

UNDERUTILIZED TO OPTIMIZED

A guide for maximizing usage of Education Benefits



A Leading Education Benefits Provider

WHY IS UPSKILLING VITAL?

WORK TREND INDEX 2022 -
GEN Z AND MILLENNIALS
CONSIDERING CHANGING
EMPLOYERS:

52%

AMERICAN UPSKILLING STUDY -
U.S. WORKERS WHO WANT TO
UPGRADE THEIR SKILLS:

57%

PEW RESEARCH CENTER SURVEY -
LACK OF ADVANCEMENT
OPPORTUNITIES CITED AS THE
MAJOR REASONS FOR CHANGING
JOBS:

63%

WORK TREND INDEX 2022 -
GEN Z AND MILLENNIALS
LOOKING FOR SIDE HUSTLES TO
GENERATE ADDITIONAL INCOME:

68%

Simply: to recruit, engage, and retain employees.

The year 2021 witnessed the Big-quit or the Great Resignation where around 47 million Americans voluntarily quit their jobs according to data from the U.S. Bureau of Labor Statistics. According to the Work Trend Report 2022 from Microsoft, the present workforce is in transition - 52 percent of Gen Z and Millennials are considering changing employers. Moreover, a total of 70 percent of Gen Z and 67 percent of Millennials are looking for side hustles to generate additional income. This only means one thing; organizations need to have a retention and engagement strategy anchored in the well-being and professional growth of employees.

The Great Resignation was, in fact, the Great Reshuffle. The Pew Research Center survey found that the workforce moved for better pay, benefits, and flexibility thereby restoring some of the work-life balance that the pandemic had brought. One of the major reasons for changing jobs (63 percent) was the lack of advancement opportunities. Supporting the findings, the LinkedIn 2022 Workplace Learning Report showed that the opportunity to learn and grow was pegged as the top driver of great work culture and learning would lead the way through the Great Reshuffle.

The era of Great Resignations is not over yet. The new world of work requires upskilling to bridge the skill gaps and digital divide to build a more resilient and inclusive workplace.

Education benefits are strategic HR tools that help achieve these goals.

American Upskilling Study shows that two-thirds of workers opine that employer-provided upskilling or education benefits are “very” or “extremely” important in joining a new company or staying in the current job.

TUITION ASSISTANCE AND DE&I

Tuition Assistance (TA) is the most widely used Education benefit because it significantly reduces training and hiring costs due to internal mobility of the talent pool, along with building a leadership pipeline resulting in a high ROI. It leads to highly motivated and engaged employees who spend time and effort on career growth within the organization furthering the workforce productivity metrics. Moreover, it helps foster Diversity, Equity, and Inclusion (DE&I) in the following ways:

01

Levels the playing field by providing access to college education imperative for career progression and financial stability.

02

Covers, in part or most of, the soaring cost of college tuition breaking the financial barriers hindering minority populations to go to school.

03

Bridges the wide pay disparity between college grads and non-degree holders by providing access to higher education.

04

Builds a diverse leadership pipeline that embodies the organization's DE&I culture owing to upskilling and career advancement of the internal talent pool.

05

Enhances employee engagement and satisfaction by supporting professional development thereby increasing the equity and inclusiveness quotient of the brand.

**COMPANIES OFFERING
EDUCATION BENEFIT IN
SOME FORM: IFEBP SURVEY**

92%

**COMPANIES OFFERING
UPSKILLING PROGRAMS:
SHRM EMPLOYEE BENEFITS
SURVEY 2022**

78%

**COMPANIES COVERING
GRADUATE AND
UNDERGRADUATE TUITION
ASSISTANCE: SHRM
EMPLOYEE BENEFITS
SURVEY 2022**

48%

The annual TA cap of \$5250 is tax-free for both the employee and the employer generating yet another win-win equation.

WHY IS TA UNDERUTILIZED?



Statistics show that American employers spend around \$180 B annually on upskilling programs, out of which a significant chunk is towards tuition assistance (TA). Even though more than 75% of the American workforce is interested in upskilling programs, only 40% know about their employer's tuition assistance programs, 25% of interested employees actually start their application, and a mere 2 – 4% of employees actually participate in these programs. Makes one cringe and delve into a root-cause analysis to fix the problem, doesn't it? That's exactly what we will be doing here!

TOP REASONS FOR UNDERUTILIZATION

Lack of time

The number one reason why employees do not go back to school is not money – it's time! With the ever-increasing items on the to-do list, it's sometimes the easiest to deprioritize something that will yield long-term benefits – like higher education.

Lack of communication

Usually, the information about education benefits gets buried deep in the benefits website. Useful information is inaccessible even for the ones who are keen on pursuing educational goals, resulting in a lack of awareness and low uptake.

Lack of individual support

Working adult learners don't have the bandwidth to navigate through heaps of information while balancing their personal and professional lives. Lack of academic advising makes it difficult to utilize ed-benefits.

Financial barriers

For some employees, especially women and diverse groups, financial constraints are the main barriers stopping them from going back to school. The fact that they need to front the cost of education even though it might be reimbursed later is a deterrent.

Lack of senior-level sponsorship

It has been observed industry-wide that the top-down approach of communication works best in the case of education benefits. Senior management sets the tone for the benefit's importance, vision, and mission within the organization – a lack of this voice can be detrimental to the success of these programs.


Lack of a holistic tuition assistance policy

A degree is not the optimal way to fill all skill gaps. Employees who would benefit from short-term courses or certifications never end up utilizing these benefits.

GUIDE TO OPTIMIZE UTILIZATION

Organizations need to view their education benefit programs strategically to help them meet their goals. Education benefits have historically been popular as strategic tools for attracting and retaining top talent, employee engagement, and building an internal talent pipeline. There is a strong link between engagement and performance. Engaged employees produce higher outcomes having an overall positive effect on productivity, safety, retention, and ultimately profitability. So, organizations must take steps to increase the uptake of these benefits to engage and future-proof their workforce.

Through our decades of experience and research, Edcor has identified 10 key steps that organizations can take to optimize the utilization of any program. These are:

- 
- 1 Effective Communication
 - 2 Giving time and building learning in the workflow
 - 3 Having a holistic approach towards the TA policy
 - 4 Removing financial barriers with Direct billing
 - 5 Exploring Debt-free degrees
 - 6 Offering agnostic Academic Advising as a part of the education benefit portfolio
 - 7 Celebrating Degree Completion
 - 8 Senior management sponsorship and support
 - 9 Hiring third-party administrator with high graduation rates, which provides better ROI
 - 10 Working with an experienced third-party administrator who can help leverage synergies and deliver on your strategic intent for providing education benefits

Low-engagement teams typically endure turnover rates that are 18% to 43% higher than highly engaged teams.

Replacing existing workers costs one-half to two times the employee's annual salary.

~ State of the Global Workplace Report: Gallup

EFFECTIVE COMMUNICATION

Research has shown that the power of nudging - presenting the tiny contextual factors that lead people to take action - is very effective. For better awareness and uptake of programs, have a solid internal communication plan in place. Sending regular internal emails about where and how to access the information, and whom to reach out to utilize the benefits helps tremendously. The top apps that can be used on mobile devices and desktops for internal communications are Yammer, Jostle, Slack, Microsoft Teams, and Simpplr.

01**LEAD WITH YOUR STRATEGIC INTENT**

Define Upskilling and what it entails for employees in the next five years

02**SET A COURSE**

Outline sustainable career paths and high-demand skills

03**PROVIDE DIRECTION**

Use internal communication channels to help them select their educational path



BUILD LEARNING IN THE WORKFLOW

Giving employees even an hour each day by adjusting their work schedules can help them in taking up a program that requires 3 - 5 hours of effort per week. This is the most effective strategy to Give time back to employees to upskill.

According to an HBR study, organizations can build learning as a part of the workflow by contextualizing learning, building time for reflection, creating micro-learning experiences, and measuring progress. With effective communication, organizations contextualize learning thereby boosting retention and knowledge application. Reflection helps employees embed what they have learned into their workday. Creating micro-learning experiences - breaking content into small chunks of digestible information - increases retention and enhances learning. Examples include short-term online courses or learning meetings where everyone learns about a new framework or concept. Progress can be measured by real-time behavioral changes and pre- and post-learning assessments.



HOLISTIC APPROACH

Having a holistic education benefits policy that covers short-term certificates, certifications, and continuing education courses can help upskill the section of the workforce who will benefit from these, and make the benefits portfolio more inclusive.

In the past 30 years, the number of certificates awarded has grown 800 percent illustrating the flexibility and value that certificates have. Certificates are an integral part of the education system today, and can quickly fill the need for continuing education. Certificates are often earned before a degree and can lead to degree completion. They can also be stacked as an addition to an earlier certification, or be a complement to a degree. Covering certificates and short-term courses as part of a TA program closes skill gaps and creates the opportunity for a business to maintain high productivity.



DIRECT BILLING

There are two primary modes of payment for Tuition assistance: reimbursement or direct bill. Direct bill is a payment made directly to the educational institution (via collected tuition assistance “vouchers” or other promissory notes), ultimately incurring no out-of-pocket expense for the employee. The school then submits the voucher with the invoice to the third-party administrators, ideally after the drop period, and gets paid via a check or ACH at the start of the course.

Direct billing eliminates the financial barriers, mostly faced by women and diverse populations, in going back to school. Hence, enhancing program uptake.

DEBT-FREE DEGREES

The student debt crisis and barriers in upskilling that Corporate America faces have led to the overdue emphasis on making post-secondary education affordable to an extent that there are either zero or minimal costs to employees while completing their higher education. The term coined for such programs is 'Debt-free degrees'.

These are designed such that the school scholarships or grants cover tuition over and above the employer contribution of \$5250+. Most debt-free degrees are designed keeping in mind the employer's annual tuition assistance benefit limit, which is \$5250 for most employers. A higher or lower benefit is observed in some industries and companies based on their strategic intent for their education benefits. However, that doesn't take away from the fact that tailored programs can be designed that lead to degree completion with zero out-of-pocket costs for employees.



Each year the learners take the chosen courses and credits. The majority of costs are covered under the annual tuition assistance, and the balance is sponsored by a grant or scholarship from the school. Over the course of study, the learners attain a degree. The tuition assistance dollars are reimbursed either each term or year-end based on course completion and requisite documentation submitted by the employees. The courses or credits covered by the school grants are billed at zero dollars, thereby offsetting the tuition costs. Several employers have now put in place deferrals or a direct bill or voucher mode of payment for these courses, which translates to them truly incurring zero out-of-pocket costs. This is particularly beneficial for the diverse populations who shy away from going back to school due to financial constraints.

At Edcor, debt-free degrees are offered by many of our esteemed school partners as well as available as a customizable solution from any school that the Client chooses to upskill its workforce from.

ACADEMIC ADVISING

Academic advising targets the core elements of a learner's success: right from choosing a suitable school, credits building, credits transfers, setting academic goals based on career interests, and developing an academic plan, to staying on track to achieve those academic goals. The significance of Academic advising is compounded for working adult learners who don't have the bandwidth to navigate through heaps of information. Organizations offering this service as a part of the education benefits portfolio have better benefit utilization.



Academic advising makes students better consumers – rather than signing up with the school down the road or the school with the biggest marketing budget – students can make the best choice for their careers.

Academic advising also helps employees to stretch their tuition assistance or out-of-pocket dollars further by taking into account PLAs and Credit transfers. Students leveraging their employer-sponsored tuition assistance benefits have a 90 percent success rate when these benefits are combined with academic advising – making it the perfect icing on the cake. Academic advising is highly recommended as it accelerates learner success and makes education benefits truly effective.



CELEBRATING DEGREE COMPLETION

Sharing the success stories of colleagues is a great way to indirectly and effectively promote education benefits. Organizations can build a section on this in their quarterly internal communication plans. Nothing motivates employees more than seeing a colleague go through degree attainment and career advancements. Such stories should make headlines not only in the department news but also organization-wide. Moreover, the employees who completed their degrees and moved up the ladder can be advocates of your tuition assistance benefits and play a role as guides to inspire others, leading to higher program uptake.

Along with being a motivator, this is also a great measure of the success of the tuition assistance program.



MANAGEMENT SPONSORSHIP

Senior management buy-in and support are vital to the success of these programs. That's the level at which the annual plans and targets get set, and workforce mobility designs are charted out.

Involve a senior leader as the face of your program, and have them send out quarterly communications and health checks to all senior managers. Host lunch and learns and let them speak about the benefits of completing education. This way when it's coming from senior management the point will hit home.

THIRD-PARTY ADMINISTRATOR

Human capital is fluid, most valuable, and easily can either be your biggest asset or your biggest liability based on how they are nurtured.

Today's HR departments have grown beyond traditional roles and are a key strategic business partner that contributes to the success of any organization. This has also translated into HR being inundated with innumerable demands due to the nature of the ever-changing landscape of the workforce and the global economy. Third-party education benefits administrators help HR remain focused on the core and strategic organizational issues by taking the load of upskilling administration off their plates. However, the third-party administrator you work with can ultimately make or break your program.

For the success of your program, look for an administrator who can be a strategic partner.

What should you look for in a Third-party Educational Benefits Administrator?

Knowledge: Look for the best brains in the business. The education benefits industry is highly specialized, and most new entrants know enough to make a mistake. It takes years of process, personnel, and technology development to be able to know the inside out of the industry served.

Experience: Size doesn't matter, but experience does. With experience comes valuable counseling on what-not-to-do. An experienced full-service administrator is any day more valuable than a big software-only or newly mushroomed business line with limited capabilities and subpar service.

Long-term player: A company 'that's been there and done that' matters when you are thinking long-term. Upskilling isn't an annual line item on an HR agenda. It's a well-thought-out year-on-year growth strategy for long-term employee engagement and retention. Choose a partner whose core competencies are in the education benefits realm and who has been around to see the various highs and lows of the marketplace.



THIRD-PARTY ADMINISTRATORS WITH HIGH GRADUATION RATES



It's no secret that Learner success translates to skill transfers back to the job and overall bottom-line improvements for organizations. Graduation rates are indicative of this skill transfer and are both a qualitative and quantitative measure of ROI.

Higher graduation rates also speak volumes about the focus of the education benefits administrator. So, go for the one who has high graduation rates to show.

Adult learners are unique in their needs of not requiring coaching and mentoring *per se*, but a deep authentic relationship where the advisors are invested, from day one, in their success guiding them through the shortest route for course completion.

At Edcor, our service is built on a combination of 41+ years of tuition industry experience and expert knowledge paired with an easy-to-use benefit portal and a comprehensive advising platform. The main purpose is to help employees all become educated consumers of higher education including finding options for low-cost and debt-free programs. There are no institution restrictions, as the primary objective is to find an institution that best fits the employee's personal and professional goals, prior learning and on-the-job experience, financial ability, and preferred mode of learning. By leveling the playing field for all employees, completion of their education becomes an attainable goal – *no wonder our graduation rates are the highest in the industry.*

Our Clients leverage these services strategically, ensuring every learner can shape their future based on their goals and aspirations, finding the right degree plan and school for them, while avoiding student loans and debt in the process. This helps organizations effectively manage their budget, saving millions per year since the program launch, allowing them to enable more employees to go to school without increasing tuition assistance spent year-over-year.



TOP 3 AREAS OF FOCUS FOR L&D IN 2022

59%

UPSKILLING AND RESKILLING

53%

LEADERSHIP AND MANAGEMENT

33%

VIRTUAL ONBOARDING

CONCLUSION

LinkedIn's Workplace Learning report pegged upskilling as the top priority for 2022 and beyond. Optimal uptake of Education benefits would help organizations achieve this objective. The strategies outlined in this paper would yield positive results in optimizing the utilization of your education benefits. However, all measures must be synergized.

To conclude, globally 85 million jobs across 15 industries in 26 economies will be disrupted because of automation by the year 2025. The pandemic, its aftermath, digitalization, and technological advances will have far-reaching effects on the trends of the global economy. One is thing is certain though – the most competitive organizations will be those who follow an upskilling and reskilling regimen to future-proof their workforce.

Edcor is here to help.

LET'S FUTURE TOGETHER

Give thanks

to your employees
with Edcor's tuition
assistance program.

Thankfully,
Edcor's tuition
assistance options can
create advantages
for both employers
and employees.

edcor.com

Think possible.



Edcor is an industry leader in managing education benefits and can assist with program design and administration for your Tuition Assistance benefit. We manage the day-to-day process with our robust and automated solutions, allowing you to focus on your core business.

Edcor is the only provider in the marketplace that can manage both your tuition assistance and student loan assistance programs as complimentary benefits, allowing you to set program rules for both programs like a lifetime cap covering all education benefits and many more.



Address

Edcor Data Services LLC
3310 W. Big Beaver Rd., Suite 305
Troy, Michigan 48084

Contact Information

P: 888.222.9950
E: solutions@edcor.com
www.edcor.com

Certification and Awards

- WBENC WBE National
- Certification
- Woman-Owned Small Business
- SSAE-16 Type II
- Framework
- U.S. Patent #7,869,098