforce development goals.

Here are five questions you need to ask when starting the review process.



I. WHAT ARE YOU TRYING TO ACCOMPLISH?

It's tempting to start the planning process by looking outward — at employers offering similar programs. But competitive benchmarking will only get you so far (see sidebar). Knowing what you want in terms of strategic goals is key to a program that delivers. A company looking to increase specific tech skills, for example, could do so by upping reimbursement rates for classes related to those skills; an employer could attract Millennials by offering help to pay off student loans. Lay down the rules and define objectives clearly so employees know exactly what to expect when they pursue a class.

Tip: Use Tuition Assistance to Engage Highly Educated Workers

Workers with a high rate of degree attainment are often motivated students who would love opportunities to quickly add skills through certificates and other non-degree programs. Given that, success may require expanding what's considered reimbursable in your tuition policy. By doing so, you'll end up with smart, engaged people who are committed to the company and invested in building precisely the skills you need. Equally important, make sure to understand your audience. The term "highly educated" could mean employees with strong business acumen instead of degrees. To determine the right strategy, you'll want to clearly define the target population ahead of time.

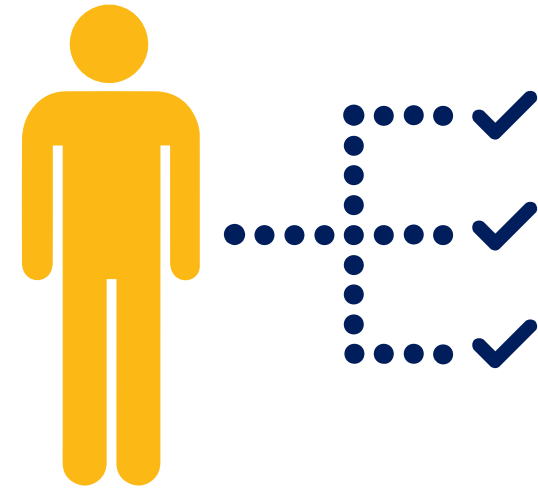
BENCHMARKING

Benchmarking is critical to fine-tuning your program. By getting a read on competitors, you'll not only see how you stack up, you'll also see precisely how other employers are using education to appeal to critical hires. Combining this data with other information about your competitive market may help you assess whether their initiatives (a specific boot camp to appeal to programmers, for example) are having the desired effect.

The critical eye can help your organization make important decisions about caps and coverage; but it can't be used in a vacuum. A competitor's success in appealing to IT hires means nothing if you're not in the market for IT. Use benchmarking to inform your program, but make sure to stay focused on your specific goals.

2. WHO'S ELIGIBLE AND HOW WILL THEY BE APPROVED?

Eligibility and approval should be clear and unmistakable. The former requires data about the impact your program can have on your talent strategies; the latter a clear path to decision making. If you're seeing greater retention rates among tuition assistance users, for example, consider removing new-hire waiting periods and allowing people to start using education benefits from day one. Once you've got eligibility down, the approval process needs to be easy to navigate, as well as transparent, objective, and fair.



Tip: Give Managers Input Without Overburdening Them

Managers should always be included in education programs. But if your policy has a carefully defined list of degrees, you probably don't need to burden managers with detailed approvals for every class; it may be enough to have them approve the overarching degree program and leave individual course approval to the tuition program manager. Also, consider using external education advisors; these experts can guide educational plans and save money by ensuring employees are making sound decisions from the start about school choice, programs, and overall career planning.

3. WHAT PROGRAMS WILL YOU COVER?

When deciding on coverage, the first question you need to answer is...which programs do you need? And that will require looping in learning and development teams and department managers to get a read on trends and what kind of educational offerings are desired and needed. Beyond curriculum, you also need to think about what types of programs (degrees and non-degrees) you cover and if there are specific schools employees should go to to get them.

Today's higher-ed landscape isn't just degrees, but also certificates, certifications, boot camps, MOOCs, and individual training courses. If you're only covering traditional degrees, you may be missing out on essential skills that can be delivered more quickly via less conventional routes...and at lower cost. Just as important, make sure to be open to less traditional schools that might do a better job catering to adult learners; the research may take some time, but the dividends (in completed programs) will be well worthwhile.



Tip: Coordinate With Your Learning and Development Department to Align Covered Programs With Employee Development Goals

Learning and development team members are a great resource for education assistance policy reviews. Why? These specialists know exactly what skills are needed for each hard-to-fill position and what types of learning programs will be required to fill them. If you find, for example, that key positions on your list require certifications, you'll want to adjust your policy to ensure degree-only rules aren't costing you opportunities. It's a great example of how you can change one condition of your policy and fine-tune it to solve your business problem.

4. WHAT EXPENSES WILL BE COVERED AND WHAT ARE YOUR CAPS?

One of the most effective things you can do to optimize your program is to differentiate caps. If you're short on specific skills, consider raising reimbursement amounts for degrees related to those skills. If you're losing knowledge because of an exodus of veteran employees, richer tuition assistance can keep those people engaged and loyal. A differentiated policy can still be equitable, just as long as rules and program objectives are transparent, all employees have equal access, and higher allowances are clearly tied to your overall business objectives.



Tip: Use Tuition Assistance to Staff Hard-to-fill Positions

Superior reimbursement rates are great strategies to attract and develop the skills you need. Some companies have even begun offering 100% reimbursement for their toughest spots to fill. To up your program's power to recruit talent, make sure all of your education benefits (education and career guidance, generous caps, and any special relationships you have with desirable schools or boot camps) are included prominently in all external advertising to potential hires.

5. HOW WILL YOU MAKE PAYMENTS?

You might think how you pay doesn't matter. But direct-bill programs (payments made directly from employer to the school, also referred to as "disbursement") can have an enormous positive effect on participation. Why? Unlike more traditional reimbursement plans, direct payment keeps employees from having to lay out a lot of their own money up front – a difficult task given the high (and rising) cost of tuition. By freeing up employee cash flow, you create more affordable programs and, as a result, a more enthusiastic audience that is both willing and able to build important skills.

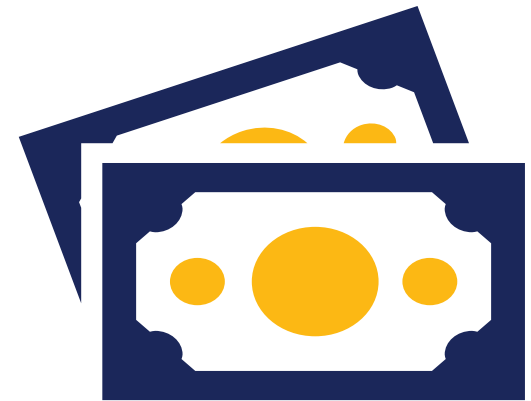


Tip: Increase Participation by Making Your Program More Affordable

One of the most under-appreciated costs of education is the price of books and fees. Both are significant contributors to out-of-pocket expenses and often pivotal elements that determine whether or not people feel equipped to go back to school. If you're finding employees are leaving large portions of caps untapped, it may be because they can't afford these ancillary costs. To encourage participation, you might want to extend caps to cover books and fees, as well as tuition.

CONCLUSION

Times change, and benefits programs like tuition assistance need to adapt to stay relevant. A program that was designed ten years ago likely isn't giving you or your employees the best opportunities. Reviewing your business goals and associated tuition assistance program regularly will not only help your organization stay ahead on skills, it will also ensure your program remains capable of meeting today's challenges.



ABOUT EDASSIST

EdAssist[®] helps organizations transform education assistance programs into strategic investments that drive employee growth, retention, and engagement. Its tuition management and loan repayment solutions include cloud-based self-service, expert advisors, and powerful reporting.

The leading name in education assistance, EdAssist manages programs for 150+ organizations, and processes more than \$450 million in tuition and loan payments each year. Through EdAssist, employers receive policy design best practices that make sure education investments support business objectives, and employees gain personal support and significant tuition savings from 200+ accredited educational institutions.

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