

THE STATE OF EDUCATION BENEFITS

The New Benchmarks for Tuition Assistance
and Student Loan Programs



WHAT DRIVES SUCCESSFUL EMPLOYEE EDUCATION BENEFITS?

Conventional thought is that it's primarily budgets and policies. But new research points to a different story.

A look at employer tuition assistance and student loan repayment programs sheds new light on what generates employee participation, engagement, and ROI. An analysis of surveys, employee participant data, and program policies identified distinct differences between programs that achieve measurable results and those with minimal outcomes.

The characteristics of high-performing education benefits include:

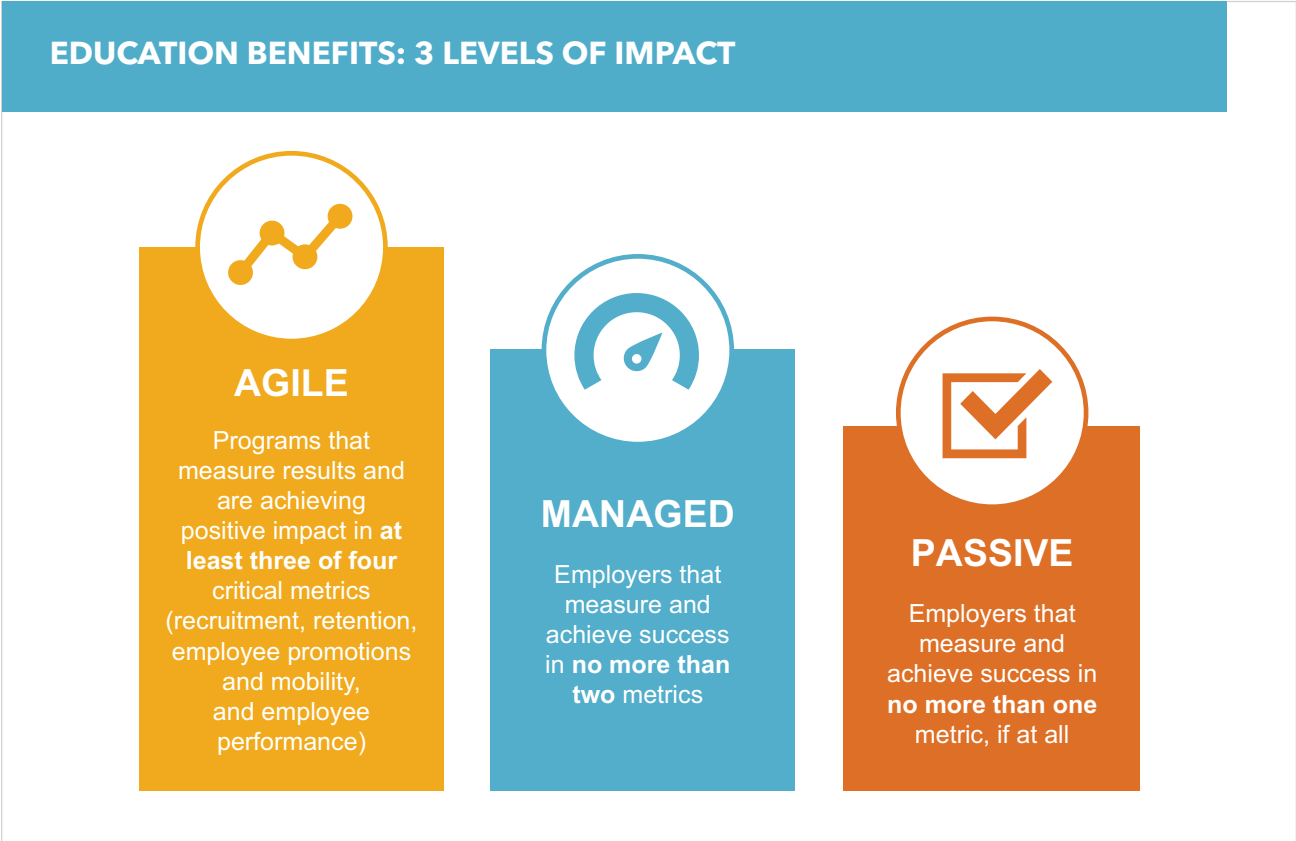
- ▶ Tight integration with learning and talent objectives
- ▶ Effective communication to employees
- ▶ Technology-enabled measurement
- ▶ Strategic relationships with external partners
- ▶ Actively address usage barriers for employees

Furthermore, organizations striving for high-performing benefits are also leveraging a new set of benchmarks. These new standards move beyond quantitative and policy-oriented measures, looking instead at critical business results and best practices.

This narrative dispels historical thinking about education assistance as a passive undertaking. Instead, it shows employers actively rewriting the rules for these initiatives as they recognize that strategic planning and measurement are the keys to highly effective education benefits.

DEFINING HIGH-PERFORMING PROGRAMS

The baseline for successful education programs is purposeful objective-setting and measurement. In a survey of 700 HR leaders, this approach drove clear patterns in an organization’s ability to achieve measurable results, with education benefits programs broken out into three categories:



Impacts vary widely, with agile programs providing by far the strongest results. So what characterizes these successful programs?

Goal-oriented

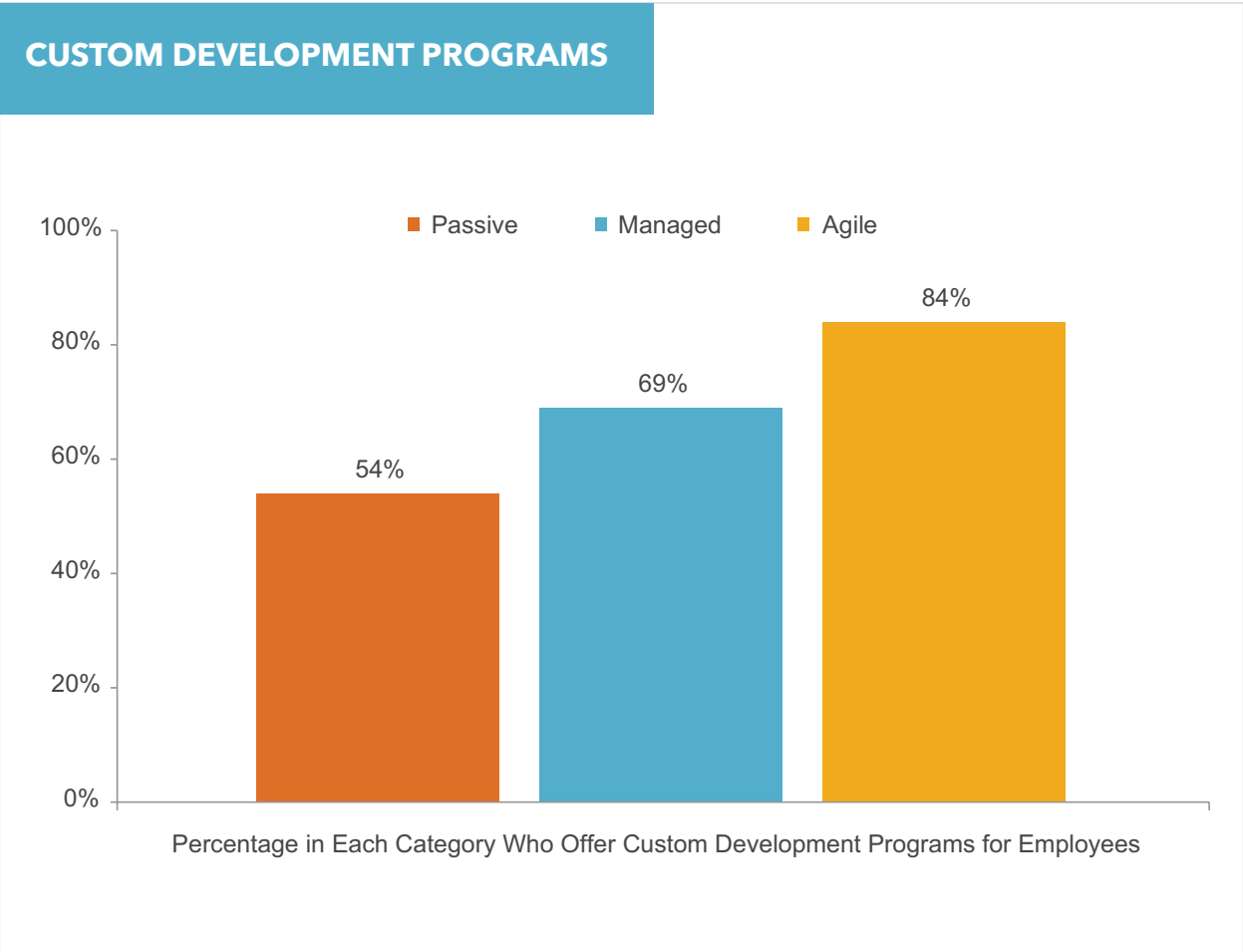
Success starts with agreed-upon objectives. Among respondents with agile programs, 90% have actively identified three or more business goals for their education benefits. They also recognize the need for differentiated targets for each education element. While retention is a common theme across most tuition assistance and student loan repayment benefits, agile programs are 74% more likely than passive to have identified financial wellness as an additional objective of their student loan program.

Effective partnerships

Agile programs strengthen impact by leveraging the expertise of external partners. They are twice as likely as passive programs to tap into the expertise, technology, and best practices of an external vendor to manage their benefit, and 80% work with those vendor partners or directly with educational institutions to provide tuition discounts for employees.

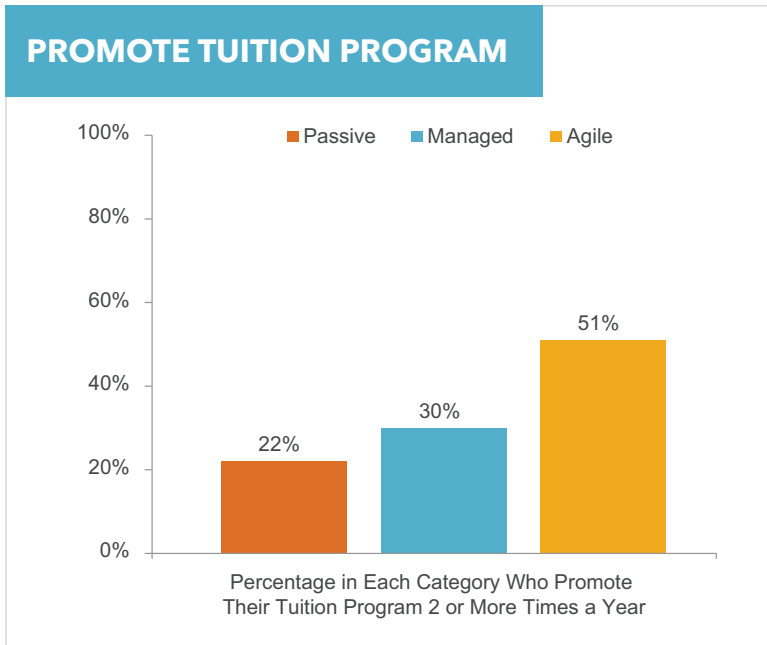
Aligned with talent needs

Agile programs are tightly customized to skills goals. They are 56% more likely than passive programs to build customized development initiatives to meet the needs of their employees. These initiatives include targeted elements (such as higher caps for needed skills and education pathways to specific jobs) that incentivize participants to pursue in-demand roles, and give them the confidence to do so.



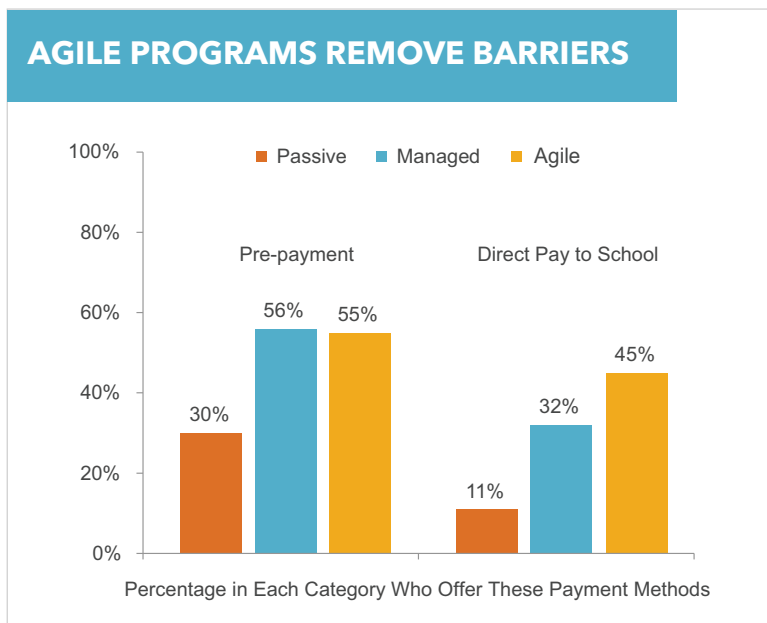
Communication

Agile programs take a deliberate approach to marketing, proactively reminding employees about their education benefits multiple times per year.



Barriers to usage

Agile programs actively seek to identify and address barriers to employee participation. As an example, agile programs use pre-payment or direct bill approaches to address the onus of out-of-pocket costs, a significant hurdle for many employees.



DIFFERING APPROACHES TO GLOBAL PROGRAMS

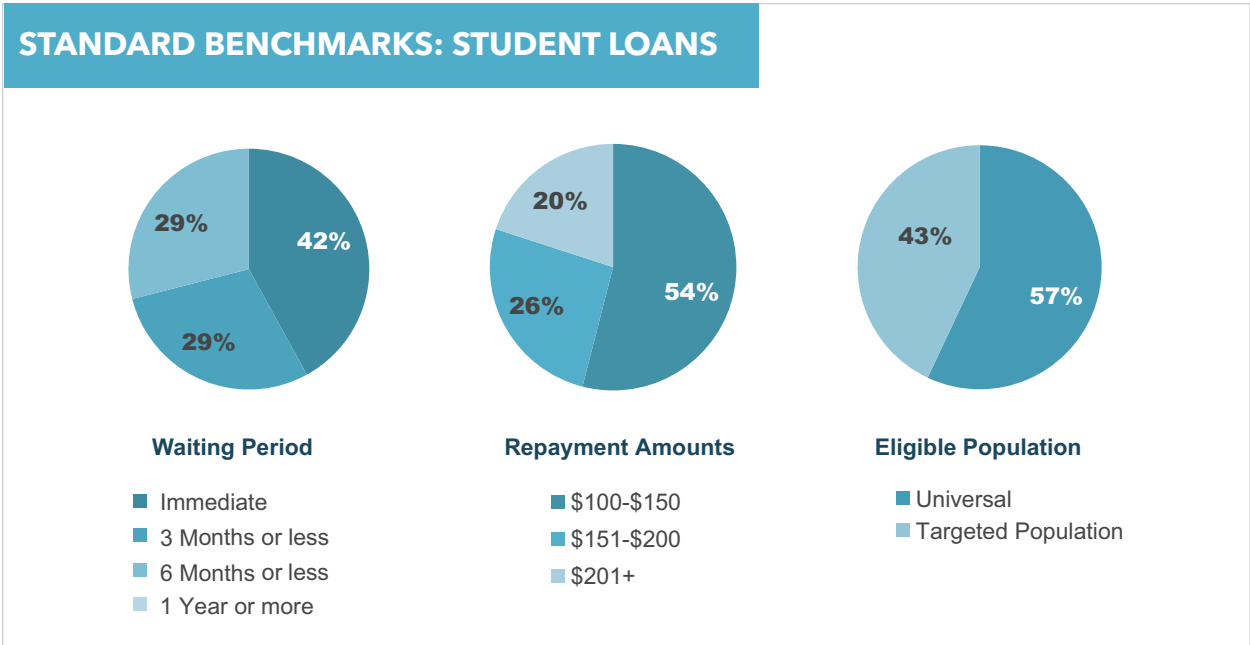
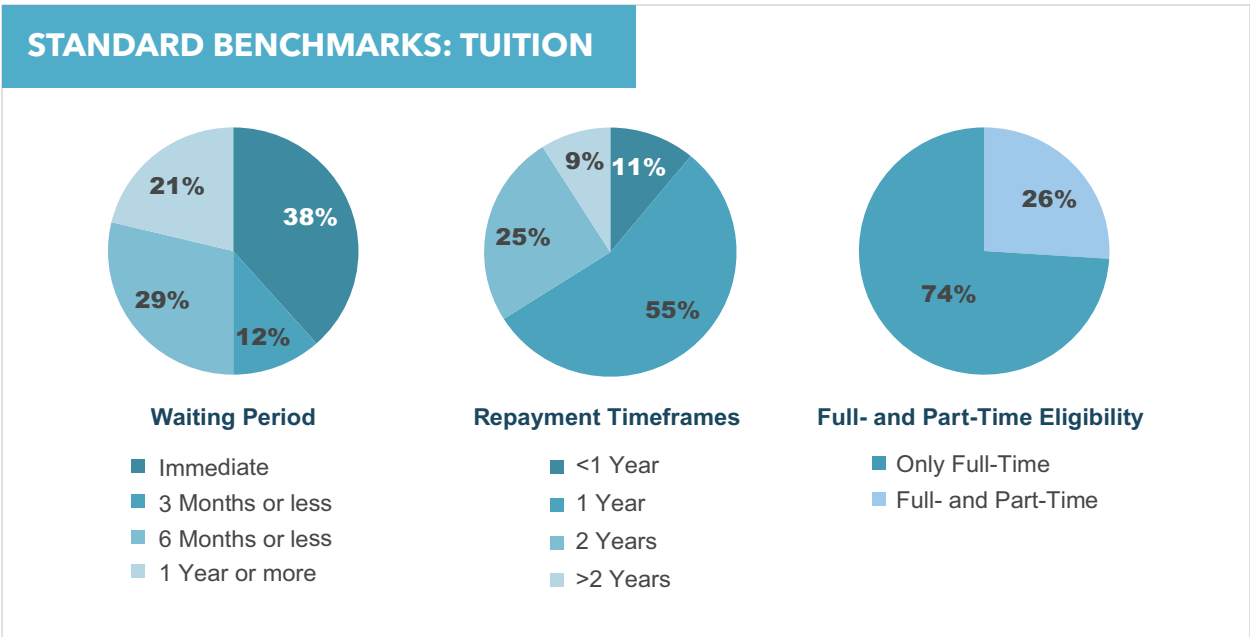
Companies offering tuition programs to employees outside the U.S. show a diversity of approaches, with some room for improvement. Education costs and tax treatment of tuition reimbursements vary significantly across the globe, yet almost half of companies with a global program maintain the same tuition cap in all countries. For those companies that offer differing cap amounts by country, the overwhelming majority defines their cap in US\$. Only 10% of all global programs have cap amounts that vary by country and are defined in local currency – both best practices that reflect local education costs and improve the employee experience.

BENCHMARKS TODAY AND TOMORROW

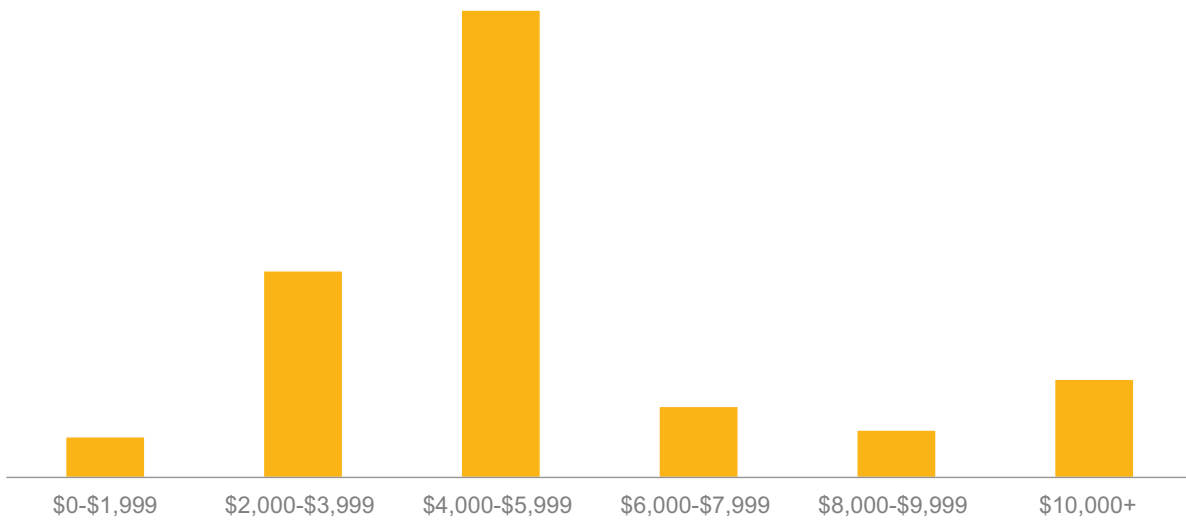
Agile programs also make active use of an evolving set of benchmarks. While conventional policy and budget benchmarks still have value, new benchmarks are used to improve results still further.

Conventional Benchmarks

Established benchmarks allow leaders to compare their program with best practices, to ensure that benefits offered are market-competitive.

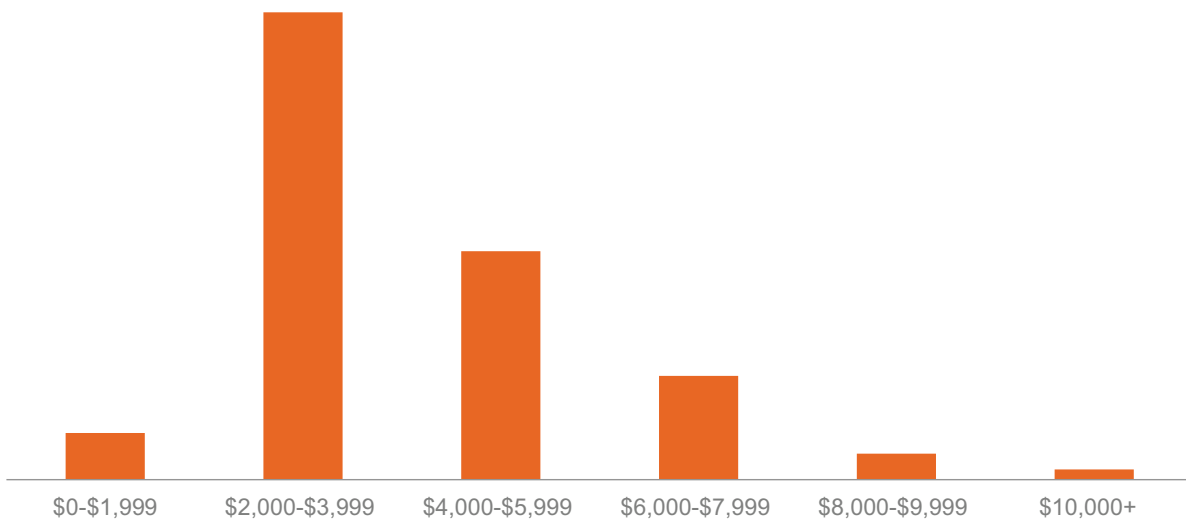


MAXIMUM ANNUAL REIMBURSEMENT (CAP)



Source: Tuition policies for 178 Bright Horizons clients

AVERAGE AMOUNT REIMBURSED



Source: Average amount reimbursed per participant in 2017 for 178 Bright Horizons clients

On average, across all industries, **4.9% of eligible employees participate** in a tuition reimbursement program.

Source: Bright Horizons Clients - Employee Participation Rates

New Benchmarks

To move towards an agile program, employers need to look beyond conventions into new benchmarks illustrating direct impact on business success.

RETENTION

Survey respondents overwhelmingly rated increasing employee retention the highest priority. On average, *Bright Horizons EdAssist Solutions*® clients see **26% higher retention rates for tuition reimbursement** participants versus other employees.

- ▶ A transportation and logistics company generated a **93% retention rate for tuition program participants, compared to 59% company-wide.**
- ▶ A hospital system used tuition reimbursement and student loan repayment to **reduce first-year turnover from 86% to 75%.**

PARTICIPATION RATES FOR KEY GROUPS

Employee participation is the key to realizing talent goals. And strategic education programs (focused not just on overall participation rates, but also on groups key to your organization's objectives) generate higher rates of participation than passively designed programs.

Overall, tuition program participation rates vary widely from **1.5% to 10%**, depending on industry.

- ▶ A retailer valuing part-time associates as critical members of their workforce offered tuition assistance as a high-value benefit for this group, generating **53% higher utilization of the tuition program** among part-time associates (as compared to full-time) and **30% higher retention for part-time associates** using the program.
- ▶ A hospital system's tuition assistance program more than doubled their annual participation among nurses, generating **15% higher retention rates for program participants** in addition to saving the provider **\$940,000 in annual temporary nursing costs.**

PERFORMANCE

Motivated employees are more likely to seek out education benefits and using those new acquired skills to maintain high performance at work. While official benchmarks in this category are difficult to provide due to an absence of standard measurements, individual clients are able to see marked improvements as a result of their education benefits.

- ▶ Participants at a business services company were **32% more likely** than all employees to be placed in that company's high performance categories.
- ▶ At a telecommunications company, participants were **34% more likely** than the general employee population to have high performance ratings.

PROMOTIONS AND LATERAL MOVES

Surprisingly few organizations track this key impact of education benefits. Yet, industry research¹ and **Bright Horizons**® client data show **promotion and internal mobility rates up 5%-25% among education benefits users.**

- ▶ A health Insurance company saw promotion rates **27% higher for tuition program** and **45% higher for student loan program participants.**

ENGAGEMENT

As with performance, engagement also lacks a single standard for measurement (and organizations that do measure often do so anonymously), making it difficult to provide multi-company benchmarks.

- ▶ Program participants at a business services company were **11% more likely** than non-participants to agree with the statement “my job inspires me.”
- ▶ Participants were **19% more likely** to agree with the statement “I will be able to achieve my long-term career goals at my organization.”

PROGRAM IMPACT NOT EXCLUSIVELY DEPENDENT ON CAP

Once they are above a minimum annual cap of \$2,000, agile programs are evenly spread across different cap amounts. Tuition caps should be informed by education needs, affordability, and the true costs of attaining that education, but a high tuition cap is not a prerequisite for an agile program.

TUITION CAPS VS. IMPACT

Annual Cap	Passive	Managed	Agile
Less than \$2000	14%	3%	0%
\$2,000-\$3,999	27%	22%	18%
\$4,000-\$5,250	33%	41%	44%
\$5,251 or more	26%	34%	38%

Over a quarter of high-cap programs are still passive

18% of agile programs have a cap of less than \$4,000

A ROADMAP FOR EMPLOYERS

Talent wars have put education benefits in the spotlight, with high-profile rollouts currently near daily events.

But what does it take to capitalize on these investments as more than recruitment tools? Our data shows successful employers are carefully crafting these benefits to optimize for impact in multiple dimensions. And the results clearly indicate they're generating not only individual results, but a roadmap for how these programs should be administered.

The message is that beyond the initial splash, what differentiates a merely headline-making program from one that achieves long-term returns is carefully-planned design and management, along with metrics that enable a benefit to meet today's challenges, and adjust to tomorrow's.

BEWARE DEPARTMENTAL **BLIND SPOTS**

Our survey produced surprising results regarding sharp variations in success metrics tracked for education benefits, dependent on which department is managing the program. Employers should work to address these departmental blind spots to improve the success of their education benefits.

PERCENTAGE OF ORGANIZATIONS TRACKING THIS METRIC	DEPARTMENT OVERSEEING TUITION PROGRAM		
	BENEFITS	TALENT	L&D
RETENTION	77%	53%	50%
PROMOTIONS	47%	67%	61%
INTERNAL MOBILITY	21%	58%	17%
EMPLOYEE EXPERIENCE	23%	42%	43%

Key: Orange Text Indicates Departmental Blind Spots

ABOUT THIS STUDY

The findings in this report are based on data from exhaustive analysis of multiple data sets about tuition assistance and student loan programs across the country including:

- ▶ **Employer Survey:** Large-scale representative survey of 700 HR VPs, Directors, and Managers who currently offer or are planning to launch tuition assistance or student loan assistance programs
- ▶ **Employee Surveys:** Behavioral and attitudinal data from a survey of 19,000 employees participating in education benefits, and of 1,000 Millennial employees aged 18-35
- ▶ **Program Usage Data:** Detailed aggregate usage data from Bright Horizons clients who currently offer tuition assistance or student loan assistance programs
- ▶ **Policy Benchmark:** Benchmark and best practice data from education benefits policies from over 300 enterprises

About Bright Horizons EdAssist Solutions

Bright Horizons EdAssist Solutions turns passive employee benefits into active organizational performance strategies. By supporting employees' career aspirations and addressing obstacles, our tuition assistance and student loan repayment programs are helping these organizations engage millions of employees, keep them longer, and develop the skills they need to fill today's emerging and critical roles.

About Bright Horizons

More than 1,000 of the world's most renowned employers across industries look to Bright Horizons for strategic solutions that cultivate high-performance workforces by supporting employees through every life and career stage. We offer on-site and near-site child care, back-up child and elder care, education and college advising, guidance for parents who have children with special needs, tuition assistance and student loan repayment programs to remove obstacles to careers and skills, plus additional family supports – all to provide real human-impact services that appeal to the modern workforce and drive greater business results.



CONTACT US TO LEARN MORE

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Endnote

¹ Lumina Studies, 2016