



Tuition Assistance Programs:

*Best Practices for Maximizing a Key
Talent Investment*

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About This Report

This report reveals the current state of tuition assistance programs (TAP). Once primarily considered a benefit, the concept of TAP is changing to one of vital importance to modern talent management practices.

Bersin & Associates published the first installment of this report in early 2009. The 2009 TAP report presented extensive qualitative and quantitative research data. Based on the combined quantitative and qualitative data collected for the 2009 TAP report, Bersin & Associates introduced a four-level Tuition Assistance Maturity Model.[®] The maturity model has since enabled executives and practitioners to apply TAP best practices and formulate tuition assistance programs that provide and sustain increasing value to their organizations.



KEY POINT

Our 2012 study is based on a survey of HR professionals at almost 300 organizations across multiple industries.

In this second installment of our TAP research, Bersin & Associates, in partnership with EdAssist¹, updates its extensive qualitative and quantitative 2009 data results and analysis findings. The report also provides 10 new cases in point that describe how leading organizations are addressing today's TAP challenges and opportunities with effective and innovative tuition assistance solutions.

Taking into account these emerging trends in the use of tuition assistance, we have revised and updated our TAP research findings and best practices. In this study, we present the latest information and insights on what works best in this critical area of human capital management. The current study is based on a survey of HR professionals at almost 300 organizations across multiple industries. These HR professional were screened for their deep understanding and management of the organization's TAP. Additionally, we conducted a number of in-depth interviews with executives who are leading the way in developing strategic and sophisticated uses for tuition assistance. Our study methodology is detailed in "Appendix I: Study Methodology."

¹ EdAssist is a provider of comprehensive managed education solutions, <http://www.edassist.com/services.aspx>

Introduction



KEY POINT

Tuition assistance is transforming workforces around the world and is an integral to talent management.

When President Franklin D. Roosevelt signed the Servicemen's Readjustment Act of 1944, the "GI Bill of Rights" (as it later became known) was meant to be a postwar assistance program for returning World War II veterans that would ease their transition from wartime military service to private life. Benefits included low-cost mortgages, loans to start a business or farm, cash payments for tuition and living expenses to attend college, high school or vocational education, as well as one year of unemployment compensation. By the end of the first program in 1956, roughly 2.2 million veterans had used GI Bill education benefits in order to attend colleges or universities. An additional 6.6 million had used these benefits for other types of training programs.

In the years since the original 1944 law was introduced, the GI Bill has come to include other benefit programs created to assist veterans of subsequent wars as well as peacetime service. Historians and economists consider the education benefits (among others) provided by the GI Bill to be highly successful and a major contribution to America's human capital development, establishing a foundation for economic growth prosperity over the past 70 years.

The adoption of tuition assistance programs (TAPs) as a standard employee benefit was inspired by the success of the GI Bill. Employers quickly discovered that incorporating tuition assistance into their benefits packages enabled them to attract qualified, motivated individuals, and develop them into highly skilled and loyal employees. Today, tuition assistance is transforming workforces around the world; its role in business has become integral to talent management.

Top Five Findings

1. Organizations Are Increasingly Aligning Tuition Assistance with Their Talent Management Strategies



KEY POINT

Eighty-six percent of participating companies have aligned tuition assistance with their talent management strategies.

Eighty-six percent of participating companies have aligned tuition assistance with their talent management strategies, up from 49 percent in 2009. We see this 2012 increase reflective of the economic downturn. When money is tight, dollars are redirected to only those activities which add value to the organization. The program managers and stakeholders of the TAPs that survived have strengthened their alignment to talent strategy. We discuss this in more detail in the “Why Is Tuition Assistance Important” section of this report.

2. Contrary to Popular Belief, the Majority of Employees Who Participate in a TAP Do Not Leave Their Organization

Seventy-one percent of HR survey participants reported that the majority of TAP graduates stay with the company in the year following graduation or, if applicable, the mandated “stay period” – the length of time employees need to stay after graduation to retain the tuition assistance dollars. In fact, of the companies that believe their TAP provides a “high value” to the enterprise, almost all (92 percent) “agree” that their TAP participants are more likely to stay with the organization.

Our research shows that, if TAP participants feel tuition assistance is a highly valued component of their company’s talent development and retention strategy, they are more likely to stay with the organization. In contrast, those companies that believe their TAP provides only “low value” to the organization also believe their TAP participants are less likely to stay after completing their education. We discuss this point further in the section, “Tuition Assistance Boosts Employee Retention, Workforce Development and Mobility.”

3. The Number of U.S. Companies Offering Tuition Assistance to Their Employees Has Declined

We see 71 percent of U.S. organizations offering tuition assistance. From 2009, this represents an overall decrease of 16 percent in offered programs as well as an increase, from 10 to 25 percent, in employers who have no plans to offer tuition assistance.

First, it is likely that this decrease is due to companies reprioritizing their tuition assistance investment and cutting the size of their workforce in response to the financial downturn during the time period 2009 to 2012. Second, the reprioritization of TAP investments may result in increased alignment with business objectives, reducing the pool of those eligible for tuition reimbursement. Likely, this pool is composed of managers or advanced subject matter experts requiring graduate school education.

4. The Cost per Participant Has Increased



KEY POINT

Cost per participant has increased approximately \$1,200 since 2009.

Per participant expenditures have increased for all company sizes to just under \$5,000 per participant. That is an increase of approximately \$1,200 from 2009. This amount is on track with the current IRS limit of \$5,250 per TAP recipient. Some companies (29 percent) exceed this limit, and most (63 percent) will contemplate increasing their annual TAP payment amounts if IRS regulations change.

Additionally, tuition has increased across the board, with students shouldering the burden of double-digit increases for several years running. In fact, costs have increased four times faster than the consumer price index, and 1,120 percent over the last three decades². College and university tuition increases impact organizations with a TAP.

² Michelle Jamrisko and Iian Kolet, *Cost of College Degree Soars 12 Fold: Chart of the Day*, *Bloomberg.com*, <http://www.bloomberg.com/news/2012-08-15/cost-of-college-degree-in-u-s-soars-12-fold-chart-of-the-day.html>

5. Most Companies Report That They Measure the Value of Their Tuition Assistance Programs



KEY POINT

Eighty-two percent of organizations measure the value of their tuition assistance programs.

Eighty-two percent of organizations measure the value of their tuition assistance programs. Compared to our 2009 research, this is an overall increase of 12 percent.

However there is room for improvement in both the type and number of metrics collected and evaluated. Companies that evaluate their tuition assistance programs measure an average of only four out of 10 distinct metrics. The most common metrics include retention rates, individual employee mobility and employee performance.

We discuss key metrics in more detail in the section, "*Evaluation.*"

The Current State of Tuition Assistance

Tuition assistance represents a substantial investment for corporate human resource departments. It is estimated that global and U.S. corporations invest billions of dollars per year in tuition assistance programs; often spending an average of \$5,000 per individual employee.

When programs are viewed as historical corporate entitlements, they are not as carefully scrutinized or measured as other employee expenditures. It is often difficult to get a true picture of the “return on investment” realized from this corporate expenditure.



KEY POINT

Our research demonstrates that organizations are increasingly utilizing tuition assistance in their quest to meet significant talent management challenges.

However, our research demonstrates that organizations are increasingly utilizing tuition assistance in their quest to meet significant talent management challenges, including:

- Shortages of midlevel and first-line leaders
- Shortages of technical and operational skills
- Generational challenges and an increasing influx of new workers replacing retiring baby boomers
- The ongoing struggle to survive and prosper within the aftermath of a lingering global financial crisis

Our research shows the tide turning from a benefit to a talent management tool, whereby the billions of dollars currently spent on tuition assistance can be better managed and more tightly focused on strategic talent management initiatives.

One example of how today’s companies are leveraging TAP funding is the increasing use of partnerships with external TAP management providers and with colleges and universities. In fact, the innovative use of partnerships is helping transform tuition assistance from a benefit to a strategic approach for increasing program efficiency and effectiveness.

Strong partnerships and alliances with schools help to make tuition assistance a more valuable and strategic benefit. We continue to find that innovative employers use these relationships to effectively support their talent management and employee development strategies. More importantly, employers increasingly view these partnerships and

university alliances as a critical element in controlling costs and creating mutually beneficial partnership incentives.

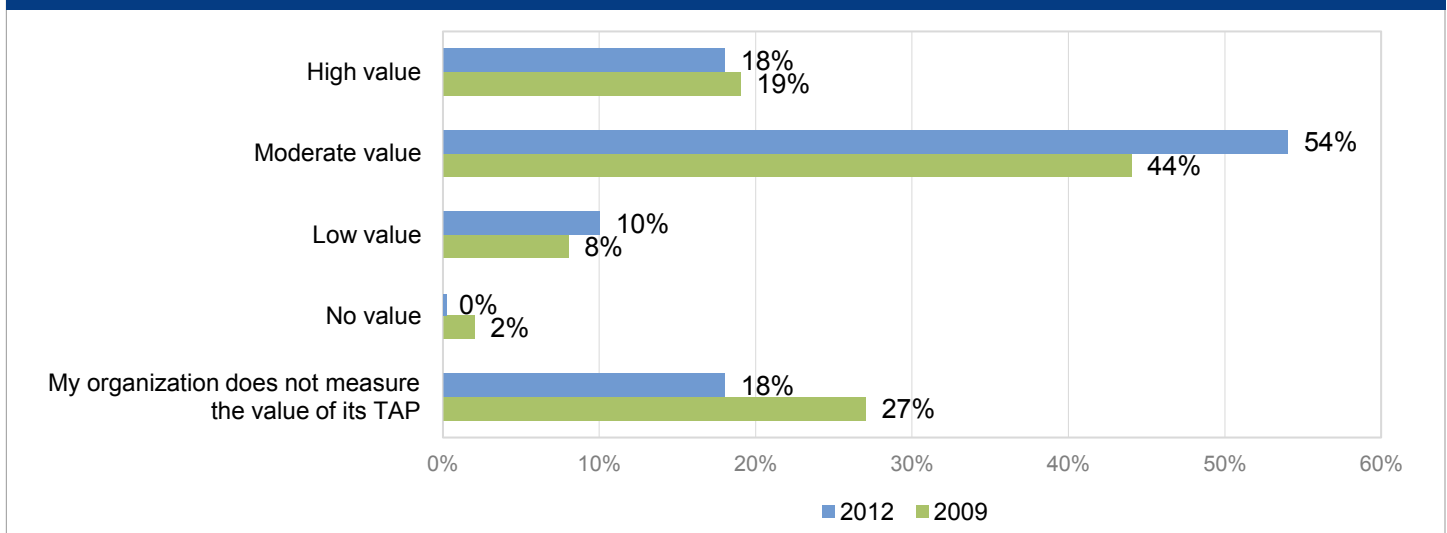
What Is a Tuition Assistance Program?

A tuition assistance program manages employers' contributions to employees' tuition costs. In a tuition assistance program, an employer pays all or part of an employee's cost to attend college or university classes, which may include both degree and non-degree programs.

Why Is Tuition Assistance Important?

Tuition assistance helps employers strengthen employee loyalty and ultimately improve retention, building a highly skilled, stable workforce. At the same time, tuition assistance enables employees to continue to expand their knowledge and skills while maintaining a job in the workplace. In this study, we asked respondents to rate the value of their company's tuition assistance program. Approximately three-quarters of respondents indicated that their TAP program is of value to the organization. More than half (54 percent) of respondents believe their TAP has "moderate value", while almost one-fifth (18 percent) ranked their TAP as having "high value." Only 10 percent reported that their TAP is of "low value."

Figure 1: Overall Value of TAP to the Enterprise



Source: Bersin & Associates, 2012.

Tuition Assistance as a Strategic Talent Tool



KEY POINT

Tuition assistance is being used as an important and effective tool to support strategic talent management, as well as L&D initiatives.

Tuition assistance is emerging as more than just a component of the standard corporate benefits package. Tuition assistance is being used as an important and effective tool to support strategic talent management, as well as learning and development (L&D) initiatives. Executives are realizing that the money spent on tuition assistance can help address a variety of business challenges, such as:

- Recruitment and retention of top talent
- Effective performance management
- Career development
- Succession planning
- Achieving higher levels of employee satisfaction, engagement, and loyalty

Meeting these challenges successfully is the key to competitive advantage in a global economy in which employees are an organization's essential asset.

In this study, we asked respondents to indicate how aligned their TAP is with other strategic management initiatives (see Figure 2). Eighty six percent of study participants said their organizations had "aligned" or "somewhat aligned" tuition assistance with their talent management strategies: an increase from 49 percent in 2009.

In our earlier research report, we noted that "in many organizations there is a gap between the rhetoric and the reality" in regard to talent management and tuition assistance strategies. This dramatic increase in reported alignment between talent management and tuition assistance reflects an impact of the economic downturn. When money is tight, dollars are redirected to only those activities which add value to the organization. The program managers and stakeholders of the TAPs that survived through cost-cutting measures have strengthened their alignment to talent strategy and, in so doing, made the TAPs role and its value clear. Our experience tells us that companies know they should be tracking this, but they are not.

Figure 2: Alignment of Tuition Assistance Programs with Other Talent Management Programs

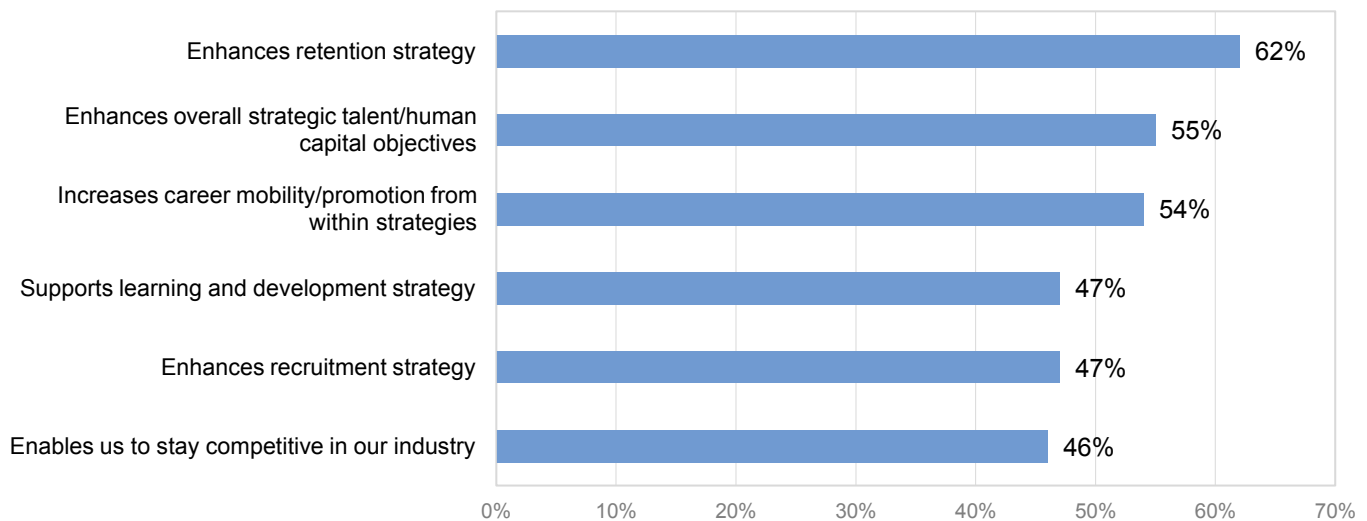
Alignment of TAP with	Not Aligned	Somewhat Aligned	Aligned	Not Applicable
Talent Management	10%	43%	43%	4%
L&D	9%	36%	53%	2%
Talent Acquisition and Recruitment	6%	41%	51%	2%
Leadership Development	9%	40%	48%	3%
Employment Branding	10%	38%	46%	6%
Succession Planning and Management	18%	38%	41%	3%
Comprehensive Benefits	4%	29%	64%	3%
Rewards and Compensation	12%	31%	55%	2%

Source: Bersin & Associates, 2012.

Interestingly, this study showed TAPs' strongest alignment is with Talent Acquisition/Recruitment (92 percent), Comprehensive Benefits (93 percent), and L&D (88 percent). Why is that? This would suggest that tuition assistance is a good recruitment tool and will appeal to job applicants as an indicator that the company places a high value on education and is willing to invest in its employees and their careers. Given the fact that tuition assistance has been historically managed as part of an employee's benefits package, it is no surprise that TAP has a strong alignment with Benefits.

Tuition Assistance Boosts Employee Retention, Workforce Development and Mobility

The 2012 study participants were asked to select the top five reasons their organizations offer tuition assistance. This research showed that the most important contribution (ranked number one by 62 percent of respondents) is to increase retention. If participants feel that the TAP has value, they are more likely to stay with the organization. The benefits are described in Figure 3.

Figure 3: Top Five Reasons for a Tuition Assistance Program

Source: Bersin & Associates, 2012.

Furthermore, and most revealing, participation in a TAP is perceived to have a positive impact on an employee's upward mobility and to produce other tangible career and performance benefits.

We hypothesize three causes for this positive impact.

1. The external education gives people new skills and perspectives that make them better managers and leaders.
2. There is a "self-selection" aspect at work – people who participate are likely to be more ambitious and interested in self-development and career advancement.
3. When there is proper alignment of the program with the talent management strategy, employee expectations for advancement, promotion and increased compensation are more likely to be met.

The HR professionals who participated in the study reported on the employee benefits associated with TAP participation. In order of the most frequently claimed benefits, TAP graduates are more likely to:

1. Be given new opportunities and responsibilities within the company (70 percent).
2. Demonstrate improved performance and a strong desire for increased responsibility within the company (65 percent).

3. Stay with the company after completing their course of study (64 percent).
4. Be promoted within the company (63 percent).
5. Demonstrate increased engagement (63 percent).
6. Earn higher wages within the company (62 percent).
7. Demonstrate an increased capacity for generating innovative ideas (53 percent).
8. Be given (or take on) increased latitude for making decisions on how work gets done (48 percent).

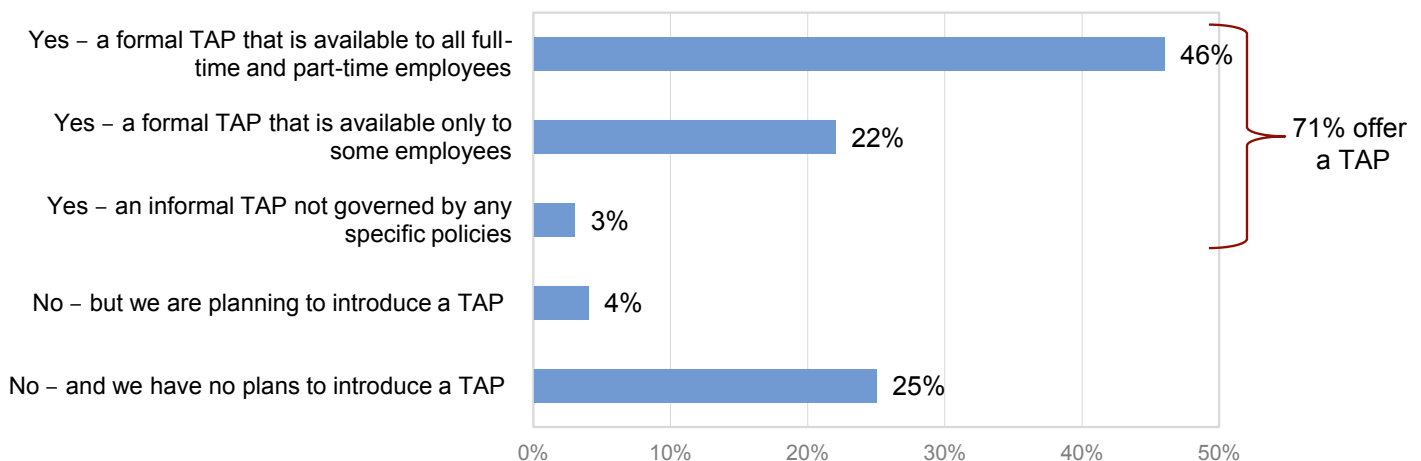
Overview of Tuition Assistance Programs

In this section, we share benchmarks and general information related to the practices and policies for the usage, spending, budgeting, governance and evaluation of a TAP program.

Usage of Tuition Assistance

Our current research shows that 71 percent of U.S. organizations (regardless of size or industry) are now offering tuition assistance to their employees. This represents an overall decrease of 16 percent in the percentage of companies who offer such assistance compared to our 2009 study. Our data indicate that leading companies have felt painful economic effects on their TAPs. But more importantly, they have examined and redesigned their programs to counter these effects. See our discussion of Sprint's "agile" approach to restarting and revitalizing its TAP, which is highlighted in the section, "Case in Point: Sprint."

Figure 4: Percent of Organizations with Tuition Assistance Programs of Various Types

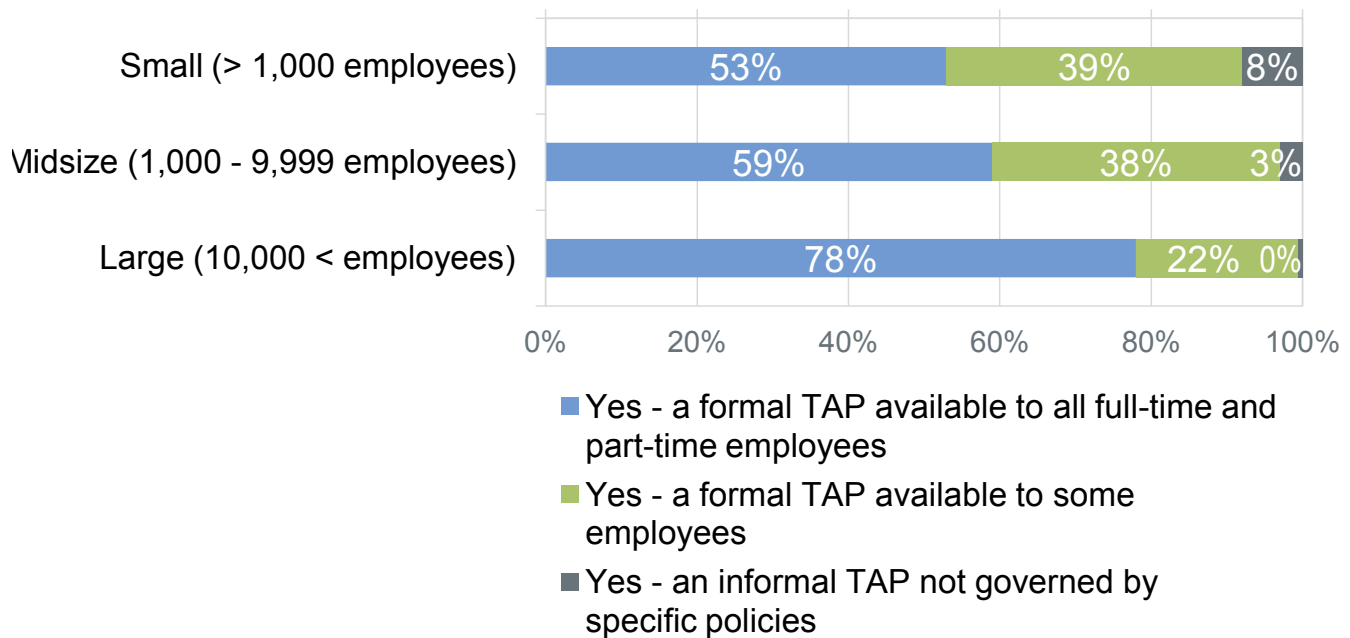


Source: Bersin & Associates, 2012.

When we looked at tuition assistance across companies of different sizes, we found that more larger employers offer tuition assistance to all employees than smaller organizations. Another finding is that, if a company offers tuition assistance, it is most often through a formal

program, and there are policies and practices in place to support it. In contrast, informal programs have little or no governance structure. Of all the informal TAP programs reported, 65 percent are found in small companies; eight percent of small organizations have an informal TAP.

Figure 5: Type of Tuition Assistance Program by Employer Size



Source: Bersin & Associates, 2012.

Budget and Spend

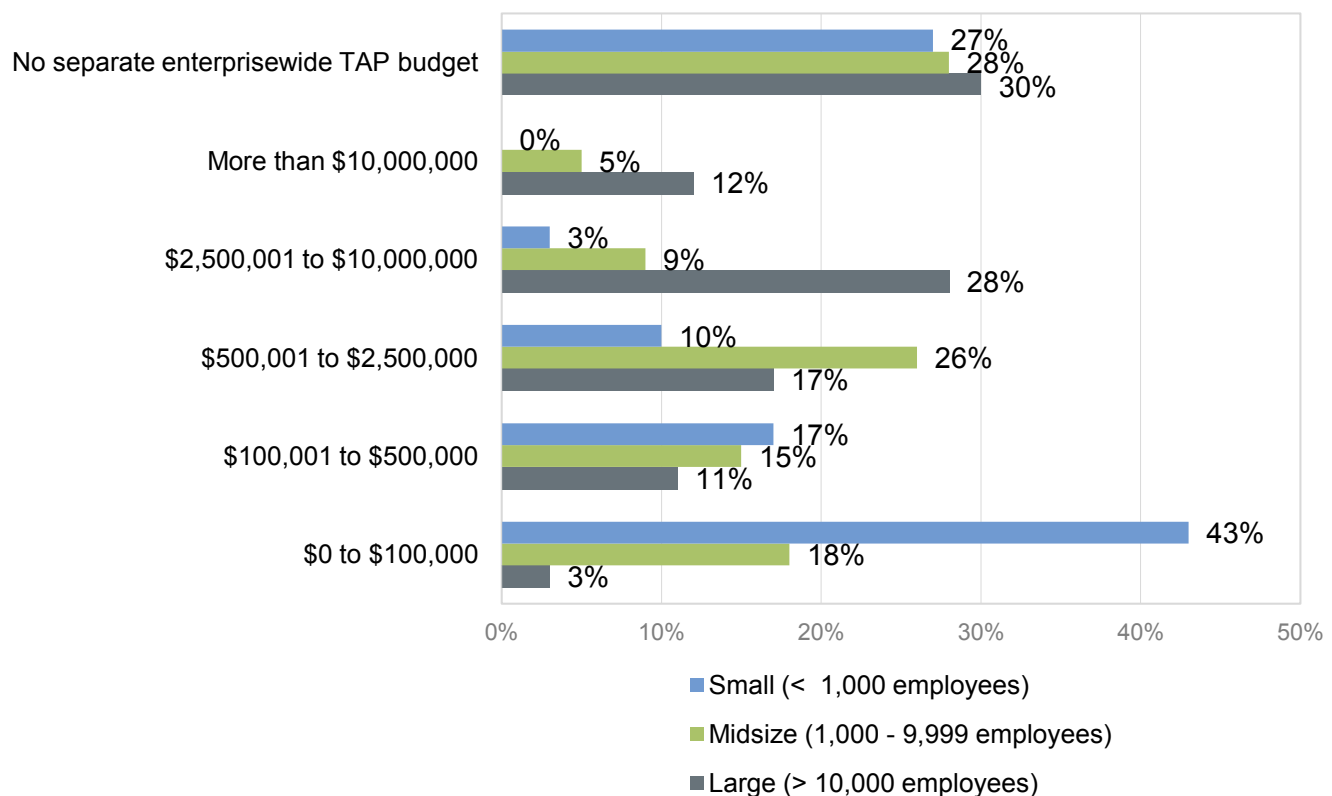
In this section we explore overall spend, per participant spend, and how annual budget expenditures are determined.

As might be expected, the *overall* spend on tuition assistance by large companies is higher than smaller organizations; however their expenditures vary widely and seem to be trending down toward the upper middle of the scale when compared to 2009 data (see Figure 6).

- Only 12 percent of large companies surveyed in 2012 budget in excess of \$10 million on tuition assistance, as compared to 40 percent in 2009.
- The percentage of large companies that budget between \$2.5 million and \$10 million more than doubled in the last 4 years (12 percent in 2009 and 28 percent in 2012).

- The percentage of large companies that budget between \$500,000 and \$2.5 million has been cut almost in half (29 percent in 2009 and 17 percent in 2012).

Figure 6: Range of Expenditures on Tuition Assistance by Company Size



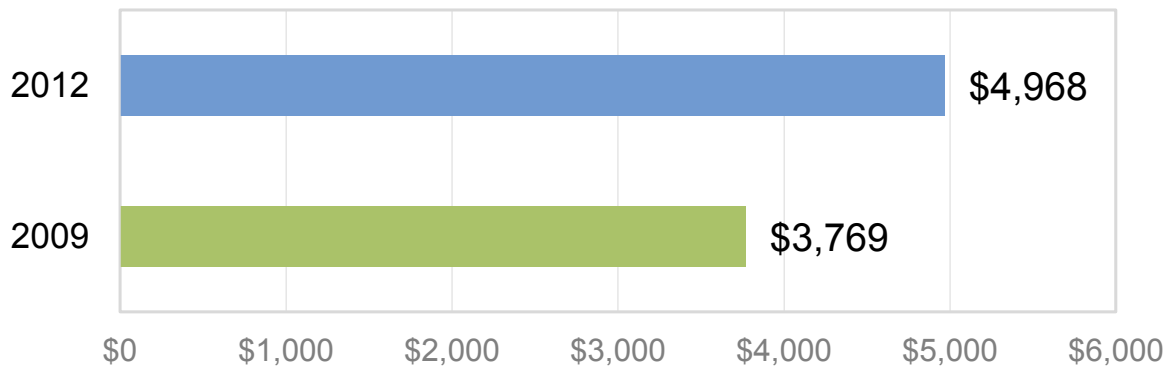
Source: Bersin & Associates, 2012.

Small and midsize companies trend toward the bottom of the investment scale; however, there is also wide variation in budget among small and midsize companies. Examining the budgets of small companies alone, almost one-third (30 percent) of small organizations budget more than \$100,000. This demonstrates that tuition assistance can be a significant expenditure, even at organizations with fewer than 1,000 employees.

If we look at data related to spend *per participant*, we find that it has increased for all company sizes. Research also indicates that tuition costs have increased across the board with students shouldering the burden of double-digit increases for several years running. In fact, Bloomberg

recently reported that costs have increased four times faster than the consumer price index, and 1,120 percent over the last three decades³.

Figure 7: Average Annual Tuition Expenditures per Program Participant



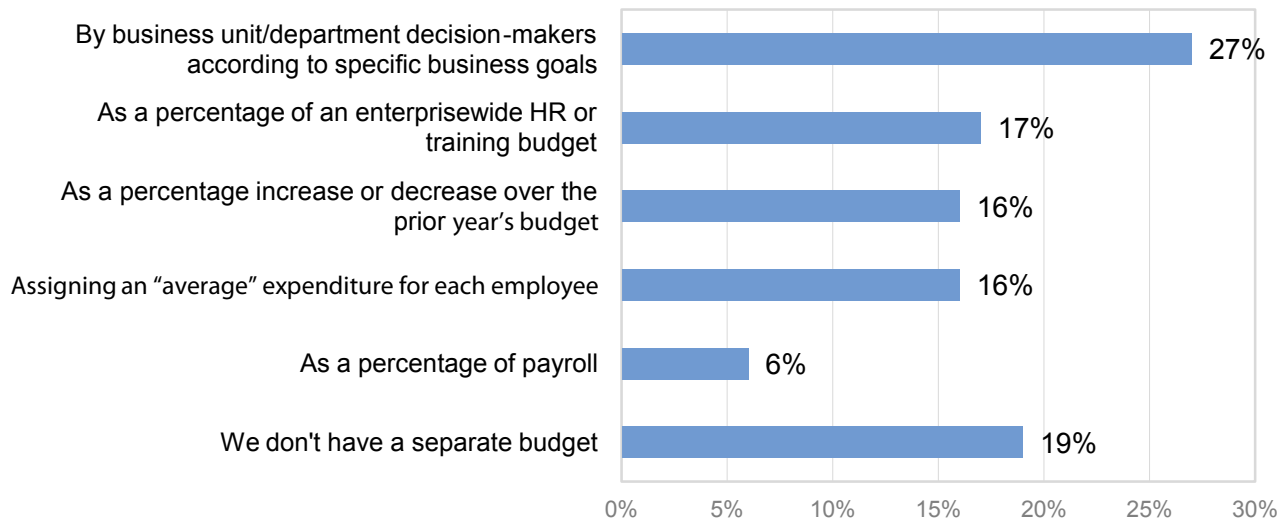
Source: Bersin & Associates, 2012.

Now that we understand the current range of expenditures on tuition by company size as well as by individual TAP participant, let us explore how the annual TAP budgets are determined. As shown in Figure 8, the majority of study participants report that their TAP budget is determined by individual business units or departmental decision makers in accordance with specific business objectives. This is another indicator that tuition assistance is being increasingly aligned with business needs.

HR executive interviews revealed several other budgeting techniques used to “fine tune” the actual percentage. For example:

- TAP percentage increases were determined in collaboration with executive leaders and reflected business needs as well as recruitment and retention goals for the company (e.g., needs for more nurses, engineers, or information technology specialists).
- TAP leaders maintained and rolled forward a six-year-running calculation (and forecast) of tuition assistance utilization and annual spend.
- TAP leaders undertook a detailed benefits index study to compare their tuition assistance benefits and program services to other companies in their industry segment, with particular attention to key competitors. Insights gained from the index study helped TAP leaders further refine their budget forecasting.

³ Jamrisko and Kolet, *Cost of College Degree Soars 12 Fold: Chart of the Day*

Figure 8: Methods for Determining Annual TAP Budget*

*Percentages may not add up to 100% as participants could select more than one option.

Source: Bersin & Associates, 2012.

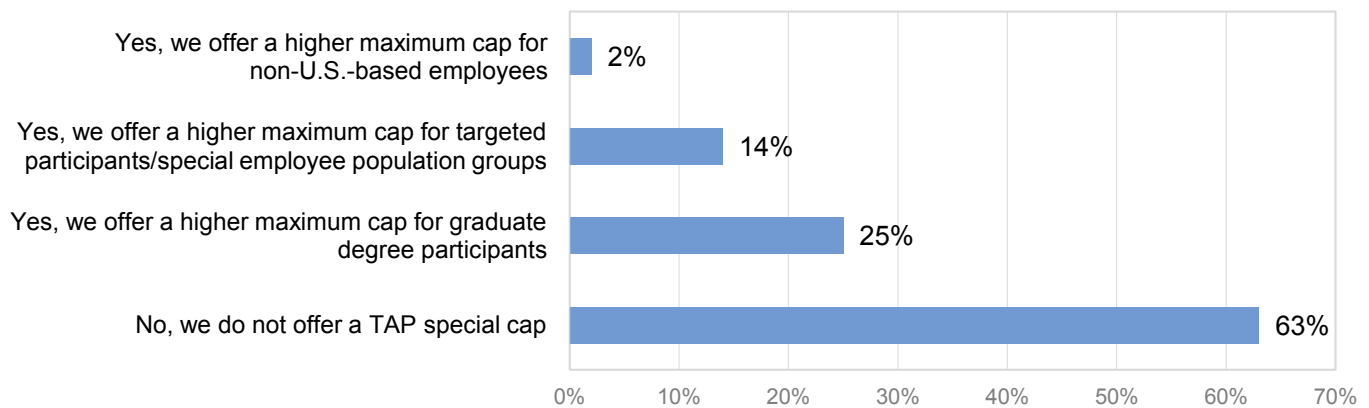
In organizations which do not manage TAP budgets centrally, costs can rise without the knowledge of corporate. To manage potential spend, companies establish a limit, or cap on the annual amount they will provide to each employee. The cap may or may not be standardized across all employee populations depending on how TAP is used to incentivize certain hiring practices and recruit for targeted job roles, as well as employee development.



KEY POINT

Sixty-three percent of study participants use a standard cap amount for all eligible employee groups.

Figure 9 shows that 63 percent of study participants use a standard cap amount for all eligible employee groups. Our qualitative interviews revealed that establishing a standard cap amount that applied to all employees was an important "fairness" indicator which affected morale and TAP credibility. Even in cases where a higher maximum cap was offered to targeted employee groups, company leaders understood how important it was to explain the underlying rationale and business needs driving this policy and take definitive steps to counter negative impacts on companywide morale and retention.

Figure 9: Use of Non-Standard Tuition Caps for Various Populations*

*Percentages may not add up to 100% as participants could select more than one option.

Source: Bersin & Associates, 2012.

Another consideration affecting TAP budgets is whether or not to cap the amount of annual tuition assistance payments to a single employee at the IRS tax-deductible limit or offer more assistance. Currently, the IRS limit is \$5,250 per TAP recipient, but some companies (29 percent) exceed this limit, and most (63 percent) contemplate increasing their annual TAP payment amounts if IRS regulations change, as summarized in Figures 10 and 11.

Figure 10: Maximum Tuition Assistance Program Payment in Relation to IRS Limit

	Yes, Greater Than \$5,250	No, Exactly \$5,250	No, Less Than \$5,250
Current Maximum TAP Payment Exceeds IRS Maximum	29%	31%	40%

Source: Bersin & Associates, 2012.

Figure 11: Likelihood That Respondents Would Increase Maximum Tuition Assistance Program Payment If IRS Increases Limit

	Very Likely	Somewhat Likely	Unlikely
Likelihood of Increasing Maximum TAP Payment If IRS Increases Limit	29%	34%	37%

Source: Bersin & Associates, 2012.

This data tell us that a substantial number (40 percent) of companies responding to our survey actually offer less than the IRS limit. In addition to relying on tuition assistance limits, some organizations control costs through balancing educational partnerships with offering targeted assistance designed to support the employee-student's success. Our qualitative interviews revealed often their TAP budgeting strategy is based on two goals:

1. Minimizing (or at least maintaining limits on) their dollar investment through tuition cost-cutting partnerships with college and universities and more rigorous tracking of all TAP costs, while at the same time,
2. Maximizing the value of TAP dollars for individual employees through career advising, educational counseling, financial advising, and other guidance services.

Governance

The governance of a TAP program is important to how decisions are made, how the program is managed, and the policies and practices that are put in place to support it. We discuss each of these elements in the following sections.

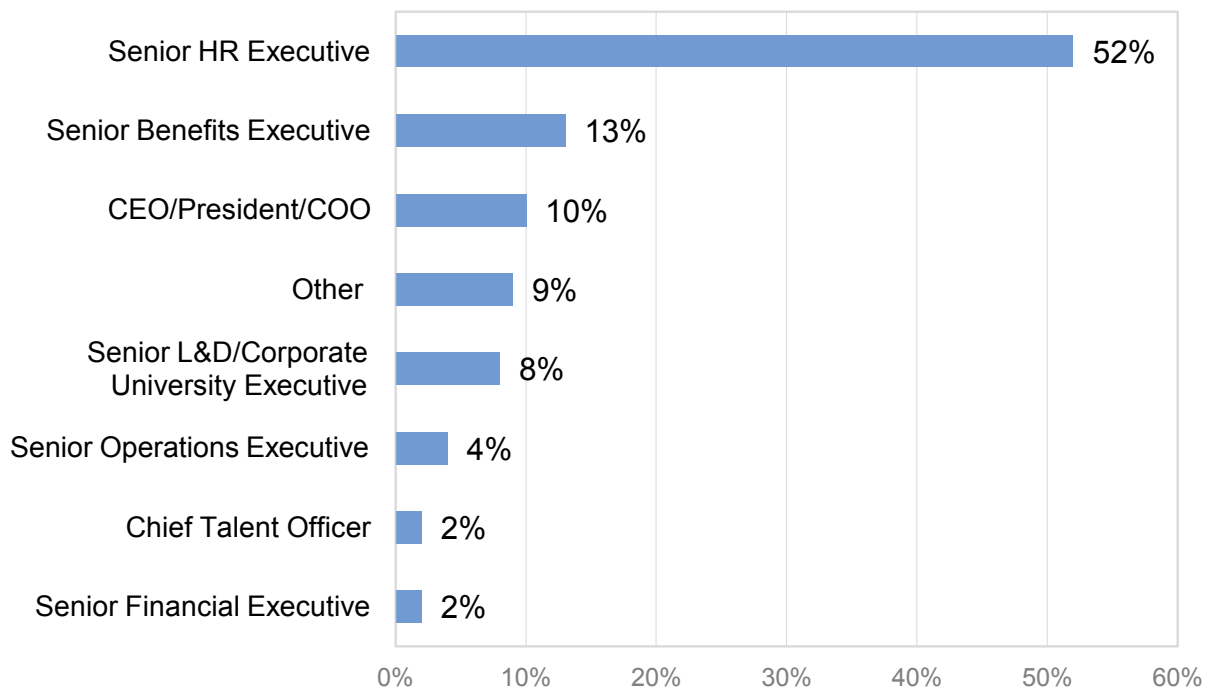
Management and Decision-Making



KEY POINT

Fifty-two percent of respondent companies report that their senior HR executive has the primary decision-making authority in determining their organization's TAP strategy, program and policies.

High level HR executives control the majority of TAP management. More than one-half of respondent companies (52 percent) report that their senior HR executive has the primary decision-making authority in determining their organization's TAP strategy, program, and policies, followed by senior benefits executive (13 percent), CEO, president or COO (10 percent), and senior learning and development, training or corporate university executive (nine percent). (See Figure 12.) In smaller companies, some of this authority shifts higher up the ladder; nearly one-fifth of small companies (22 percent) report that the CEO, president or COO has the primary TAP decision-making authority.

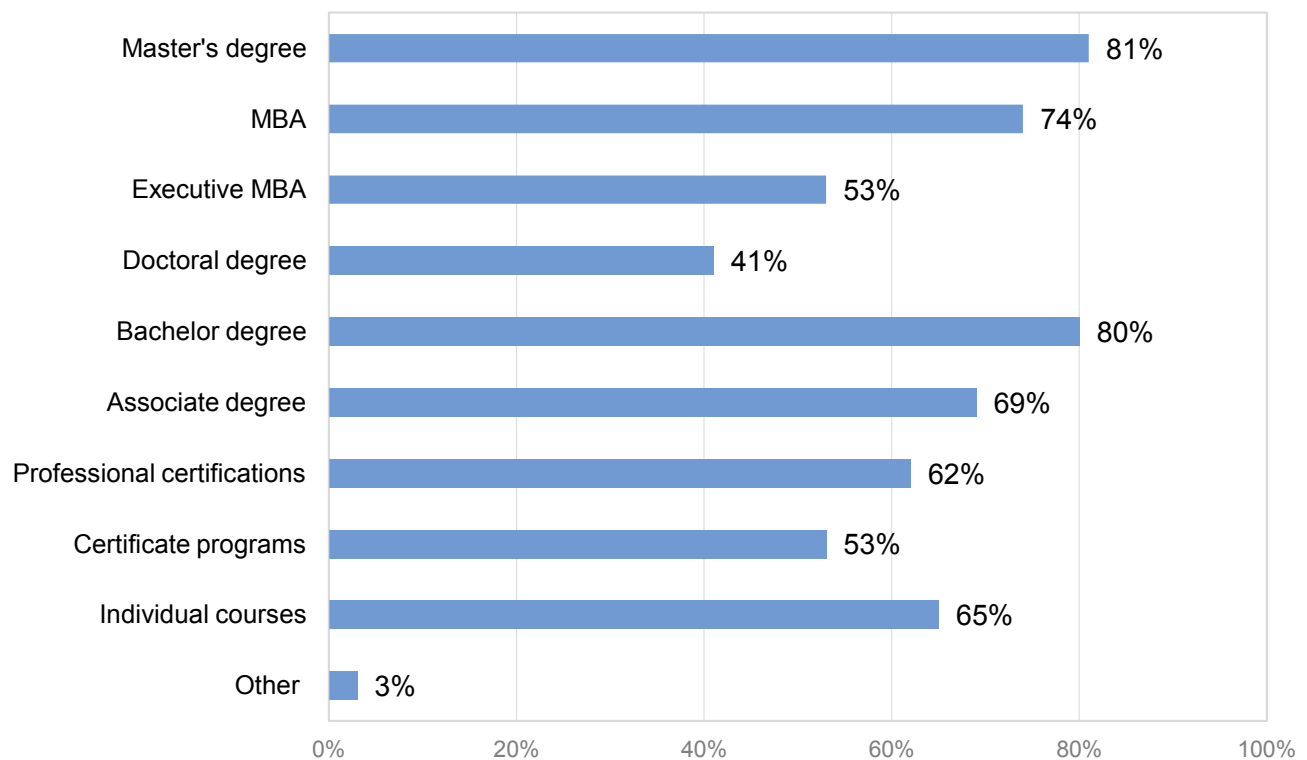
Figure 12: TAP Policy and Program – Primary Decision-Making Authority

Source: Bersin & Associates, 2012.

Practices and Policies

Aspects of tuition assistance program characteristics and policies vary widely across companies. In the following sections we explore the types of programs covered and key program policies.

Tuition assistance is used to pay for a wide range of degree programs, certificate programs, and individual courses. Our study shows that TAP is used most often for achievement of master's degrees and bachelor's degrees. While reimbursed by fewer organizations than master's degrees or bachelor's degrees, professional certification programs are funded by more than 50 percent of organizations. (See Figure 13.) In a labor market that is becoming more highly specialized and with more jobs requiring technical expertise, we expect the percentage of companies offering tuition assistance for these types of programs to increase.

Figure 13: Type of Programs Funded by TAP*

*Percentages may not add up to 100% as participants could select more than one option.

Source: Bersin & Associates, 2012.

TAP policies can also cover a wide range of company policies, philosophies and processes. Figure 14 summarizes a number of individual TAP policies as drawn from our 2012 findings.

The type of degree and educational programs supported indicates leaders' expectations of the tuition assistance program. As companies place more value on TAPs' talent management outcomes, it is not surprising the number one priority is to ensure alignment between educational development and the employee's job. We see other indicators of talent management alignment in TAP policies as well: measuring the value of tuition assistance, ensuring the applicability of new knowledge and skills, and maintaining a requisite performance rating.

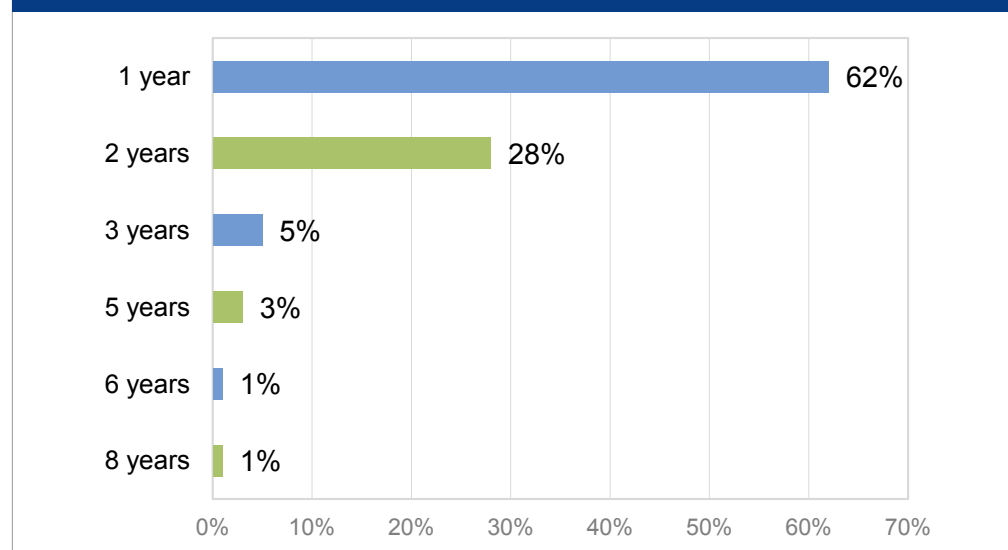
After spending a considerable amount on tuition, TAP policies also reveal a desire to protect that investment. Nearly two-thirds of companies require program participants be in their employ for a minimum period before they are eligible to participate in their TAPs. More than one-half of the companies surveyed require employees to remain in their employ for a designated period after participating in their TAP.

Figure 14: Tuition Assistance Policies

TAP Policy	Percent of Companies with Policy
Course Must Be Job-Related	87%
Executive Approval Is Required	83%
Course Must Be Regionally Accredited	81%
Must Meet Minimal Performance Rating	73%
Must Complete Employment Term before Participating	64%
Employee Must Document Value	63%
Employee Must Stay with Organization for a Specified Time	58%
Course of Study Must Be Degree-Seeking	47%
Partner with Schools for Tuition Discounts	40%
Offer Targeted TAP to Special Populations	34%
Offer Specific TAP to Non-U.S. Populations	29%
Use Direct Billing with Schools	24%

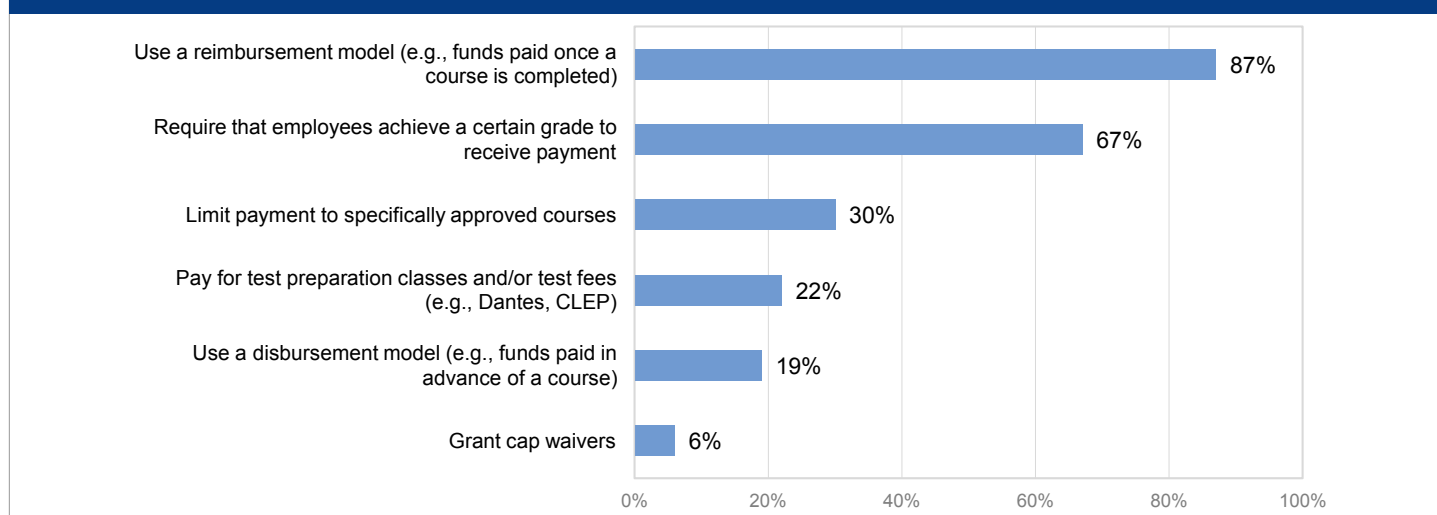
Source: Bersin & Associates, 2012.

We explored this topic further by asking companies for how long employee TAP participants must stay with the company following program or course completion (see Figure 15). The 2012 data indicate that the majority of employers (62 percent) require a minimal tenure of one year after receiving TAP benefits.

Figure 15: Length of Employment Required after Receiving TAP Benefits

Source: Bersin & Associates, 2012.

In addition to required tenure, this research indicates that the majority of companies (87 percent) use a reimbursement model in which they render tuition payments to employees only after a course is completed successfully. (Note that while this may be an impediment to lower-income employees, disbursement and direct school pay models can help to alleviate that burden.) Nearly two-thirds of organizations also require the employee to achieve a certain grade in order to receive payment of tuition (see Figure 16).

Figure 16: TAP Payment Process Policies*

*Percentages may not add up to 100% as participants could select more than one option.

Source: Bersin & Associates, 2012.

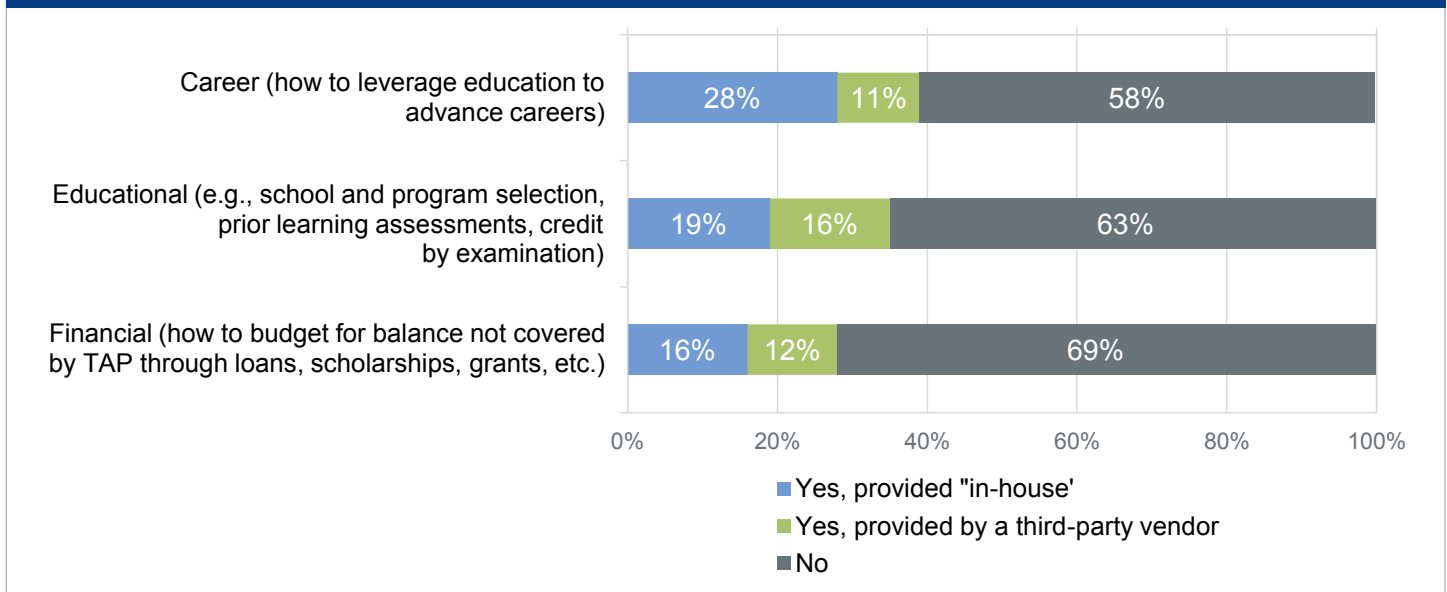
**KEY POINT**

Approximately 30 percent to 40 percent of organizations provide various types of advisory and resource programs to help their employees make better choices for education and development.

Finally, approximately 30 percent to 40 percent of organizations provide various types of advisory and resource programs to help their employees make better choices for education and development and ultimately, enable them to make better use of their TAP benefits (see Figure 17). The predominant types of advisory programs, in order of most commonly offered to least commonly offered, include:

- Career counseling, which assists employees in evaluating their career goals and identifies ways in which to leverage their education to achieve career advancement. This may be provided by an HR professional, education coach, employees' managers, or third-party TAP management partners.
- Educational counseling or providing resources that help identify a university or degree program that best meets an employee's career goals. This may also include help with learning assessments or applying for "credit by examination" programs.
- Budgetary counseling or providing employees with information on loans, scholarships, grants, and other types of financial assistance required to cover educational costs not covered by TAP benefits.

These types of services are beneficial for both the company and the employee. On the one hand, the company ensures alignment between professional development plans and the employee's job. On the other hand, the employee is provided with coaching to ensure he / she is taking courses that align to his / her personal career development and enhance specific opportunities for promotion.

Figure 17: Types of Advisory and Resource Services Offered to TAP Participants*

*Percentages may not add up to 100% as participants could select more than one option.

Source: Bersin & Associates, 2012.

As we see in Figure 17, only a small percentage of TAP counseling and advisory services are provided by third-party TAP management partners. However, leading companies interviewed for this study indicate they are moving some aspects of their TAP (including advising and counseling) to third-party vendors. The majority of companies are still not providing true assistance to their employees in these areas.

Experienced external tuition assistance experts can draw upon a depth of industry knowledge and a wide range of best practices to provide highly effective, individualized advising in a neutral environment. This provides employees with high-quality advisory support and ultimately saves the company money by ensuring that TAP recipients pursue the most direct path to completion of their education.

Program Evaluation

Measurement of TAP plays a critical role in creating alignment with human capital strategies, as well as enhancing program value and credibility. Our research showed that organizations track an average of four key metrics. The most common metrics include retention rates, employee mobility, succession planning, and employee performance. As stressed earlier, more companies are aligning tuition assistance with

talent management goals. These metrics are another indicator of this strategic goal.

Figure 18: Key Metrics for Evaluating the Effectiveness of TAP*



*Percentages may not add up to 100% as participants could select more than one option.

Source: Bersin & Associates, 2012.

Surprisingly, we found three metrics that are measured by fewer companies today compared to 2009.

- Assessing a TAP participant's degree of knowledge and skill acquisition (12 point decrease)
- Measuring the effect of tuition assistance on succession planning (11 point decrease)
- Assessing changes or improvements in employee performance ratings (seven point decrease)

Why the decrease? We believe this drop in TAP measurement activities may be related to a focus on measuring only a minimum number of metrics given lean HR staff and resources in a downturned economy.

Bersin & Associates Tuition Assistance Maturity Model®

Many organizations have developed best practices that align tuition assistance with their talent strategies. Tuition assistance can be much more than a set of policies listed in the employee handbook – it can be a strategic tool for supporting a wide range of talent management initiatives.

Utilizing these best practices we introduced a four-level Tuition Assistance Maturity Model® in our 2009 research report. The purpose of this maturity model is to facilitate program benchmarking and design initiatives.

The 2012 study clearly shows that organizations continue to enhance the value of tuition assistance programs by aligning them with their talent management strategies. In numerous interviews with HR and L&D executives, we identified a number of innovative strategies and leading-edge program designs that continue to prove successful for their organizations.



KEY POINT

By making tuition assistance a strategic tool in support of a wide range of talent management initiatives, it become much more than just a set of policies – it becomes a game changer.

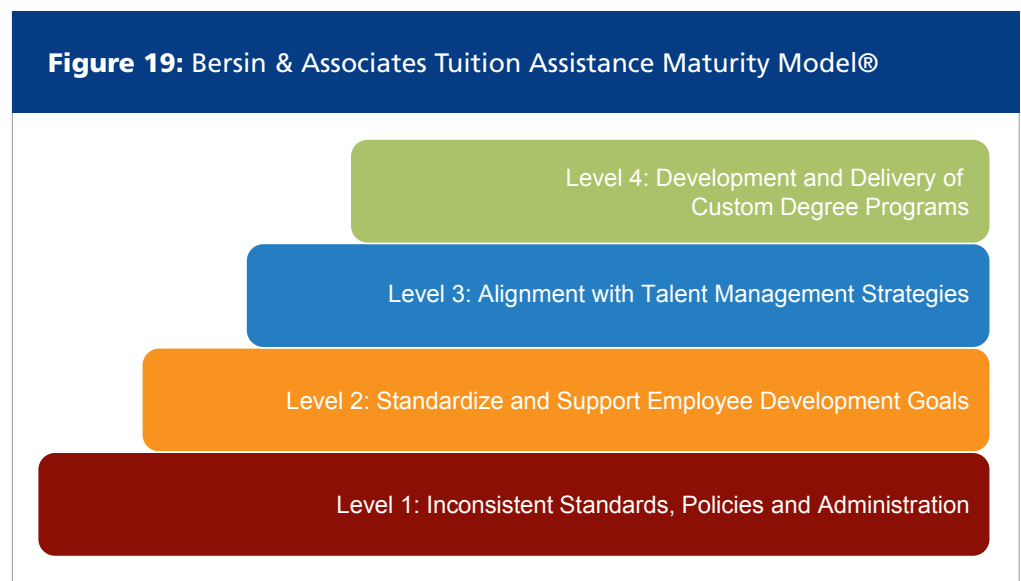
Clearly, there are best practices for designing and administering tuition assistance effectively and strategically. By making tuition assistance a strategic tool in support of a wide range of talent management initiatives, it become much more than just a set of policies – it becomes a game changer.

Our research demonstrates that when organizations follow these best practices, they derive greater value from their TAPs. This sustained value is demonstrated by:

- Higher levels of employee satisfaction and engagement
- Improved talent management measurements in such areas as retention and succession planning
- Increased cost-effectiveness of enterprise-wide learning and development initiatives
- Increased number of innovations, creative new ideas and best practices from outside the organization
- Enhanced ability (and agility) in addressing both current and future business challenges

Based on data we collected over the last five years, we offer the following Tuition Assistance Maturity Model® that executives and practitioners can use to apply these best practices and formulate tuition assistance programs that provide and sustain increasing value to their organizations.

There are four levels of organizational maturity as they relate to tuition assistance (see Figure 19). Each level of the Bersin & Associates Tuition Assistance Maturity Model® is described in the following sections.



Source: Bersin & Associates, 2012.

Level 1: Inconsistent Standards, Policies and Administration

Organizations at Level 1 offer tuition assistance benefits, but have inconsistent standards, policies and program administration across the enterprise. At these organizations, funding for tuition often comes from a variety of sources. Sometimes tuition is reimbursed; sometimes it is expensed and paid directly out of a departmental budget. Usually these expenditures are not tracked or are mixed with other expenses, so that the real cost of the benefit is not known. In addition, eligibility, caps, restrictions and approvals can vary by department or among different employee groups. Generally, these policies are not clearly communicated or commonly understood. In these organizations, participation is low and there can be a sense among employees that the benefit is not being fairly applied.

**KEY POINT**

In Level 1 organizations, tuition assistance is considered a “benefit” and treated as an expense to be managed.

In these organizations, tuition assistance is considered a “benefit” and treated as an expense to be managed. Employees see it as a personal benefit, and may use the program for their own careers or personal interests. To move from Level 1, an organization must undertake an extensive enterprise-wide review of its program, and standardize all policies and procedures. Centralizing the program can support standardization. Without a deliberate and consistent set of decision and approval points, it is almost impossible to manage the TAP or to budget it strategically.

Movement to the next level requires not only the standardization of core policies and administration – but also the linking of the program to specific, identifiable and desired employee and organizational development goals. This linkage will have the added benefit of making the task of measurement and evaluation more quantifiable and meaningful.

Level 2: Standardize and Support Employee Development Goals

**KEY POINT**

In Level 2 organizations, participation generally remains employee-initiated – but there is usually management guidance in program selection.

Organizations at Level 2 begin to standardize an enterprisewide program that addresses Level 1 inconsistencies. At this level, management is also proactively using tuition assistance as a tool for employee learning and development. In these organizations, managers understand how an undergraduate or graduate degree program can help an employee meet individual development objectives. Participation generally remains employee-initiated – but there is usually management guidance in program selection, and approval is sometimes dependent on the relevance of the program to the employee’s current or future work. The program cost is viewed by executives more as an investment in people (rather than an operating expense), because the results of the program should have an impact on business issues.

In these organizations, there are clearly defined programs, and both managers and executives understand their value. These programs may be used for executive development, leadership development and other learning programs. Movement to the next level takes alignment beyond learning and to the point of delivering on talent management objectives.

**KEY POINT**

Programs in Level 3 organizations are designed to support recruiting initiatives, and to help maintain desired attrition and retention rates.

Level 3: Alignment with Talent Management Strategies

Organizations at Level 3 have aligned the program with their organizations' talent management strategies. In particular, their programs are designed to support recruiting initiatives, and to help maintain desired attrition and retention rates. In Level 3 organizations, executives across different enterprise functions are aware of the ways in which the TAP offers the company an advantage in the competition for talent and, therefore, support it. Budgets might be administered either centrally or by department; but they are, nonetheless, tracked and reported.

In these organizations, someone tries to measure and align the TAP with the company's strategic talent needs. The organization selects key providers, and gives managers the tools and documentation to help them coach employees in selecting programs that meet the organization's talent needs.

Organizations at this level will likely see a positive impact of their programs on key talent metrics. How much of this perceived impact is anecdotal versus quantifiable is a function of the organization's willingness and ability to develop and track the proper metrics.

The jump to Level 4 means working strategically with selected educational institutions that can deliver courses specifically designed to develop key employees or to address critical skills gaps.

Level 4: Development and Delivery of Custom Degree Programs

At Level 4, organizations enter into strategic partnerships and alliances with schools for the purpose of developing and delivering custom degree programs. These programs are aimed at specific employee audiences and are custom designed to develop greater internal capability in identified critical skills areas. Program content is targeted to the organization's identified needs but, at the same time, is grounded in the latest theoretical foundations and applications. These programs are often taught at the organization's facility to provide greater employee convenience and promote higher levels of employee participation. These partnerships also allow for a variety of cost-saving measures, such as volume discounts and concessions on development expenses.

**KEY POINT**

In Level 4 organizations, the TAP is treated as a strategic tool to develop the workforce.

In Level 4 organizations, the TAP is treated as a strategic tool to develop the workforce. These programs generate the greatest returns on investment and provide the highest strategic value. What distinguishes the most successful organizations operating at this level is their ability to measure the inputs and outcomes of the programs, and make continual improvements and adjustments over time in response to changing business conditions.

Other key points about the Maturity Model that should be noted include the following.

- Organizations will typically fit into one of these four levels – or may find that they are straddling more than one level, given the maturity of the different components within their programs.
- Organizations can move from one Maturity Level to another, either upward or downward.
- Financial resources do not determine the Maturity Level a company can achieve.
- A company's size does not impact its ability to attain a higher Maturity Level.
- It is not necessarily wrong to be in a lower Maturity Level; however, each successive level will produce better results.

The 10 Best Practices of Tuition Assistance

The levels defined in the Bersin & Associates Tuition Assistance Maturity Model® are based on an assessment of 10 key components or best practices of tuition assistance. In 2009 we conducted an analysis that helped us define the best practices of TAP. This year we validated that list and added an additional best practice (the first listed here) based upon our extensive interviews with organizations' TAP managers. Implementing these practices can enable an organization to move up the levels of this Maturity Model.

- 1 Align tuition assistance with the organization's talent strategy
- 2 Leverage tuition assistance in support of L&D objectives
- 3 Centralize the program
- 4 Establish and maintain an agile program management approach
- 5 Maintain strong executive engagement
- 6 Promote the program to all key stakeholders
- 7 Celebrate employee achievements gained through tuition assistance
- 8 Develop a comprehensive top-down, bottom-up budgeting process
- 9 Enter into strategic partnerships and alliances with schools
- 10 Develop and deploy a comprehensive program evaluation system

Now let us take a closer look at all ten of the best practices and see how they have been effectively implemented in the real business world.

Align Tuition Assistance with the Organization's Talent Strategy

Today's companies understand the fundamental importance of alignment for organizational effectiveness. Furthermore, studies have demonstrated that alignment and performance are correlated.

**KEY POINT**

In terms of tuition assistance, we can define TAP alignment as the degree to which the mission, objectives, processes and policies of a tuition assistance program support (and are supported) by the business talent strategy, human resource objectives and staff acquisition / retention plans.

Definitions of alignment focus on the overall fit between an organization and its talent strategy, structure, processes and environment. In terms of tuition assistance, we can define TAP alignment as the degree to which the mission, objectives, processes and policies of a tuition assistance program support (and are supported) by the business talent strategy, human resource objectives and staff acquisition / retention plans.

As a first step toward TAP alignment, it is important to understand your corporate talent strategy (especially in regard to recruitment, development, retention and succession planning) and then align the program with that strategy. Consider how tuition assistance would appeal to targeted talent pools – would your ideal program participants be more interested in undergraduate or graduate programs, or perhaps certifications or licenses?

Link participation to clear and visible growth opportunities in the company – and recognize, reward and advance program participants and graduates in order to improve retention of key employees. Link program development and participation to current and forecasted skills gaps.

Finally, assess the use of the program to develop leaders and managers. Few organizations have core competencies in educating future leaders in foundational business management concepts, practices and skills – but many colleges and universities have world-class programs in these areas.

Case in Point: Comcast

Comcast Corporation is one of the world's leading media, entertainment and communications companies. The company is principally involved in the operation of cable systems through Comcast Cable and in the development, production and distribution of entertainment, news, sports and other content for global audiences through *NBCUniversal* entertainment media and theme parks, as well as the NBC and *Telemundo* broadcast networks.


The primary reason that Comcast offers a TAP is to enhance its industry competitiveness and secondarily, to feature tuition assistance within a well-rounded benefits package that helps employees grow within the company. The ability to recruit and

Case in Point: Comcast (cont'd)

retain valuable employees is essential to Comcast's success; this strategy extends throughout its subsidiary divisions and its wide variety of job roles.

Comcast's tuition assistance program is offered to all full-time employees who have attained tenure of at least six months. After completing a TAP-funded class, employees must stay with Comcast for at least one year or reimburse the company for the cost of the class.

In years past, Comcast did not monitor its TAP as closely as it might have wished. To remedy this situation (as well as other challenges), the company established a partnership with an external TAP management provider.

The external partner will help establish a measurement and tracking program that enables Comcast to link tuition assistance benefits to specific growth opportunities within the company. It also helps Comcast clearly determine the extent to which the company is effectively linking TAP to company goals and strengthening its alignment with L&D, programs for development of emerging leaders, and recruitment. 

Leverage Tuition Assistance in Support of L&D Objectives

As we saw earlier in this report, the extent to which tuition assistance programs are aligned with (and supportive of) learning and development objectives, provides an indicator of success and effectiveness for both. Industry research clearly indicates that it is critical to create a formal dialogue and effective working relationship between human resources, under which tuition assistance often falls, and L&D where internal education is designed, delivered and managed.⁴

In order to do this, create formal communication channels between L&D managers and TAP managers. Use these regular sessions to not only

⁴ For more information on the role of internal and external education in a learning organization: *"The Evolution of the High-Impact Learning Organization,"* Bersin & Associates / David Mallon, Janet Clarey, and Mark Vickers, August 2012.

**KEY POINT**

Use the relationship with L&D to supplement and complement internal programs with TAP opportunities and alternatives, and to bring leading-edge knowledge and skills from high-quality external faculty and industry experts into the organization.

promote tuition assistance as a component of individual training and development plans, but to strengthen TAP as an essential element of performance reviews and career planning discussions.

Use the relationship with L&D to supplement and complement internal programs with TAP opportunities and alternatives, and to bring leading-edge knowledge and skills from high-quality external faculty and industry experts into the organization. Ensure managers know how to use the TAP to support personal learning plans. Advise employees on how best to use the benefit, not only for their personal development, but also for career growth.

Take steps to firmly link the L&D budget with the TAP budget and consider how one can support the other. Examine available degree and certificate programs from accredited educational institutions in light of the development priorities of the organization.

Finally, consider that leveraging internal learning course content may also save TAP dollars. This ensures employees do not waste money paying for an external class when they can take it for free through their employer's L&D department or corporate university. Through "articulation agreements,"⁵ employees can also translate these courses into college credits and thereby shorten their time to degree completion.

Case in Point: Cleveland Clinic

Cleveland Clinic opened its doors on Feb. 28, 1921. It was a new kind of medical center: a not-for-profit group practice, dedicated to patient care enhanced by research and education. The clinic's mission was clear: "Better care of the sick, investigation into their problems and further education of those who serve." In addition to patient care and research, Cleveland Clinic also provides a large and diverse Continuing Medical Education (CME) program.

The Cleveland Clinic's talent management strategy reflects its ongoing commitment to providing training and educational programs which exceed national and institutional standards while

⁵ Articulation agreements are formal agreements between two or more colleges and universities to accept credits in transfer toward a specific academic program.

Case in Point: Cleveland Clinic (cont'd)


incorporating the clinic's fundamental values of quality, integrity, compassion, collaboration and commitment.

Cleveland Clinic has always offered tuition assistance benefits as part of its Total Rewards program. TAP is considered an important component of wellness for its 42,000 employees, as well as being critical to the clinic's ability to compete for top talent in the health services marketplace.

The clinic's "Total Rewards" philosophy is demonstrated by the following ways in which it leverages tuition assistance in support of learning and development objectives:

- Through tight communication and team collaboration. Tuition assistance receives solid buy-in from the Executive Director of Total Rewards and the Chief HR Officer (including corporate training and development).
- Through shared goals and initiatives. Both L&D as well as tuition assistance, focus on the concept of a "package" of learning services which support the career growth and personal development of all employees.

Both L&D and TAP leaders are involved when the "package" needs to be changed to reflect company goals. For example, recruitment and training of IT staff was a "hot spot" several years ago, while next year may see a big push for nursing tuition assistance or other learning programs to support nurses.

The key point is that Cleveland Clinic continues to look for ways to enhance and better leverage the important relationship between its L&D and TAP functions. 

Centralize the Program

Centralization of the program can offer significant efficiencies, and a TAP needs adequate resources (whether internal or outsourced) for program administration, development and operations.

But before you are tempted to install a one-size-fits-all program, conduct an enterprise-wide review of all policies, procedures and spending. Also

examine the geographies in which to offer tuition assistance. Centralize the program while taking into account the varying educational systems within countries as well as governance models within the organization. Collect as much data as possible and forecast participation rates in certain job segments. Look for examples of success and failure, however anecdotal they may be.

Put policies in place that are appropriate to the organization and match the TAP's purpose. What outcomes does your organization expect to gain?

- High morale due to a sentiment of employee investment and goodwill?
- Closure of gaps for certain skills?
- A more robust labor market for certain positions?
- A deeper leadership bench?

Set policies according to your organization's goals while managing employee expectations – bearing in mind that budget control, consistency and fairness are key issues.



KEY POINT

Tuition reimbursement is sometimes a valued benefit in the labor market in which your organization might compete.

Tuition reimbursement is sometimes a valued benefit in the labor market in which your organization might compete. If so, benchmark what you are doing against competitors in your industry.

The IRS offers a tax benefit for monies spent on tuition. However, the educational requirement of some positions may require tuition investments beyond the IRS benefit limit of \$5,250. Therefore, do not necessarily cap your annual participant assistance level to any IRS-imposed funding limit. Select the most appropriate caps for your organization and consider a range of caps to meet specific objectives.

Case in Point: Large Manufacturing Company

The numerous mergers over a large manufacturer's history brought with them a wide variety of TAPs. In addition, existing business units within the company had each developed their own TAP together with its own set of policies and administrative procedures.

By 2009, it became clear that these semi-autonomous programs had to be centralized and standardized in order to reduce

Case in Point: Large Manufacturing Company (cont'd)

administrative inefficiencies and create company-wide cost savings. By the end of that year, the company had “harmonized” each of these programs into a single, standardized TAP for the entire company.

Corporate HR leaders consolidated both policy and administration functions into a centralized HR Service Center. Initially, TAP administration functions were outsourced to a third-party service provider that worked directly with the company’s employees to facilitate TAP processes. The company’s corporate HR retained responsibility for tuition reimbursements.

In the four years since then, the centralized HR Service Center has made a number of changes. These include moving back into an employee-facing role and serving as the administrative liaison between the company employees and the third-party service provider. In addition, the third-party service provider now supplies administration support (including computer-based transaction processing) to the company’s tuition assistance program.

The company has learned a number of valuable lessons from its decision to centralize and standardize its TAP.

- Having different eligibility requirements, administrative procedures, and program policies across the corporation has caused significant employee morale problems.
- In spite of the company’s efforts to fully standardize company-wide tuition caps, a number of departments still retain their own caps. This generates complaints which HR leaders are trying to resolve.

Although policies and administrative procedures have been improved and standardized, the HR Service Center finds that many employees are not following standard policies and ongoing training is still required. A third-party TAP management provider is able to provide consistency and enforce rules across the organization. ∞

Establish and Maintain an Agile Program Management Approach

Earlier in this report we questioned the substantial percentage decrease in 2012 companies offering (and not even planning to offer) a TAP as compared to the data from 2009 companies. For companies that retained their TAP, leaders found themselves challenged to make it increasingly relevant and important to the business. As such, many of these companies have actually developed an “agile” approach to restarting and revitalizing their TAPs.



KEY POINT

An agile TAP is one which demonstrates the ability to rapidly adapt to internal organizational changes and external business changes in productive and cost-effective ways.

An agile TAP is one which demonstrates the ability to rapidly adapt to internal organizational changes and external business changes in productive and cost-effective ways. Agility is important because it focuses on adapting policies, processes, and managerial mindsets in a rapid, creative, flexible manner. Agility is often the answer for rapid market shifts and precipitous economic trends which tend to make it impossible for non-agile companies to keep up while business needs are changing.

As Josh Bersin has noted in recent blog posts, the agile software development management model (well known in Silicon Valley) has transformed that field and is doing the same in other areas of business.⁶ In fact, it is “revolutionizing” management, HR and L&D,

“Everything which makes “agile” work for software also works for management, leadership and HR. Management and HR processes are too slow, they don’t reflect business changes fast enough, and they don’t give people fast-enough feedback and learning.”⁷

⁶ See: Josh Bersin, *The Agile Model comes to Management, Learning, and Human Resources* Blogpost, September 17, 2011, Bersin & Associates, <http://www.bersin.com/blog/post/The-Agile-Model-comes-to-Management2c-Learning2c-and-Human-Resources.aspx>; Josh Bersin, *The Need for Agility in Corporate Learning* Blogpost, July 12, 2012, Bersin & Associates, <http://www.bersin.com/blog/post/The-Need-for-Agility-in-Corporate-Learning.aspx>.

⁷ Bersin, *The Agile Model comes to Management, Learning, and Human Resources* page 1.

Here are three agile best practices adapted from earlier blog posts:⁸

1. **Adjust Goals Continuously during the Year** – While corporate objectives may not change, business conditions change constantly so employees and their managers must continuously adjust their priorities.
2. **Provide Feedback Continuously** – Employees are getting feedback nearly every minute of the day, whether from their manager, coworkers, or the work system itself. They are doing great things and they are making mistakes. When they, their team, or the organization at large makes a mistake, they should get feedback and adjust accordingly.
3. **Build Capability to Accommodate Change** – We cannot predict the future. It is important to set goals and establish long range objectives, but the world changes. Management processes must be flexible enough to adapt immediately when business conditions change.

Case in Point: Sprint

Originally founded in 1899, Sprint offers a comprehensive range of wireless and wire line communications services, including the first wireless 4G service from a national carrier in the United States; industry-leading mobile data services, leading prepaid brands including Virgin Mobile USA, Boost Mobile, and Assurance Wireless.

Professional development is a priority at Sprint. The company's talent management strategy is focused on getting all employees "up and running" as quickly as possible and then supporting every employee's performance and professional development through a strong total rewards program.

Sprint has had a TAP for many years. However, as the U.S. headed into a recession in 2008, the company was faced with significant business challenges that forced Sprint to suspend tuition assistance until the company was financially stronger. Rather than respond to this change with panic or resignation, Sprint's HR leaders and TAP managers adapted, and mobilized for a creative

⁸ These were originally described as "Problems Inherent in the 'Waterfall' [software development] process." Bersin, *The Agile Model comes to Management, Learning, and Human Resources* page 2.

Case in Point: Sprint (cont'd)

and flexible response to the challenges. Sprint saw this temporary suspension as an opportunity to critically examine and revitalize its TAP with the following changes, among others:

- Sprint leaders instituted a “philosophical change” in their foundation goals. The primary focus of the previous TAP had been retention. With its agile response to the current challenges, Sprint widened the overarching goals of its TAP to include not only retention, but also commitment to employees and innovation.
- By “commitment to employees” Sprint not only wanted to retain valuable staff members but also keep them “employable” through demonstrating an ongoing program of growth (anchored in TAP) that demonstrated an investment in each employee.
- Sprint also removed the twelve-month retention clause after using TAP benefits because it found the restriction had come to be viewed as punitive for self-improvement. To counter this, it added a front-end waiting period of six months to give new hires time to get settled in their role. The six month waiting period, coupled with outside tuition advising, enabled employees to make better long-term educational choices and build a career path before they began applying for TAP benefits.

For the fall semester of 2009, company executives formally reinstated the TAP. The CEO and other senior executives made the announcement during the quarterly review/CEO briefing for all Sprint employees. Reinstatement of Sprint’s revitalized, strong and agile TAP was met with spontaneous applause and genuine appreciation as a confirmation that the company was committed to its employees and reinstating benefits as its financial position strengthened. ↻

Maintain Strong Executive Engagement and Support

Executive engagement is essential for a healthy and effective TAP. Company executives must be sufficiently knowledgeable and engaged to understand the value of TAP to the organization, to authorize TAP resources and articulate the broad guidelines which help shape TAP decision making at all levels.

★ BEST PRACTICE

Engage executives in the initial review and ultimate design of the TAP.

As a start, engage executives in the initial review and ultimate design of the TAP. Get a clear picture of how executives view the current TAP and its performance against company goals.

Ask executives what they think should be done to develop people in order to meet business objectives now and in the future. Encourage them to evaluate their personal successes and their contributions to the organization in light of their own education and development.

Successful strategic tuition assistance starts at the top; executive input and support are essential. Promote cross-functional executive involvement in tuition assistance strategy, as well as in program development.

Putting together a tuition assistance strategy is not the job of just one executive. While an HR or L&D executive might manage it, company executives and their key subordinates need to understand the value of TAP. Each executive is then able to use the program to address the talent management and employee development challenges surfacing within the organization they manage.

Case in Point: Rockwell Collins

The Collins Radio Company, founded by Arthur Collins in Cedar Rapids, Iowa, initially designed and produced shortwave radio equipment. The company steadily grew and captured the world's attention when Collins supplied the equipment used to establish a communications link with the South Pole expedition of Rear Admiral Richard Byrd in 1933.


Today, Rockwell Collins is a global pioneer in the design, production and support of innovative solutions for customers

Case in Point: Rockwell Collins (cont'd)

in aerospace and defense. The company's expertise in flight deck avionics, cabin electronics, mission communications, flight simulation and training is strengthened by its support network spanning 27 countries. The company's airborne and ground-based communication systems transmit nearly 70 percent of all U.S. and allied military communications.

Working together, the 20,000 employees of Rockwell share a vision to create the most trusted source of communication and aviation electronics solutions. This vision is equally shared between employees, middle management, and senior executives and extends to company-wide training and employee development, including tuition assistance benefits.

Rockwell Collins' TAP enjoys exceptionally strong executive engagement and support from the highest levels of the company. Being industry leaders in science and engineering, Rockwell Collins' senior executives are themselves highly educated and strongly supportive of continuing education for their employees. Senior executives value engineering innovation and view tuition assistance as an important tool in achieving innovation, supporting retention, and maintaining competitive advantage.

Rockwell Collins' Corporate University manages its TAP. It conducts quarterly executive reviews of the tuition assistance program using the data provided by its third-party TAP management partner, to demonstrate how TAP supports the company's business objectives of being on the cutting edge of technology. During these reviews, senior executives are provided with an overall program review, budgetary status, and demographic data, such as the ages and gender of TAP participants. They also receive information about the most popular types of degrees being pursued and the top colleges and universities where Rockwell Collins is spending its tuition assistance dollars. 

Promote the Program to Employees and Stakeholders

Communication is an important element of successful tuition assistance program management, particularly when there is a significant change in TAP policies or practices.

The “how” of the TAP communication and promotion effort depends upon the knowledge of the members of your workforce, whether you believe they are sufficiently knowledgeable of the TAP or whether they are unaware of TAP benefits, opportunities, or guidelines.

As a first step in developing your TAP promotion, you should assess the communication modes that work best for your employee base (local, national or global). Most likely, this will involve a variety of communication media and modalities.

As part of this year’s report, we asked participants to describe the extent to which they used such communication modes as electronic mail, newsletters, tuition assistance information sessions, onsite or online open houses, and education fairs. We also asked them the extent to which they used social media such as Twitter, Facebook, or YouTube to raise the visibility of their TAP.



KEY POINT

Fifty-one percent of participating companies use some form of electronic mail, newsletters, and so forth to promote their TAP.

Fifty-one percent of participating companies use some form of electronic mail, newsletters, and so forth to promote their TAP, while 80 percent of companies surveyed have not yet begun to leverage the communication power of social media for program promotion.

In terms of other promotional best practices, make sure that rank-and-file employees understand the availability of the TAP and the opportunities for advancement that it can provide. It is important that all other key stakeholders (e.g., executives, managers, HR representatives, training coordinators and recruiters) also understand the program. In particular, promote the program to the line managers. These managers are responsible for developing people, so you need to make sure they are on board and understand how to use the program.


Train managers to use tuition assistance as a development and talent management tool. Provide them with information about schools and courses of study that will benefit their departments. Make sure the key managers and their HR business partners are fully capable of

administering the program and can expedite approvals, as well as deal with exceptions. Be certain that all stakeholders implement and practice appropriate procedures to facilitate data collection and measurement.

Case in Point: Large Healthcare Benefits Organization

The company's goals for tuition assistance program promotion are strongly focused on recruitment and retention of Millennials and those who will be entering the workforce in the wake of Baby Boomer retirements. At the same time, the company is committed to balancing the tuition assistance needs of all employees and making sure that everyone is well informed of TAP deadlines and policy changes critical to both participant and program success.

While communicating to TAP participants is extremely important, it is also essential to communicate with line managers on program policies and administrative processes. This was significant because the company's highly decentralized structure meant that each line manager was responsible for reviewing receipts and grades. As might be expected, these processes were handled differently from manager to manager.

The company handled this challenge by having an outside TAP management partner provide a centralized auditing and administration system. In conjunction with the administration system, the company also improved communication to line managers and leveraged online training and videos to support line managers. The administration system is better enabling the organization to comply with its policies and procedures. 

Celebrate Employee Achievements Gained through Tuition Assistance

Organizational celebrations are often about achievements — public or personal or both. When we celebrate a significant professional development achievement such as graduation or certification, we acknowledge and commemorate the accomplishments of one individual.

But we also reflect on the paths that person took to achievement and the organization support systems, such as TAP, which played a role in reaching the end of that path.

**KEY POINT**

Implement effective communications programs to make sure that employees know about the TAP, as well as how it can be of value to them personally and professionally.

Celebration of individual education achievements, and TAP benefits, are vitally important, so make the educational success of TAP participants visible and reward accordingly. Allow work time for significant activities (such as graduation ceremonies) to stress the value and importance of degree attainment to the organization.

Publicize the achievements of TAP graduates through newsletters, websites and company meetings. Also, implement effective communications programs to make sure that employees know about the TAP, as well as how it can be of value to them personally and professionally.


Include a discussion of tuition assistance in new hire orientation programs and during performance reviews and career development discussions. Integrate tuition assistance with development of high-potential employees and with succession planning programs. Make sure to flag upcoming or recent graduations to managers so they can engage the employee in a conversation about future opportunities.

Case in Point: A Global Financial Services Firm

A multinational, diversified financial services firm also participated in the current study. In 2011, the firm transitioned its tuition reimbursement program into a tuition and degree assistance program to support and encourage its employees to go back to school and obtain their degrees. The firm specifically included “degree assistance” in the program’s name because its goal is to achieve 100 percent enrollment in degree programs. Currently, more than 95 percent of all employees are enrolled in degree programs.

At the same time, the firm established a partnership with an outside tuition assistance provider. The focus of the partnership was on helping the firm’s employees maximize their tuition assistance benefits, and advising them as to the best options for their personal and career development.

Case in Point: A Global Financial Services Firm (cont'd)

In addition to creating employee awareness and encouraging pursuit of degree programs, TAP leaders work closely with the firm's Global Rewards and Recognition team to acknowledge and celebrate employee graduation events. All graduates are recognized in the firm's quarterly HR magazine; this also serves to create positive publicity and expand employee awareness of the tuition and degree assistance program. 

Develop a Comprehensive Top-down Bottom-up Budgeting Process

It may seem simple: understand what your TAP costs. However, when programs vary across business units, countries and job types, the challenge of understanding the cost of the program is complex.

In practice, all TAP budget processes contain both top-down and bottom-up elements. The goal of a comprehensive TAP budgeting process is to ensure that budget decisions at all stages properly reflect fiscal policy priorities at all levels as well as TAP management.



KEY POINT

As a first step in developing your TAP budgeting process, understand your total cost at the enterprise level, but make managers responsible for allocating funds at the department level.

As a first step in developing your TAP budgeting process, understand your total cost at the enterprise level, but make managers responsible for allocating funds at the department level. This practice will provide good cost control and accurate forecasting. It will allow you to proactively and strategically budget and fund your TAP as a benefit, while supporting talent management and L&D objectives. Use metrics, such as participation rates, percentage of caps used and average costs by program to budget effectively.

Outsource administration if you do not have the internal staff to manage the program. Models of administration vary; some organizations manage the whole program in-house, while others outsource some or all of the administration. Choose the most effective and efficient administration method for your organization, and the one that fits within your proper budget. Use partnerships to minimize costs through shared program development and volume discounts.

Another way to be certain of the upper limit of program costs is by placing a cap or maximum on the annual tuition expenditure per

employee. In fact, companies may apply different expenditure caps, depending on the status of the employee, whether the credits are graduate or undergraduate, or the actual tuition for a given program. For example, some companies might have a lower cap for part time employees or may waive the standard cap for designated executives attending MBA programs or graduate degree programs. Almost one-quarter of respondent companies in 2012 indicated that they provide a higher cap for graduate degree participants.

A final word about reimbursement models in which funds are paid when the course is successfully completed: This model can be an impediment, particularly to lower-paid employees pursuing an education, since they do not have the cash available to pay up front. Disbursement and direct school pay models help to alleviate that burden.

Case in Point: Huntington Ingalls


Huntington Ingalls is the nation's sole industrial designer, builder and refueler of nuclear-powered aircraft carriers and one of only two shipyards in the U.S. capable of designing and building nuclear-powered submarines. Huntington Ingalls' subsidiaries build and repair nuclear plant components, support the U.S. Naval Nuclear Propulsion Program, and provide the U.S. Department of Energy with nuclear operations and program management.

Huntington Ingalls operates in a strictly monitored industrial setting that requires precision metrics and extreme attention to technical detail. The company believes its state-of-the-art tuition assistance program is providing a critical industry differentiator and competitive advantage in the recruitment and retention of talent for its highly technical (construction, nuclear engineering) and demanding jobs.

Because TAP so important to its success, Huntington Ingalls is highly focused on cost containment and that means top-to-bottom budgetary monitoring and control. TAP administrators know precisely how many employees participate in the program year-over-year. They also know that program costs (in tuition payments) are increasing an average of seven percent each year.

Case in Point: Huntington Ingalls (cont'd)

Facilitating this knowledge is a centralized budgeting system that enjoys senior executive involvement and support, as well as lots of interaction between TAP administrators and middle management (directors and vice presidents) regarding cost containment as well as their students' use of the program.

Another budgetary best practice focuses on Huntington Ingalls' use of an outside TAP management firm. Collaboration with this firm has been successful in areas beyond budgetary management and control. Benefits of this partnership have extended to improvements in TAP philosophies, policies, administrative processes, and change management. 

Enter into Strategic Partnerships and Alliances with Schools

★ BEST PRACTICE

Partner with colleges, universities and other institutions to develop customized, company-specific programs that will provide maximum strategic benefit to the organization.

Partner with colleges, universities and other institutions to develop customized, company-specific programs that will provide maximum strategic benefit to the organization. A third-party TAP management partner can be instrumental here, given their already existing relationships with educational institutions.

Established educational institutions can offer high-quality instruction in foundational subjects in business, technology and other specializations. In addition, these institutions can work with your internal L&D resources to build targeted content, courses – and entire undergraduate and graduate degree programs founded on their standard offerings, but enhanced to meet your company's specific requirements.

As we noted during the earlier discussion of our TAP maturity model, Level 4 organizations enter into strategic partnerships and alliances because these partnerships not only produce highly effective, customized learning solutions but also allow for a variety of cost-saving measures, such as volume discounts and other types of mutually beneficial program features.


Case in Point: Cleveland Clinic

As we noted earlier in this report, Cleveland Clinic has always offered tuition assistance benefits as part of its Total Rewards program. TAP is considered an important component of wellness for its 42,000 employees, as well as being critical to the clinic's ability to compete for top talent in the health services marketplace.

Strategic partnerships and alliances with colleges, universities and other institutions has also been one of the clinic's TAP priorities. But that initiative has taken on even more importance with the advent of "tuition bundling" which is the grouping together of other types of non-reimbursable fees (e.g., technology fees, administrative fees, lab fees, library fees, etc.) together with reimbursable tuition costs. This leaves Cleveland Clinic employees (as well as the clinic's TAP leaders) in the dilemma of sorting out which fees are covered by TAP and which are not.

Cleveland Clinic will be negotiating with Ohio schools to exempt its employees from bundling, or alternatively, to at least receive a better itemization of total costs so that tuition may be isolated from other costs.

In addition to the challenge of bundling, Cleveland Clinic is pursuing a creative program with its designated Education Providers. These are the top 15 colleges, universities and other institutions which consume the majority of the clinic's tuition dollars each year.

Leveraging its partnership with an external TAP management service, Cleveland Clinic is seeking to bring TAP leaders together with Education Providers (and the external partner) to the bargaining table to brainstorm about ways in which all parties can reach a mutually beneficial agreement on tuition discounts — as a starter. There are lots of other items on the bargaining table including tuition breaks for employee family members, reduction (or waiving) of laboratory fees, and other ideas. 

Develop and Deploy a Comprehensive Program Evaluation System

It is increasingly clear that companies must develop and adopt a standard set of metrics to use in evaluating the success and effectiveness of their tuition assistance programs.

Measuring TAP effectiveness, both financially and in terms of human achievement, means finding out whether the tuition assistance program delivered the right results in alignment with company goals.



KEY POINT

Use technology-based systems to support the management, tracking, administration, marketing, and measurement and evaluation of the TAP.

As noted earlier in this report, we found that companies that did track TAP metrics measured retention rates and individual employee mobility and simply stopped at that. This is clearly an area for across-the-board improvement in tuition assistance program management.

In developing best practice TAP metrics, work backwards from business goals to talent management strategies to development objectives. Begin tracking what happens to employees who attend and graduate from TAP, such as the following.

- Do they stay with the organization?
- Are they more satisfied and engaged?
- Do they have higher performance review scores?
- Are they more likely to be promoted?
- Are they putting their new knowledge and skills to work for the company to create process efficiency, enhance innovation and / or provide more inspiring leadership?
- How long does it take an employee to complete the degree?
- What percentage of TAP participants graduate?
- What are the demographics of the TAP participants? Is it increasing diversity?

Use technology-based systems to support the management, tracking, administration, marketing, and measurement and evaluation of the TAP. Link HR, financial and L&D data sets to conduct comprehensive analyses – and report back to senior executives with this information and recommendations. Show value; if you have executed these best practices properly, it will be there!

Case in Point: A Major Children's Hospital

Before this children's hospital was founded in the early twentieth century, a large number of children and infants admitted to regular adult hospitals often died due to lack of specialized care, infection or simple neglect.


The children's hospital is dedicated to finding cures and treating illnesses and injuries specific to children. In the hospital's first year, it had a small number of beds and a dispensary, and the physicians served 60 inpatients and more than 300 clinic patients. Today, the hospital has 500 beds and more than one million outpatient and inpatient visits in a typical year.

One of the hospital's current challenges is achieving "Magnet" status through substantial upgrades to its nursing degree programs. Magnet status is an award given by the American Nurses' Credentialing Center (an affiliate of the American Nurses Association) to hospitals that satisfy a set of criteria designed to measure the strength and quality of their nursing. One of the award's most important requirements is that 80 percent of all nurses employed by the hospital must achieve their Bachelor of Science Nursing degree (BSN) no later than 2020 (with other interim progress checkpoints).

Leveraging their partnership with an outside TAP management partner, the hospital's learning and benefits team pursued several efforts to overhaul its TAP and better enable it to help meet the Magnet credentialing milestone:

- Senior leaders of the hospital, from the CFO, CNO (chief nursing officer) and CLO, were interviewed regarding their current perception of the hospital's TAP and how they would like tuition assistance benefits to evolve in support of the BSN requirements.
- The hospital's TAP management partner compiled the data and produced detailed recommendations focusing on degree achievement, measurement, and program evaluation. A new and comprehensive TAP program was developed to transform all program aspects including policies, program usage, degree completion and administrative efficiency.

Case in Point: Cleveland Clinic (cont'd)

In addition to these activities, the hospital's TAP leaders worked with their external partners to streamline current reporting practices and create more detailed reporting. These TAP enhancements now enable the hospital to track ROI, evaluate use of funds (including usage volumes and patterns), keep track of BSN degree achievement, and link this information to the hospital's LMS. 

Conclusion

We conclude our report with several observations about the current state of TAP and its direction for the future.



KEY POINT

Our research demonstrates that organizations are increasingly utilizing tuition assistance as a strategic tool that enables them to meet significant talent management challenges.

First, the continued evolution of TAP as a talent management tool is important. Our research demonstrates that organizations are increasingly utilizing tuition assistance as a strategic tool that enables them to meet significant talent management challenges. Increasing the alignment of TAP to fulfill business goals or close critical skill gaps in an organization will drive increased performance, higher levels of employee engagement, and ultimately better business results. In short, the tide is turning and tuition assistance is quickly becoming an essential and highly visible element of enterprise talent management.

Second, it is clear that companies are enhancing and increasing their partnerships with external TAP management providers. As we noted earlier, this innovative use of partnerships is allowing organizations to transform tuition assistance from an entitlement benefit to a strategic lever for enhancing program efficiency and effectiveness.

Third, as organizations continue to grow globally, tuition assistance will need to be managed across a wide range of educational systems and will represent a significant challenge for future TAP leaders. Finally, the continued specialization of the workforce will drive an increasing use of partnerships with post-secondary institutions to fill gaps in employee skills and knowledge for highly technical, scientific or other specialized jobs.

How can you be prepared for these changes? Pay serious attention and commit to the best practices described in this report. Doing so will enhance your organization's ability to utilize tuition assistance as a strategic and powerful talent management solution.



Appendix I

Study Methodology

Appendix I: Study Methodology

The primary data for this study includes a series of one-on-one interviews and a quantitative survey – all completed between May and September 2012. A brief description of each method follows.

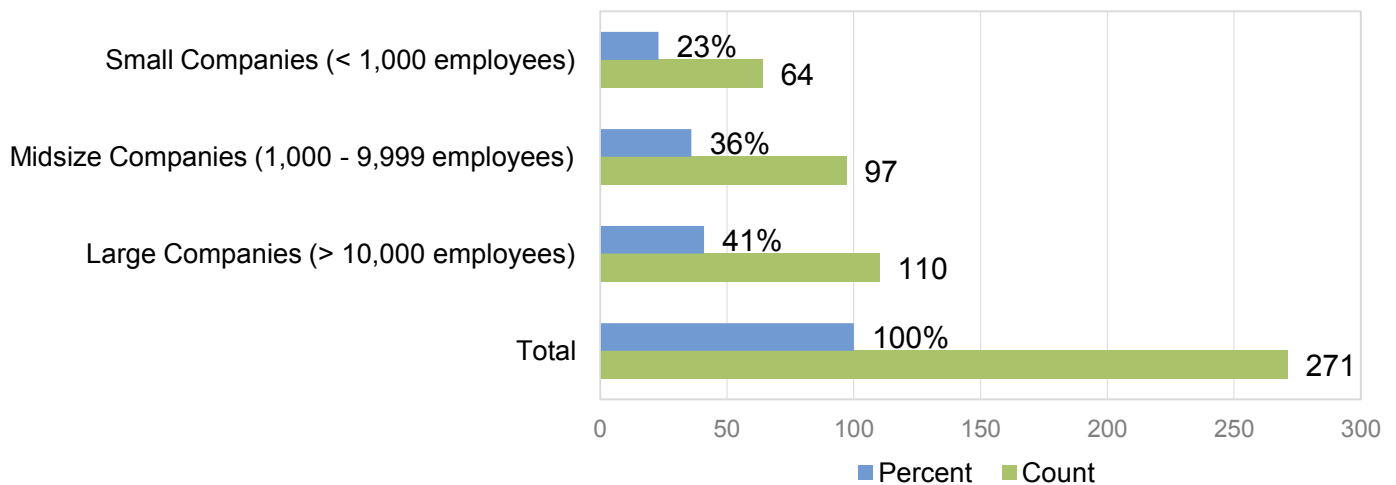
Qualitative Interviews

Eight phone interviews (a ninth company submitted answers via email) were conducted with HR or L&D executives (director-level or above) from companies in the U.S., representing a variety of industries. We selected participants who had direct responsibility for their organizations' TAPs and who had successfully aligned these programs with their organizations' talent management strategies to address specific business challenges. The companies represented varied in size from 2,200 employees to more than 450,000 employees.

Quantitative Survey

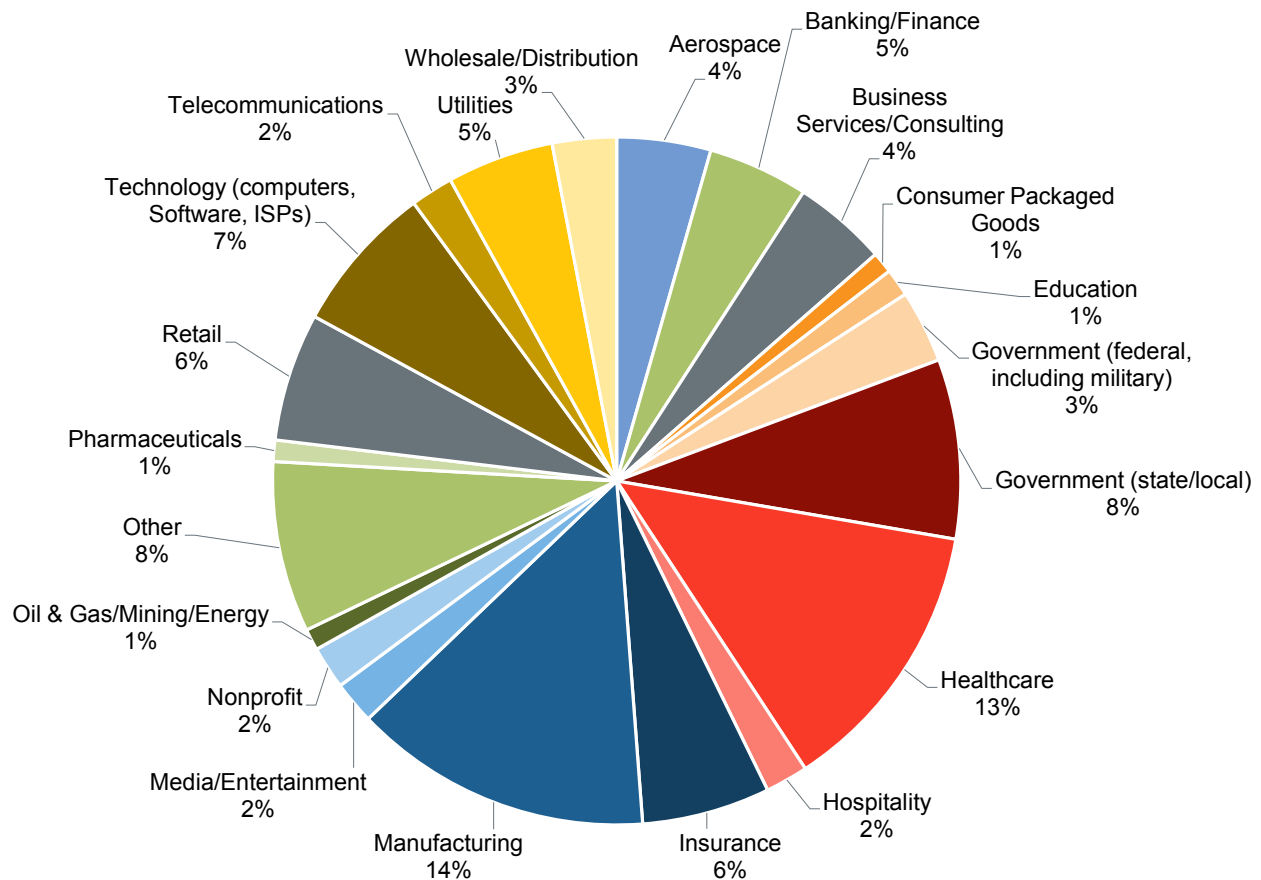
The online survey was conducted between June and July 2012 and was sent to more than 5,500 U.S. companies with a target respondent profile of: 1) professional, manager or executive in HR or Benefits (and to a lesser extent, Learning and Development, Finance, Talent/Human Capital areas) with 2) knowledge of or responsibility for the design, strategy, implementation or management of a current TAP.

More than 800 companies originally responded to the survey, yielding 271 qualified, fully completed surveys on which the bulk of the quantitative data hinges. The 2012 data yielded a cross-section of U.S. company sizes, as shown in Figure 20.

Figure 20: Respondents by Company Size (completed surveys)

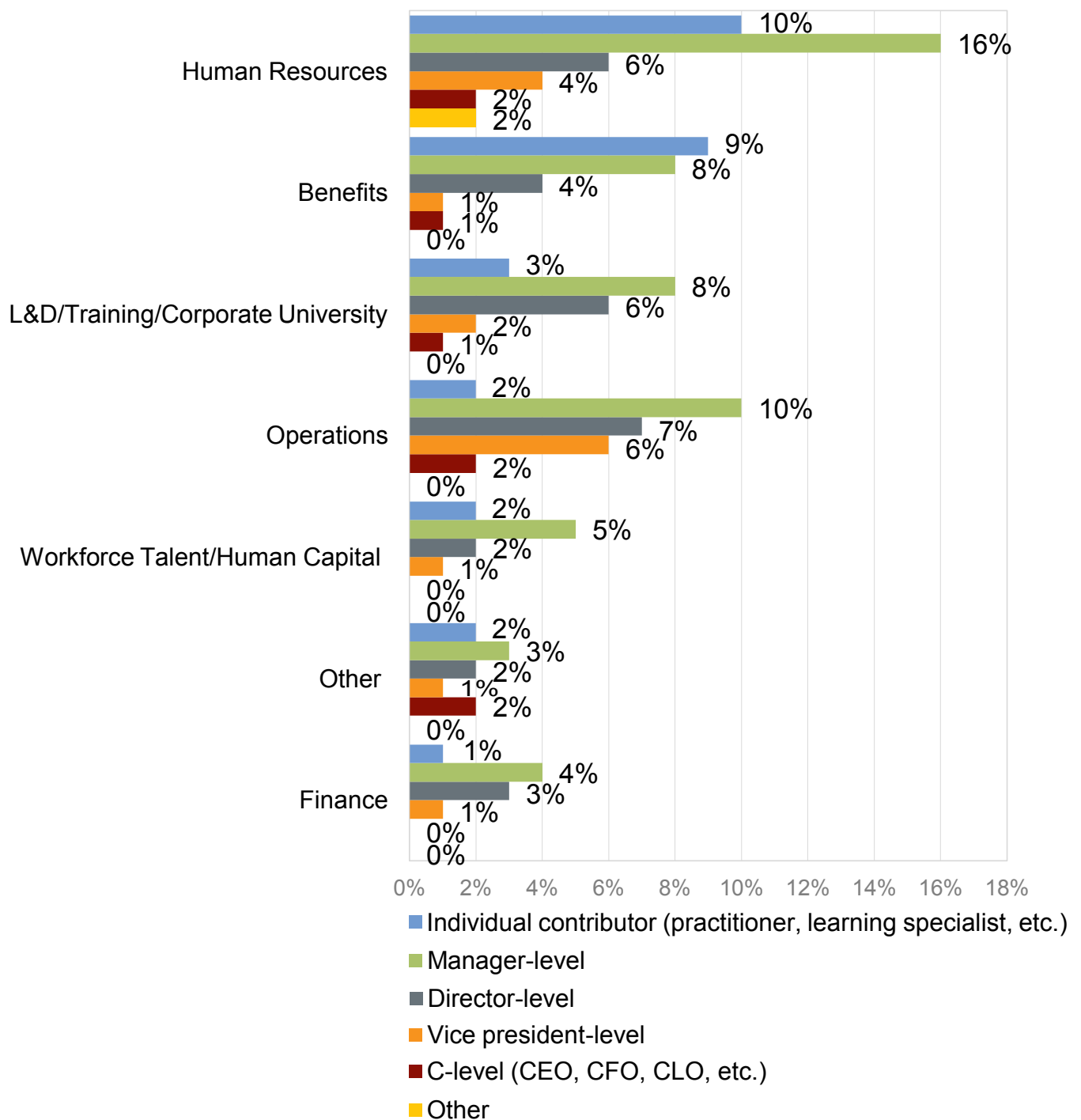
Source: Bersin & Associates, 2012.

The survey data also represent a cross-section of industries, including government agencies, nonprofits and educational institutions. The highest representation was the manufacturing sector, at 14 percent of the sample, followed by healthcare (at 13 percent) and state / local government (at eight percent). Other industries each account for less than 10 percent of the total sample, making the current report a true cross-industry study.

Figure 21: Respondents by Industry

Source: Bersin & Associates, 2012.

The survey data also represent a cross-section of professional and executive respondents. As anticipated, the largest representation is from Human Resources. However, the second largest respondent group is a bit of a surprise: Operations, followed by Learning and Development, and Benefits.

Figure 22: Job Level of Respondents

Source: Bersin & Associates, 2012.

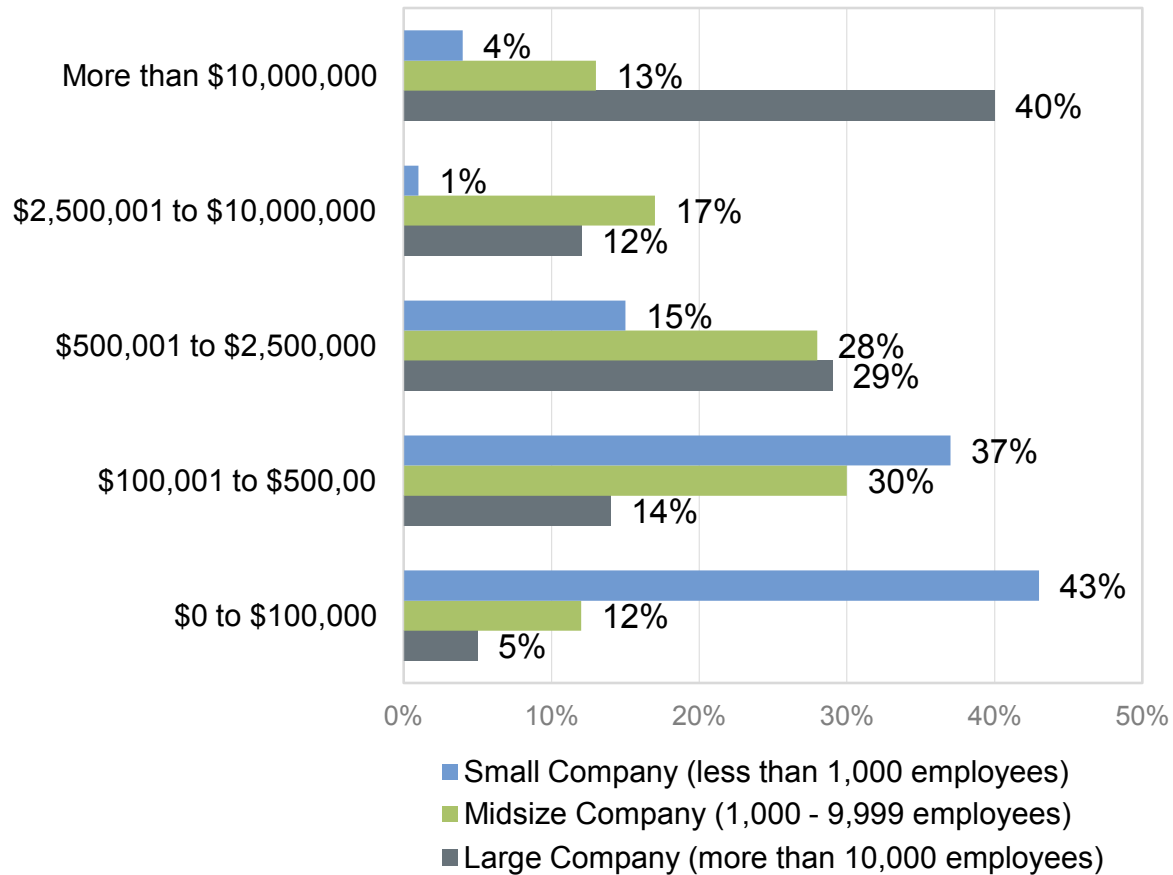


Appendix II

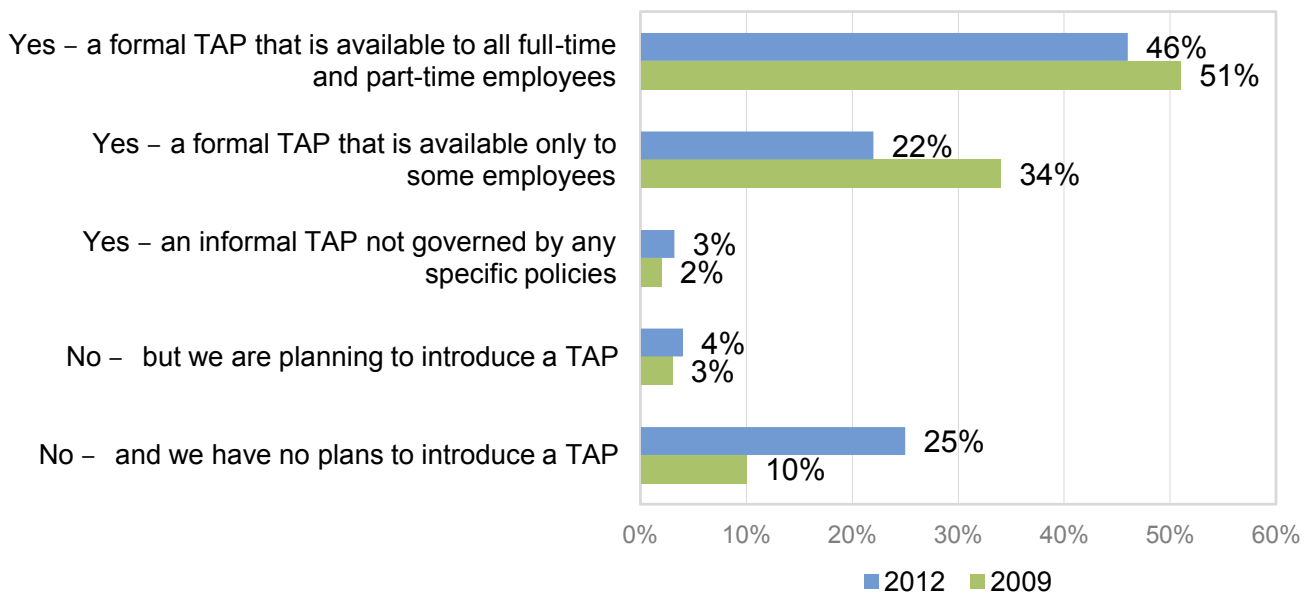
Supplement of Survey Findings

Appendix II: Supplement of Survey Findings

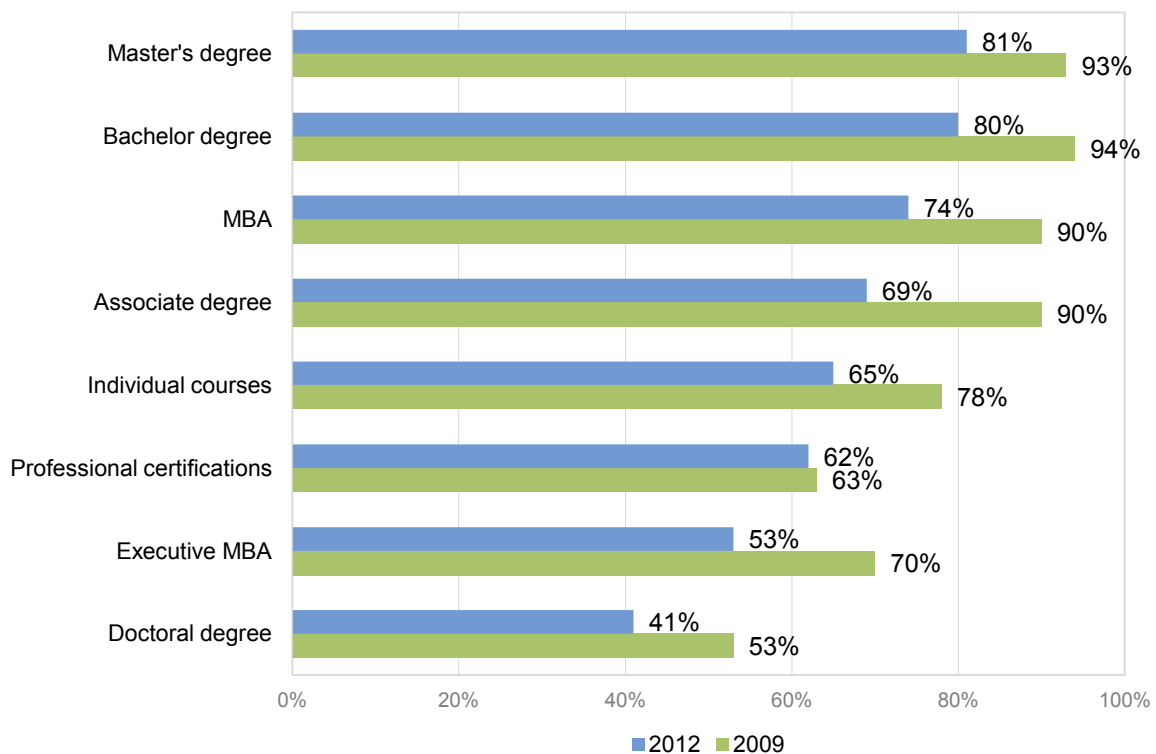
Figure 23: Tuition Assistance Program Budget by Company Size



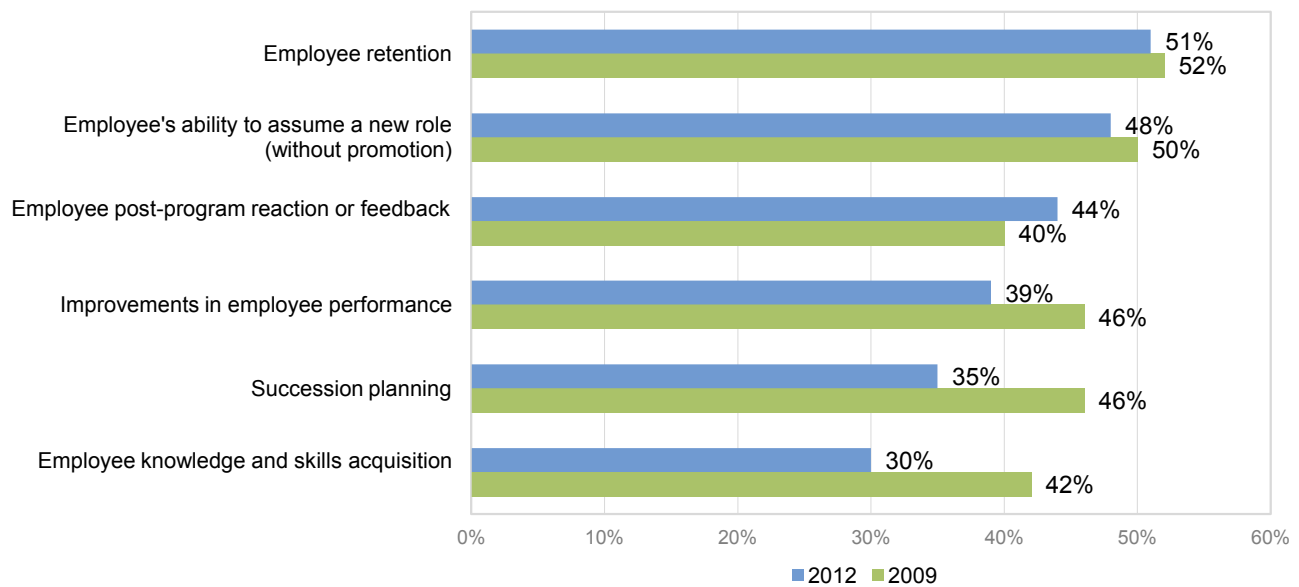
Source: Bersin & Associates, 2012.

Figure 24: Percent of Organizations with Various Types of TAPs (2012 and 2009 data)

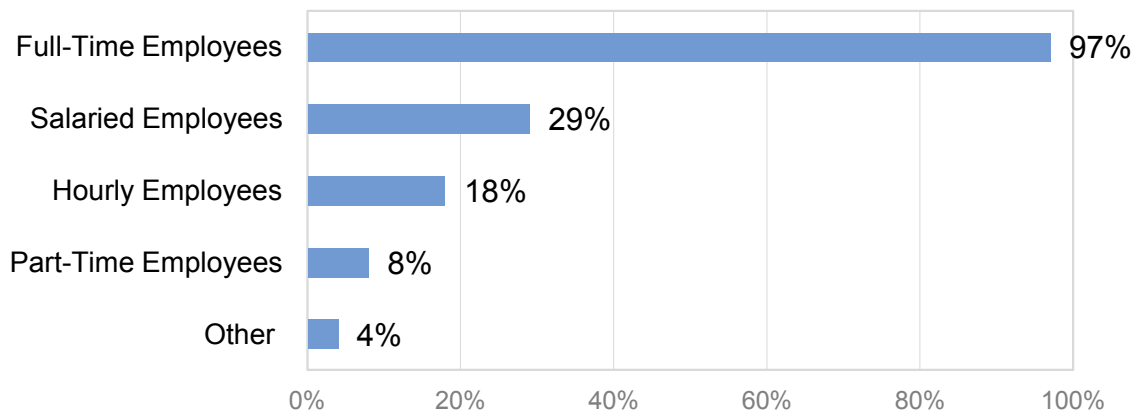
Source: Bersin & Associates, 2012.

Figure 25: Types of Programs Funded by TAP (2012 and 2009 data)

Source: Bersin & Associates, 2012.

Figure 26: Key Metrics for Evaluating the Effectiveness of TAP (2012 and 2009 data)

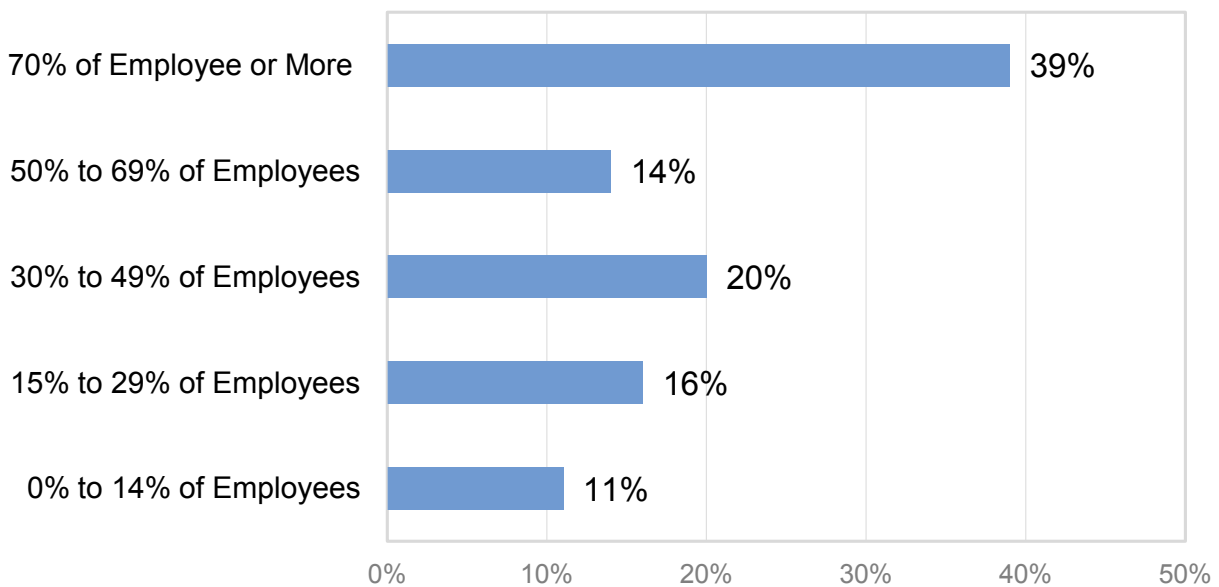
Source: Bersin & Associates, 2012.

Figure 27: Categories of Eligible Employees Covered by Companies Whose Formal TAP Is Available to Only Some Employees* – 2012

*Percentages may not add up to 100% as participants could select more than one option.

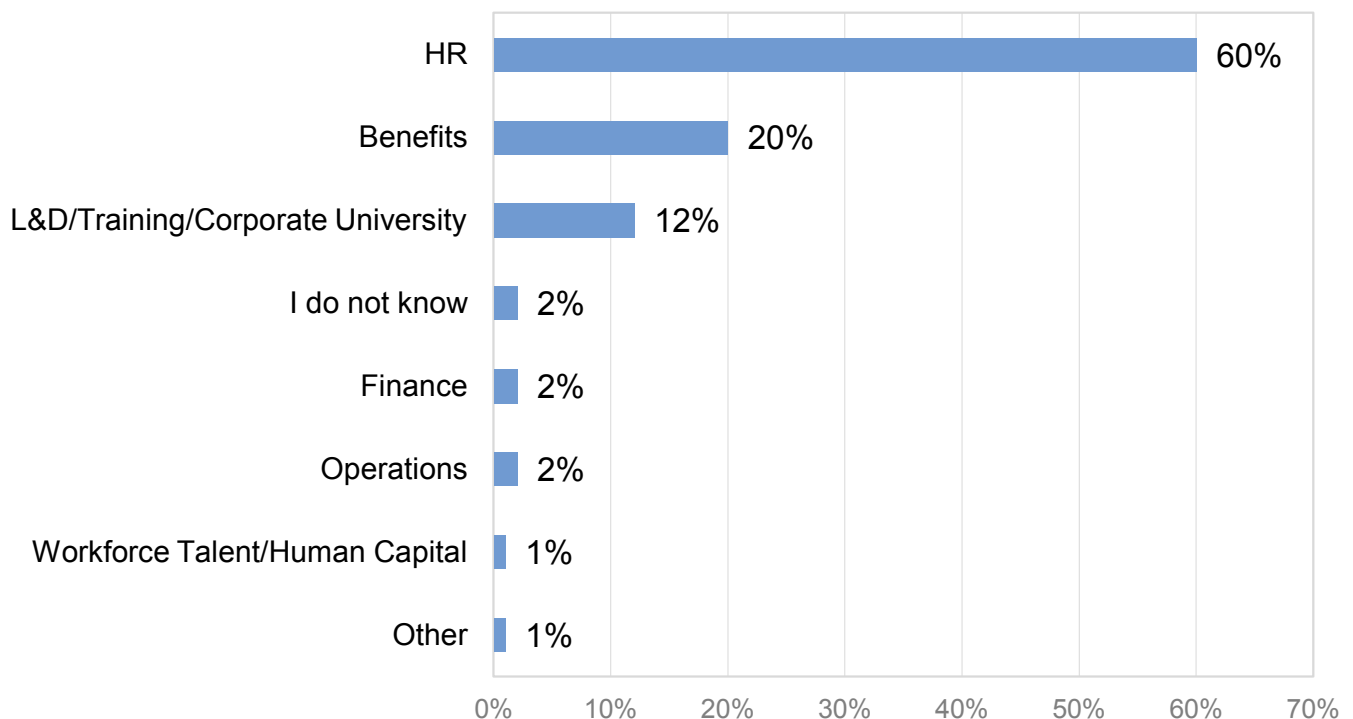
Source: Bersin & Associates, 2012.

Figure 28: Percentage of Employees Eligible to Participate in TAP in Companies for Which Formal TAP Is Available to Only Some Employees – 2012

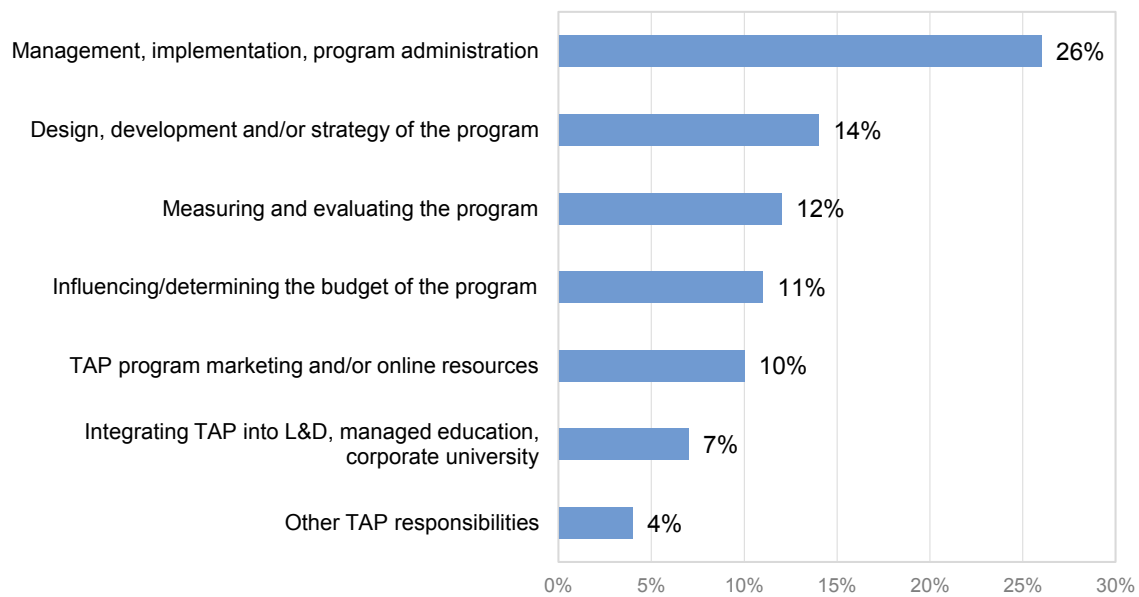


Source: Bersin & Associates, 2012.

Figure 29: Department in Which TAP Is Primarily Managed or Administered – 2012

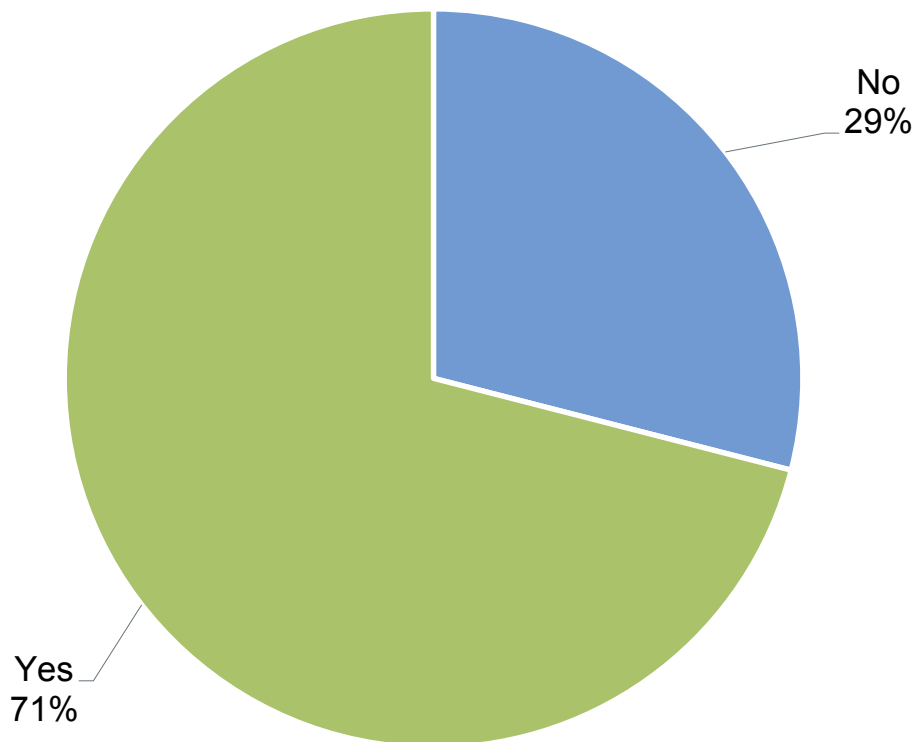


Source: Bersin & Associates, 2012.

Figure 30: Respondent's Role in the Direction, Management or Administration of TAP* – 2012

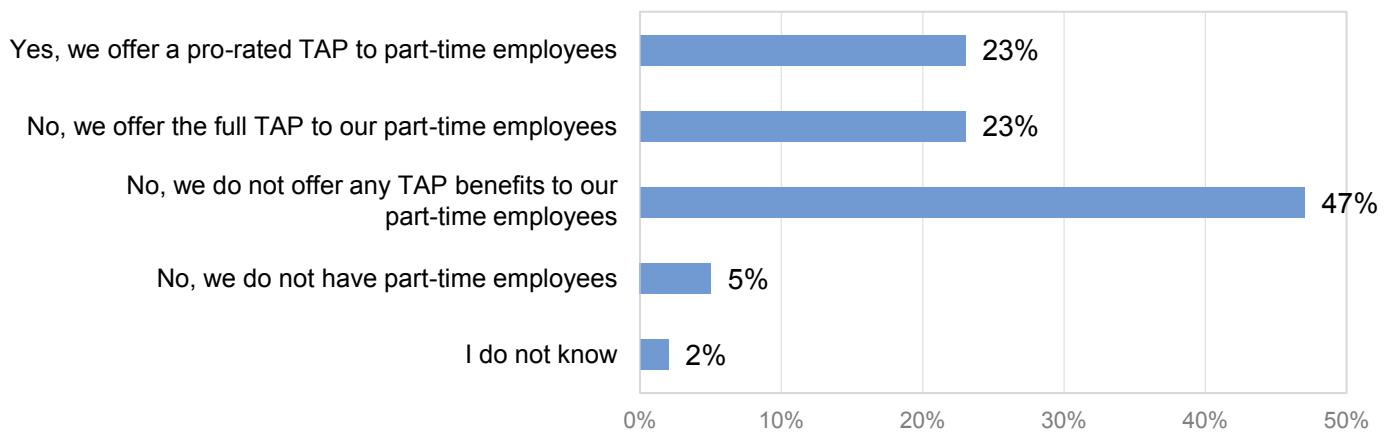
*Percentages may not add up to 100% as participants could select more than one option.

Source: Bersin & Associates, 2012.

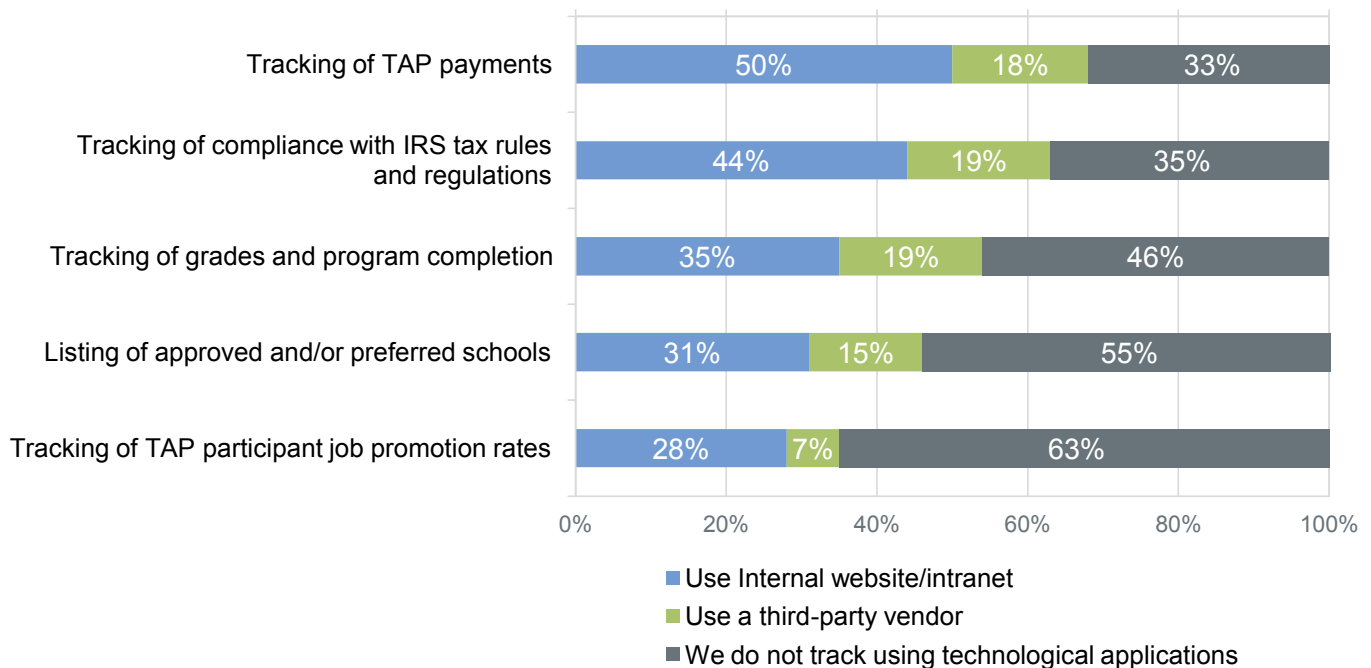
Figure 31: Repayment Clause for Expenses Outside of Policy* If Organization Uses a Disbursement Model – 2012

*"Outside of policy" includes if the employee leaves the organization, does not achieve the minimum required grade, etc.

Source: Bersin & Associates, 2012.

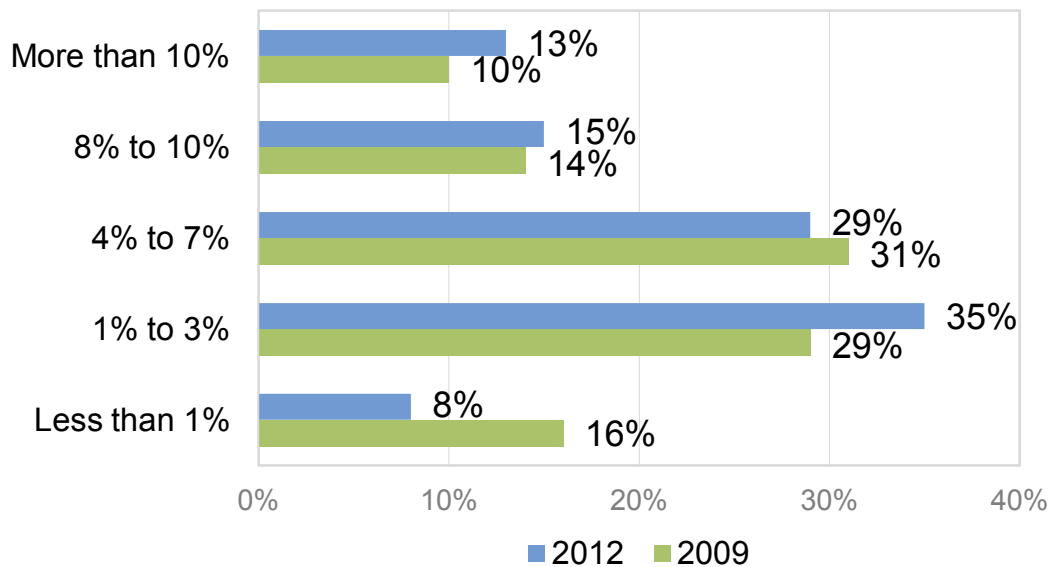
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Source: Bersin & Associates, 2012.

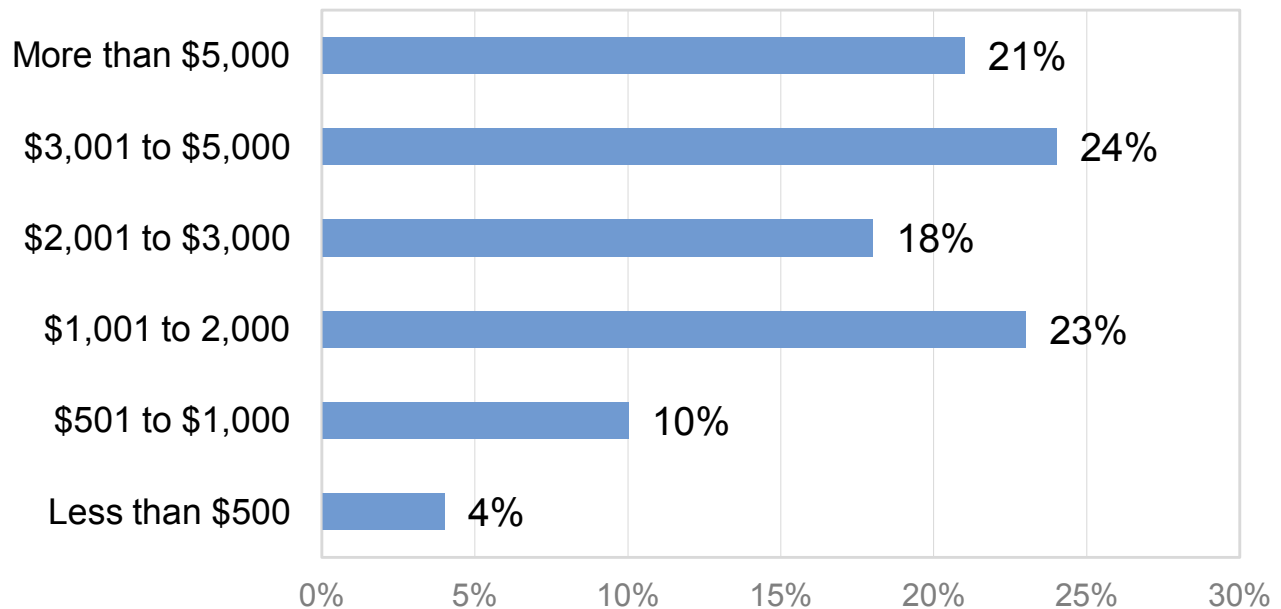
Figure 33: Percentage of Respondent Organizations That Track and Manage Their TAP Functions Using the Following Technological Applications* – 2012

*Percentages may not add up to 100% as participants could select more than one option.

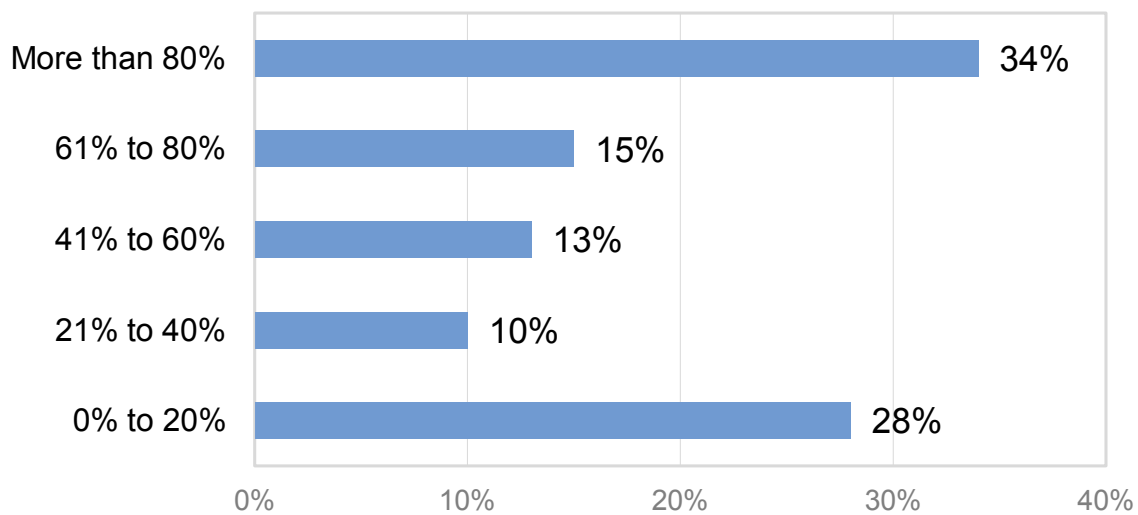
Source: Bersin & Associates, 2012.

Figure 34: Percent of Eligible Employees That Made Use of TAP in Most Recently Completed Fiscal Year – 2012

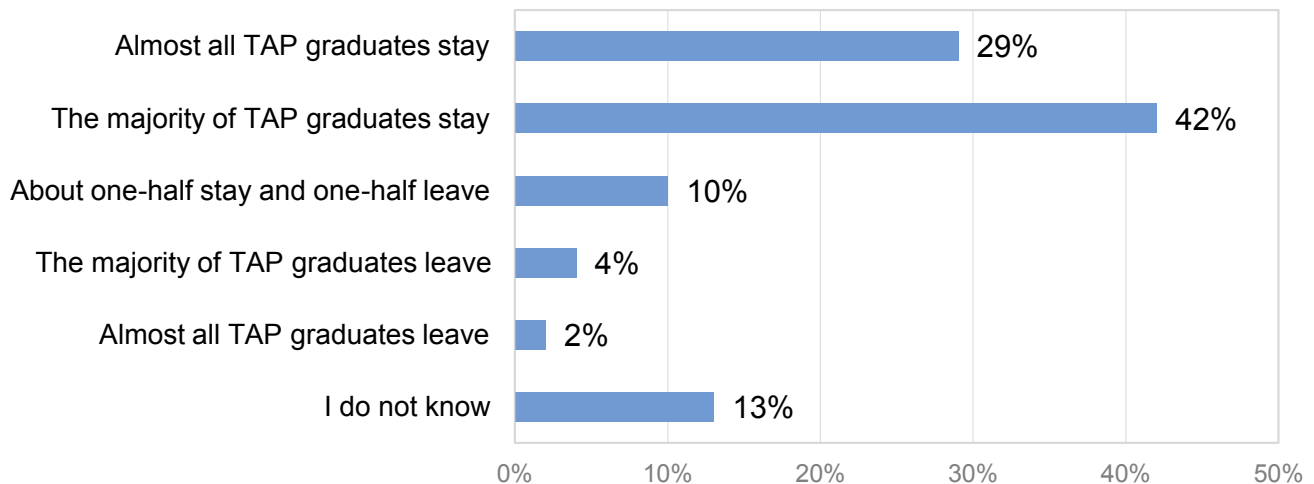
Source: Bersin & Associates, 2012.

Figure 35: Respondent Companies That Provide a Special Cap – Special Cap Amount above the Standard TAP Cap, 2012

Source: Bersin & Associates, 2012.

Figure 36: Percentage of Employees Participating in TAP That Are Pursuing Degrees – 2012

Source: Bersin & Associates, 2012.

Figure 37: Respondents Report the Extent to Which Employees Stay with Their Organization after Completion of Classwork / Degree Covered by TAP and, If Applicable, Required Stay Period – 2012

Source: Bersin & Associates, 2012.

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