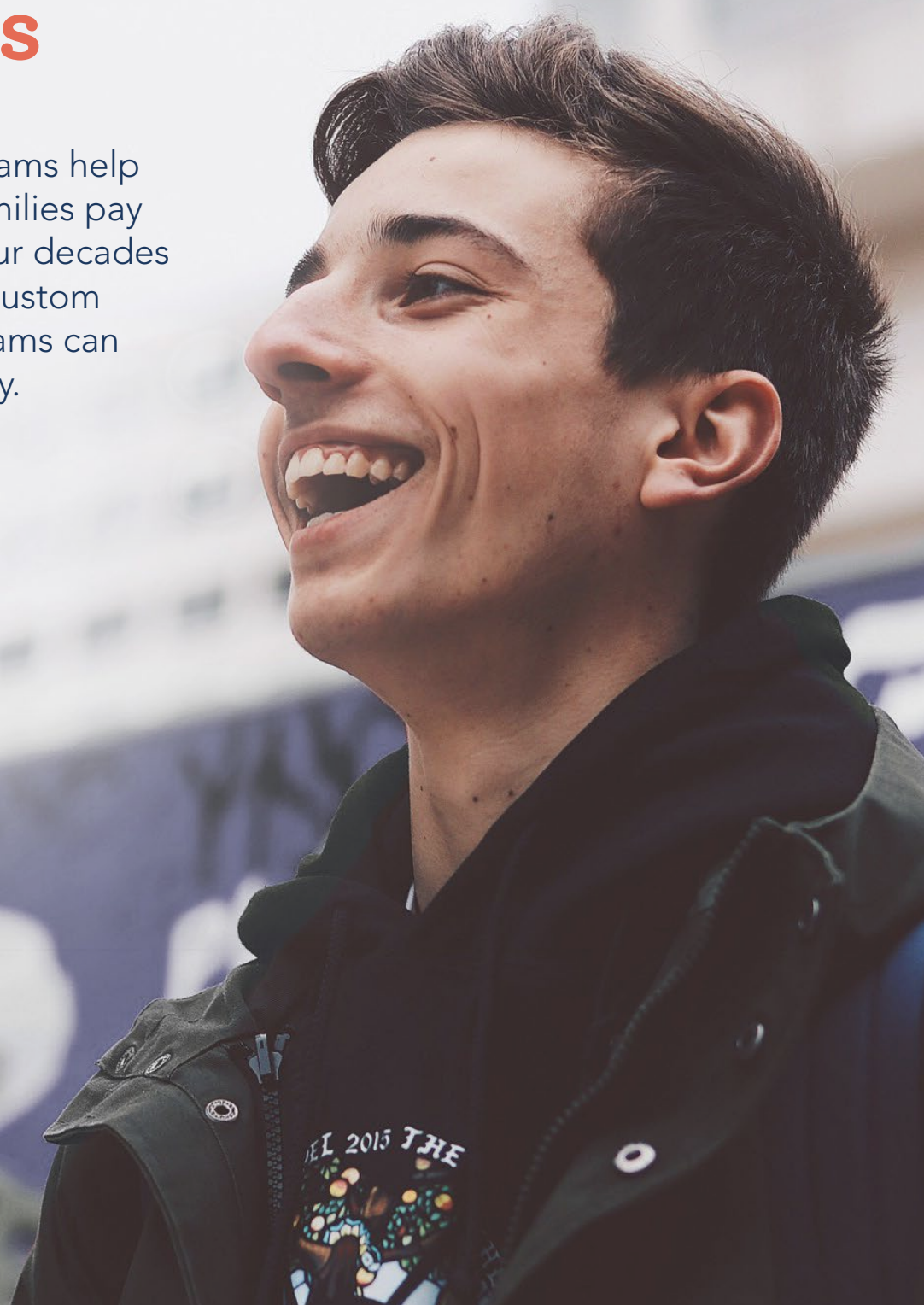




# Making an Impact: Tuition Assistance Programs

Tuition assistance programs help employees and their families pay for higher education. Our decades of expertise designing custom tuition assistance programs can pay off for your company.



# Contents

Ready to learn how a tuition assistance program can help your company recruit, retain and develop great talent? We're here to help!

Check out this ebook for a roundup of basic and advanced advice, then [get in touch](#) when you're ready to learn more from our experts.

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# Making an Impact: Tuition Assistance Programs from Scholarship America

Scholarship America is the nation's largest private-sector scholarship provider, and we focus on ensuring ALL students have the opportunity to succeed in their pursuit of higher education.

Since our founding in 1958, Scholarship America has built programs that have distributed over \$4 billion and helped more than 2.4 million students as the go-to source for scholarships, emergency aid, mentoring, coaching, financial literacy and more.

Scholarship America has decades of experience designing and managing tuition assistance programs, helping companies and organizations achieve their CSR goals, recruit and retain great employees, and make an impact on the lives of their workforces.

In this ebook, we'll help you start, refine and assess your tuition assistance program.



# After Reading



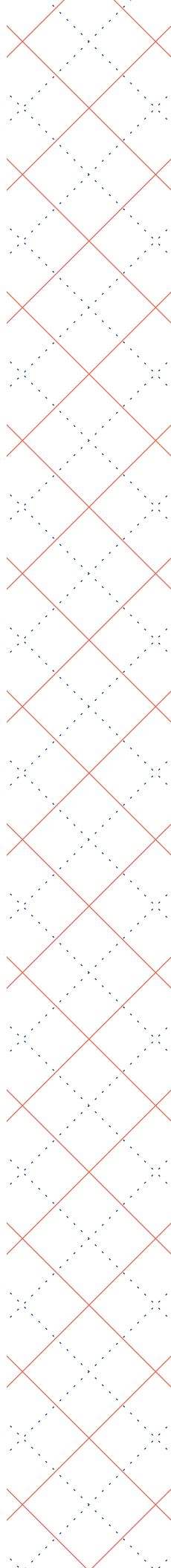
If you're ready to explore how Scholarship America can boost the impact of your tuition assistance program, we encourage you to get in touch. Our Client Solutions experts are happy to give you free, one-on-one, no obligation guidance.

[clientsolutions@scholarshipamerica.org](mailto:clientsolutions@scholarshipamerica.org)

Part One

# Tuition Assistance Basics

New to tuition assistance programs? Here's our executive overview of the big ideas.





# Making Tuition Assistance Part of Your Benefits Package

When most people think of employee benefits, they think of things like health insurance, vacation and other perks. In addition to these valuable programs, an increasingly important benefit for human resources departments to consider adding is tuition assistance.

Given the country's need for a highly-educated workforce, an education benefit is a timely and effective tool to integrate into your talent management program.

At Scholarship America, we work with companies to implement all kinds of higher education assistance programs, from scholarships to college partnerships.

In this book, we'll delve into why a tuition assistance program (also known as TAP) can be a powerful addition.

## What is a tuition assistance program?

While organizations may have different internal names for their education programs, a tuition assistance program is generally an employer-provided benefit that helps pay for an employee to take higher education courses, depending on specific criteria that the employee meets.

The financial assistance falls into two categories: reimbursement, in which an employee pays for a course upfront and then receives payment from the organization once the course is done; or prepayment, in which an organization pays for a course before the employee completes it.

In both situations, there are eligibility requirements for employees to take part in the program. For example, you may declare what kinds of courses are approved for employee enrollment, or set a maximum amount of tuition that you'll cover in a year.

## Why implement a tuition assistance program?


**Attract and retain employees:** Every year, [Fortune's 100 Best Companies to Work For](#) provide a playbook of what works to attract top-notch employees. One thing virtually all of them have in common? Innovative benefits like tuition assistance. (No. 38 NVIDIA, for example, reimburses employee educational expenses because “taking away some of the worry about finances means employees can do their life’s best work.”)

**Develop your workforce:** Whether an employee is brand new or is a seasoned veteran, a tuition assistance program allows organizations to recognize the need and opportunity to continually train and grow their staff.

Having a tuition assistance program in place creates an intentional system to nurture employees’ skills. Given the right learning opportunities, employees can perform at an even more productive level. And when employees’ skills are upgraded, the organization gets a boost, too: as the Forbes article headlines, happy employees mean hefty profits.

**Reward your people:** In addition to outward gains like productivity and revenue, offering an educational benefit could lead to big intrinsic payoffs as well.

A book called “The Progress Principle” is based on labor studies conducted over the past decade. [Their results](#) related to internal motivation in the workplace are telling:



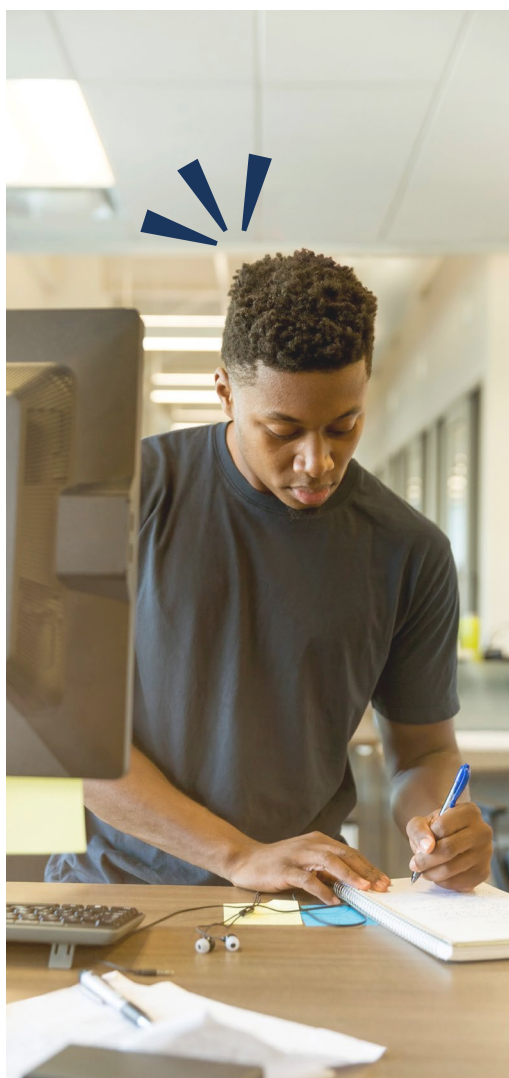
The happier employees are, the happier the organization will be in attracting—and keeping—the right people for the job

“Our research shows that inner work life has a profound impact on workers’ creativity, productivity, commitment and collegiality. Employees are far more likely to have new ideas on days when they feel happier. Conventional wisdom suggests that pressure enhances performance; our real-time data, however, shows that workers perform better when they are happily engaged in what they do.”

In other words, the mental and emotional wins of engaging employees can be just as great—or even greater—than the financial ones.

Whether you’re a business, foundation or nonprofit, there’s an opportunity to tailor education programs based on your organization’s needs. Honing your employees’ professional and personal skills is incredibly beneficial—and a tuition assistance education program can be a prime opportunity to accomplish both.

# Tuition Assistance: The “Secret” Benefit That Boosts Employee Retention



[Forbes magazine highlighted a great idea with a big problem.](#) It looked at companies’ use of employee tuition assistance programs: a win-win benefit that helps workers further their educations, helps employers retain qualified staff and comes with significant tax benefits.

On paper, [tuition assistance](#) is the perfect benefit. So what’s the issue Forbes found?

In their words: “it can be said of the tuition assistance benefit offered by most employers: more could be accomplished if employers weren’t trying so hard to keep it secret.”

It may seem hard to believe that a \$22 billion-a-year benefit offered by more than 70 percent of employers could possibly be a secret, but there is some truth to the assertion. Confusion about the program’s value, difficulty in figuring out how to manage it and lack of internal promotion combine to keep participation low. By some estimates, only about 5 percent of eligible employees take advantage of tuition assistance. It’s a huge missed opportunity—but there are ways to do better.



## Good tuition assistance programs benefit every stakeholder

The benefit of tuition assistance for employees is obvious: more postsecondary education with less debt. As college students increasingly balance their studies with full-time work, employer-provided tuition assistance can and should be a growing piece of the financial aid puzzle. (Even though there are a [lot of variables for students to remember!](#))

For employers, the benefits can be far-reaching.

From a human resources perspective, helping employees with their college tuition boosts both recruitment and retention. In [one wide-ranging survey](#), 79 percent of recipients said tuition assistance was an important or very important factor in joining their company, and 81 percent agreed that “their employer’s tuition assistance program makes them more likely to stay with the organization.”

When it comes to recruiting coveted millennial employees, tuition assistance also hits the mark. A companion survey focused on millennials indicated more than half are taking classes while in the workforce, and 6 in 10 would pick a job with high development potential over one with regular pay raises.

[A look at one major healthcare company](#) puts the benefits into stark relief. In a study conducted by Lumina Foundation and Accenture, the health insurer Cigna discovered that each dollar invested in tuition assistance was earned back—along with another \$1.29 in savings on recruitment and training costs. The study found that:



**79% of recipients  
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**“Employees who participated in Cigna’s program were 10% more likely to be promoted, 8% more likely to stay with the company, and 7.5% more likely to transfer within the company than employees who didn’t use the tuition reimbursement. Participants also saw a 43% increase in wages over a three-year period.”**

Tuition assistance is a boon to employees, employers and the bottom line. So why isn’t it used more?

## Understanding the whos, wheres and whys of tuition assistance

As Forbes reports, part of the issue is that “TAP [tuition assistance programs] is categorized as one retention-enhancing employee benefit among many—disconnected from strategic HR goals like closing the skills gap.” This mis-categorization leads businesses to see it as a niche benefit rather than a way to aggressively develop their workforce. That leads them to de-emphasize the program or make it difficult to use, rather than focusing their spending on college courses that benefit both employee and company.

In other words, while it’s generally managed like an HR benefit, tuition assistance really belongs in the world of learning, training & employee development.

### CASE STUDY:

**When companies bring tuition assistance into this fold, the results speak for themselves. In 2015, McDonald’s introduced Archways To Opportunity, a wide-ranging employee education program that includes tuition assistance as part of a comprehensive package. The program is open to both managerial and hourly staff, and offers online high-school courses, ESL training, academic and career advisers—as well as a no-strings college tuition payment ranging from \$700 to \$5,250 per year.**

McDonald’s retention goals may seem modest; according to Inside Higher Ed, “It’s a win-win, the company believes, if the tuition assistance program can help an employee stay on the job for more than just three months—a key milestone in the fast-food industry.” However, the program is also a powerful recruiting tool, giving the restaurant giant a competitive advantage when it comes to hiring ambitious young people seeking what the company calls “America’s best first job.”

## There's no one-size fits all tuition assistance model

For McDonald's—a huge corporation with a sizable recruiting and retention budget—this comprehensive, largely unrestricted model makes the most sense. But it's also not for every company.

At Amazon, for example, tuition assistance is generous but restrictive. The Career Choice benefit pays up to \$12,000 in annual tuition and reimburses 95 percent of textbook and fee costs—but the employee must be studying for a certificate or two-year degree in an identified “high-demand field.” Similarly, one aerospace and defense company profiled in the [Tuition Assistance: In Demand](#) study focused its tuition assistance dollars on managerial training and coursework for engineers (who made up 65 percent of their workforce).

And what happened? “Training and education hours spent on job-related topics increased 30 percent. ... 85 percent of the company's aggressive training goals were met, showing strong signs of closing skills gaps.”

Clearly, tuition assistance works best when it has a defined audience and a targeted goal.

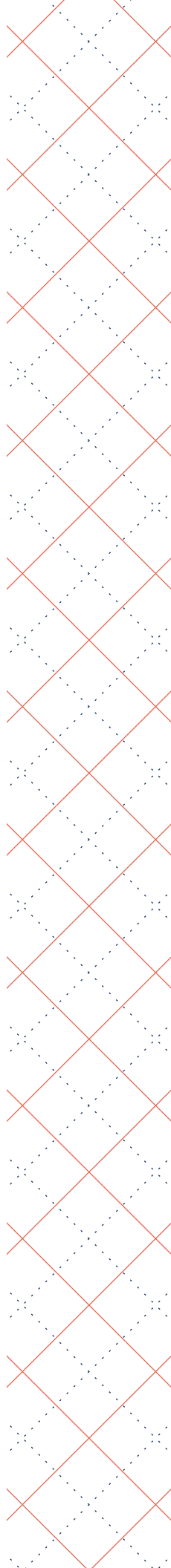
And those needs, while major, are only part of managing a successful program. Among other concerns, companies also need to decide how they'll determine eligibility, where they'll promote the program and how they want to manage funds. Some, like McDonald's, pay colleges directly; others reimburse students each term; still others pay a deferred percentage depending on the employee's time of service.

Tuition assistance is an incredibly valuable benefit to students, and an increasingly vital offering for employees. It's also a complex program that requires thoughtful management. If you're considering a tuition assistance program for your employees, we'd be happy to help you work out what's best for your organization. [Contact Scholarship America](#)—we'll help ensure your program isn't a secret.

Part Two

# Getting Started

Ready to start helping employees with their educational expenses? Here's what you need to know to get a solid start.



# Four Questions to Answer Before Starting a Tuition Assistance Program

For organizations of all sizes, a [tuition assistance program](#) may seem like a no-brainer. These programs allow you to support your workforce; they help ensure higher education and a future with more skilled workers; and they are a compelling benefit that helps you recruit, retain and delight your staff.

But creating a program isn't as simple as adding a line to the budget and putting a notice in a newsletter. To ensure your program has the best chance at success, answer these four questions before you start.

## 1) What does your workforce look like?

Think about the demographics of your workforce. How old are they? Are they young and single, or older with families? Are their kids mostly in diapers, or mostly in high school? All of these questions will help you figure out what kind of tuition assistance program to offer.

Many companies offer a simple reimbursement for employees pursuing higher education. But if you're a highly technical workforce, you may want to consider targeting certain skills or certifications. Mostly millennial employees? To avoid being overwhelmed, look at a cap on reimbursements, or a requirement that classes apply to each employee's career path.

## 2) How many applicants do you expect?

The scope of your program will help you determine how many applicants you might expect. At Scholarship America, we usually encourage clients to think inclusively about their qualifying criteria -- if a program is too restricted or targeted, it can end up being an overly specialized or niche benefit. By keeping the qualifications relatively inclusive, you can plan for a realistic number of applicants, while also ensuring that you make the biggest splash with your staff.



### 3) Can you afford to make an impact?

If you're thinking of starting a tuition assistance program, you already know that the cost of higher education is skyrocketing. A degree has never been a better investment -- or a more expensive one. To ensure that you're really impacting your employees, take a look at the average per-credit cost at your local two-year, four-year, public and private schools, and price your tuition benefits accordingly.

### 4) What is the program's real budget?

As with most expenses, the budget to give away a \$2,500 reimbursement isn't just \$2,500. In addition to the amount of money distributed, you'll also need to budget either staff time or outsourcing costs to manage the program: creating the application, spreading the word, evaluating the submissions, answering applicant questions and ensuring the recipients' funds are disbursed correctly.

As your program grows, the cost of that staff time will, too. If your program is outgrowing your team -- or if you just don't know where to start -- [contact the experts at Scholarship America](#). Our experienced professionals can help you answer all of these questions, and get the most bang for your budget!



# Assessment and Refinement: Ensuring Your Program is Retaining Employees

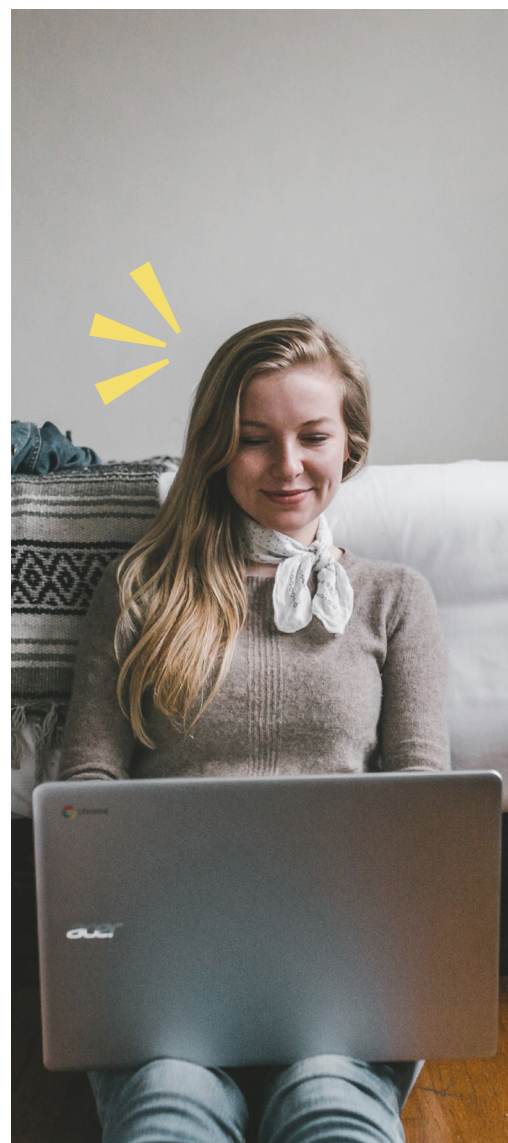
As the American job market continues to improve, employee retention is becoming more difficult -- and that can mean trouble if employees aren't feeling engaged.

[CareerBuilder](#) found that more than half (52 percent) of workers "feel like they just have a job, not a career. While younger workers ages 18 to 24 are the most likely to report this at 65 percent, more seasoned workers ages 35 to 44 (48 percent), ages 45 to 54 (57 percent) and ages 55+ (54 percent) also share this sentiment."

As HR professionals know, employees who feel like they have "just a job" are much more likely to leave than those who consider their work part of a meaningful career.

This potential turnover makes employer-provided benefits, like tuition assistance and education assistance programs, all the more attractive, especially as younger generations join the workforce.

According to a Society for Human Resource Management's (SHRM) [Job Satisfaction and Engagement Report](#), "Generation X employees were more likely to report paid training as a contributor to their job satisfaction compared with Baby Boomers." SHRM also notes that employers who require their workers "to have advanced degrees or value higher education in their culture may want to emphasize this benefit in order to attract talent."



It is vital to offer educational benefits at your organization. It's equally important to have systems in place that make those programs successful. To build a strong foundation for your tuition assistance program, it's crucial to assess and refine your results every year. Scholarship America provides our partners with detailed applicant and recipient data; here are three ways to ensure you're analyzing it for impact:

## **1) Keep your employees in mind**

As you work through your program, it's important to think about just who your employees are. What are their needs? How old (or young) are they? Where could you most effectively build talent? What kind of educational support would they or their dependents need for you to remain competitive as an employer?

## **2) Communicate about your program**

Oftentimes, tuition benefits are advertised to prospective employees, but they may fall off an employee's radar once they're deep into their work. Read on to find out more detail about promotional strategies in the next article.

## **3) Understand your budget**

This goes hand-in-hand with setting up your program criteria, such as how many employees can qualify for tuition assistance in a year, and when (or if) to cap your organization's contribution. For example, "most employers reimburse employees only after they complete their courses," writes Tom Cherry for SHRM's [HR Magazine](#). "Grades come out, a statement is generated by the school, and the company reimburses the employee. Increasingly, companies seem to be requiring that employees get authorization before they embark on a program (that is, employees must work with their manager and/or HR to select an appropriate degree program or individual courses and must set up a budget presuming continued eligibility, satisfactory grades and other requirements)."

Knowing what works best for your company will pay off in big ways. You'll see happier employees, who are more motivated and capable in their work. Your organization will have a bigger talent pool of workers, which can attract more potential employees. And, by recognizing your employees' value to the organization, you'll help keep that staff engaged for your cause.

# Promoting Your Tuition Assistance Program

Your company's tuition assistance program is a terrific benefit, but, as we noted earlier, it's sometimes thought of as a "secret benefit." To get the most out of it, it's vital to devote time to making sure your employees know about it.

In many cases, employers tell employees about an education assistance program when they're recruited or hired, but don't make it top-of-mind when it becomes relevant to an employee's situation. If you are offering an education assistance program, it's important to make sure your employees know about it when they need it most.

Here's how your organization can promote your scholarship or tuition assistance program(s) to employees – and ensure they take advantage of this valuable benefit.

## Use your company Intranet and newsletter

- Place an informative article highlighting the program, or a "question/answer" piece which addresses commonly asked questions about the scholarship or tuition assistance program
- Post electronic application and program criteria on your intranet
- Display photos and information about prior tuition assistance program participants, highlighting the impact of the program
- Place an informative description of the program in the company handbook for new employees

## Send mass mailings informing employees of their educational assistance options

- Distribute brochures to eligible employees, and encourage all staff to spread the word
- Mail or email employees announcing key dates and reminders with links to program materials



## Capitalize on company meetings

- Remind key employees and supervisors about education assistance programs at management and other company meetings
- Have a tuition assistance program participant speak, or send a letter to be read at a company meeting about how they benefited from the program
- Host an awards recognition program or luncheon banquet for recipients/participants and their families

## Display information in company lunchrooms, entrance areas or other common areas

- Display informative posters about the program — feature names and photographs of program recipients
- Place table tents on tables in break areas.

The more people know about a program the more successful it will be. If your program isn't meeting your goals — or if you have additional ideas to promote a program — [contact us](#). Scholarship America's experienced program experts are happy to ensure you've got a custom marketing and communications strategy that speaks to your employees.







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