



Why employees want more than tuition assistance

Trends, insights and statistics from
InStride's survey of employees
from Fortune 500 companies



Only 34% of workers
feel supported by their
organization's investment
in skills development
opportunities

Source: Deloitte, 2020.

US companies are finding themselves in a talent crisis.

A tidal wave of automation, cognitive technologies and artificial intelligence (AI) is upending unskilled jobs across multiple sectors, with many workers needing to find new occupations altogether. The rate of jobs displaced to automation is predicted to be [32% across the U.S.](#) by the year 2030 with office support, food service, production work, customer service and retail sales jobs being most vulnerable.

At the same time, the demand for skilled workers is growing, with [75% of employers](#) reporting difficulty finding workers with the right mix of technical skills and human capabilities. Employer-sponsored education seems like an obvious solution, but [businesses already spend more than \\$180 billion annually](#) on employee training and education. **Why are these programs failing, particularly with an investment of this magnitude?**

To answer this question, InStride worked with Bain & Company to survey employees at Fortune 500 companies and gauge their awareness, understanding and interest in tuition assistance programs, which we'll spotlight throughout this paper.

It's no secret that education plays a pivotal role in achieving upward mobility and maintaining job security. In the report referenced earlier, McKinsey estimates that 75% of workers displaced by automation have not attended college and are four times more likely to work in a highly automatable role. Without further education, they're at an increased risk of losing their jobs.

Employees want to learn and advance. Another [report](#) found that the number one reason people quit their jobs is an "inability to learn and grow." And yet, our survey revealed that only 2% of employees take advantage of tuition assistance programs.

Where is the disconnect?

It originates in the C-suite. Our survey with Bain found that 86% of global leaders believe that learning is important but only 10% feel "very ready" to address it — perhaps because it can be so hard to create an effective program. **"One size fits all" fits no one.**

However, ready or not, workforce education is no longer optional — it's a necessity for job security and advancement. And it's in a corporation's best interest to ensure that its people have the resources, knowledge and skills they need for the jobs of today and tomorrow.



Good intentions, mixed results

To understand why most employer-sponsored education programs underperform, it's important to first consider the needs of both learners and employers.

The American Dream is stifled by student debt and inaccessibility

Education remains a significant stepping stone for greater earnings potential. A [report from Georgetown University](#) found that the median lifetime earnings for college graduates are 75% higher than the earnings for high school graduates. But the current systems that deliver and pay for higher education do a disservice to those who could benefit from it the most.

The U.S. is one of the few developed nations that encourage 18-year-olds to take out hundreds of thousands of dollars in loans to go to college for better employment and income prospects. Those students, and often their family members, carry overwhelming amounts of debt that can take decades to repay. The total amount of student debt in the United States is estimated at [\\$1.57 trillion](#).

Those who do go to college don't necessarily build the skills they need to succeed in corporate jobs. So while college is generally touted as a necessary step for success, it's not affordable or accessible to all, and the return on investment for those who do attend is sometimes hard to justify.

Online education has grown as an attractive option for education seekers who don't, or can't, go down the college path. Employers who provide opportunities for employees to continue learning online show a sensitivity to the needs of adult learners, who are best set up for success when education has the flexibility to work with their needs, instead of the other way around. These opportunities demonstrate a long-term investment in employees and their professional future.

Corporations struggle to meet employees where they're at

While companies need the right talent to drive revenue and profit, they also need to keep their employees' needs in mind. The survey findings from InStride/Bain & Co. paint a nuanced picture of adult learners' needs.

Adult learners come with very different commitments and needs than traditional students. In addition to working full-time jobs, they may be taking a child to school or caring for an elderly parent, while attempting to take classes and move up the ladder at work. Time and money may both be scarce. But even with these challenges, 80% of employees said they were interested in going back to school while working.

“Higher education is good for business, it's good for employees and it's good for communities. But employee education needs to be delivered intentionally and strategically to maximize the positive impact.”

– Michelle Westfort
Chief University Officer at InStride

Business leaders understand that, to attract and retain a diverse range of employees, they need to reinvent their ideas of workplace learning. Evolving work responsibilities are creating an enormous demand for new skills and capabilities, while a tight labor market is making it challenging for organizations to hire people from outside. **To be effective, a workforce education program needs to accommodate the specific needs of adult learners.**

A workforce education program designed around learner needs preemptively addresses the issue of retention. In fact, [94% of employees](#) said they would stay in their current role if the company invested in their professional development. Implemented effectively, workforce education equips employees with new or improved skills that they can immediately apply to their work, improving employee performance and business outcomes alike.

Further, this approach responds to today's generation of workers who seek meaningful jobs and expect their employers to embrace social responsibility. Broad public awareness of a company's commitment to supporting its employees' continuing education can result in a strong employer brand and yield an advantage in recruiting talent. That's why, in some cases, companies extend their education offerings to an employee's family members.

80% of employees surveyed said they were interested in going back to school while working



Why tuition assistance programs miss the mark

Many organizations leverage tuition assistance programs to provide education to their employees as part of their standard employment benefits packages, alongside healthcare coverage, retirement plans and paid time off. However, these programs are rarely developed with the learner's needs in mind, rendering them ineffective and underutilized to a staggering degree.

The InStride/Bain & Co. study revealed that **80% of employees** said they were interested in going to school while working, but **only 40%** knew their employer offered a tuition assistance program. **Only 2% of employees** actually enroll.

Of those interested in furthering their education, three-fourths were motivated by the ability to earn a higher paycheck and more than half saw workforce education as a way to improve future job prospects. The desire for education is clearly there, but is overshadowed by a lack of awareness on how to find or pay for it.

The primary drawback of a tuition reimbursement program is its lack of accessibility. Employees can't participate if they don't have the financial means to shoulder tuition costs upfront. Those who are able to pay out of pocket then have to jump through hoops to obtain reimbursement later.

Additionally, companies tend to bury their tuition assistance programs within a laundry list of other benefits, making it difficult for employees to find the information they need, enroll in the programs or get help. Working adult learners are already juggling a number of commitments that limit their abilities to pursue further education. The burden of researching and finding learning options that are relevant to their career or role stretches those limits further.

Survey respondents cited filling out applications, completing financial aid forms and locating transcripts as the most difficult barriers to overcome.

As a result of these challenges, the survey results show that only about **25% of interested employees** ever start an application to take advantage of a tuition assistance benefit. Essentially, workers leave the chance for a better future and higher income on the table simply because their employers have made it too difficult, too frustrating or too confusing for them to access it.

"On many company websites, it's impossible to find the tuition assistance program because it's buried in an outdated HR portal. Additionally, employees are left on their own to figure out which school to go to or which program to register for, and information and rankings about schools and programs are also hard to find."

– Jonathan Lau

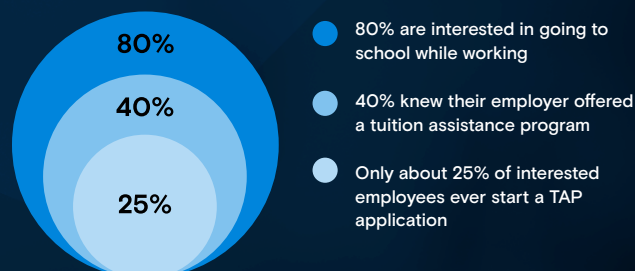
Chief Learner Officer and Co-Founder

These programs are also challenging to manage for employers. Most HR departments don't have mechanisms in place to assess the effectiveness of their tuition assistance programs. That means executives typically have no insight on important outcomes, such as students' degree progress, completion rates, employee retention or return-on-investment.

"Lots of companies spend \$50 million or more on tuition assistance reimbursement, but if you ask them how many people graduated, what schools they went to or if their people have actually progressed, they have no idea," Lau points out. "They are basically administering the program with no measurable return on that investment."

If the outcomes of tuition assistance programs aren't measured effectively, it's hard to determine their ROI and, in turn, align them strategically to business outcomes.

Employees want to pursue more education but don't know their employers can help



The better approach to workforce education – beyond a benefit

Forward-thinking companies have realized there's a better way to structure their workforce education programs. They start by recognizing that education is a strategic investment in the company's future – not just another administrative cost center, such as health insurance or a 401k plan.

Reframing workforce education as an investment rather than a cost introduces a new set of expectations for delivering the program and holding it accountable to drive business results.

This is the work we're driving at InStride. We take a multi-pronged approach to strategic enterprise education by addressing the biggest barriers to employee enrollment:

When it comes to the program itself, the foremost way that employers can increase effectiveness is by removing the financial burden that comes with the traditional reimbursement model. Direct billing enables academic institutions to bill the employer directly. This allows employees to bypass the financial barriers that keep them from furthering their education.

Additionally, effective workforce education is about more than just encouraging employees to

enroll in any academic course or program. It's a customized approach to identify a company's specific strategic growth challenges and assess the skills gaps that need attention across an organization.

We run workshops with clients, bringing together key leaders across their enterprise to determine goals and discover how a corporation's workforce, its skill set and its potential to upskill play into their strategy.

Then, we engage our network of globally-recognized academic partners to identify the courses and programs that will best equip employees with the skills the organization needs most.

By partnering with academic institutions that have proven outcomes for adult learners, InStride helps ensure long-term success for both corporate partners and their people.

Our survey data shows that simply having a workforce education program isn't enough. Companies can't reap the benefits of an upskilled or reskilled workforce if employees aren't aware the programs exist or have a difficult time enrolling in them.

That's why InStride works directly with corporate partners to drive awareness among their workforce and deploy a flexible technology platform that makes it simple for employees to access pre-selected programs that align with their career goals.



Key takeaways

Challenges of tuition reimbursement	The InStride approach
❌ Out-of-pocket costs for employees	✅ Direct billing model removes the financial burden from the employee
❌ Not aligned to business goals	✅ Education is tailored to unique skills needs of the business
❌ Employees lack awareness that the program exists or how to use it	✅ Multi-channel marketing to promote ongoing program awareness
❌ Selecting learning courses is burdensome to employees	✅ Defined learning paths that provide employees with relevant courses and programs for their career goals
❌ Difficult to measure	✅ HR admins have access to real-time performance data and analytics
❌ Complicated and confusing application process	✅ Flexible platform that streamlines the experience for learners

The final pieces of the puzzle are performance and accountability. Just as companies would not invest in a new software product without monitoring its business impact, workforce education solutions need to be benchmarked against business objectives and generate a meaningful return.

Through InStride's technology platform, HR administrators and company leadership have easy access to advanced reporting and analytics to closely track progress against program and business goals — demonstrating a clear ROI.





InStride works with leading companies to create significant business and social impact by giving employees opportunities to earn high-quality degrees and credentials that unlock their growth potential within their organizations – and throughout their careers.

The Bain & Co. survey underscores the failure of today's tuition assistance programs, with only 40% of employees even realizing they exist. **Companies and employees alike need a modern alternative that accounts for the complex needs of adult learners** and the specific skills needed for today's workplaces.

InStride's workforce education solution is the key to driving your business and people forward. Our comprehensive approach directly addresses the biggest obstacles to successful workforce learning programs, offering tailored solutions to company and employee needs.

About InStride

InStride enables employers to provide career-aligned, debt-free education through a personalized, digital platform and a consultative service model. As the global leader in these programs, InStride works with talent-focused partners like adidas, Labcorp, Intermountain Health, Medtronic and more to innovate their human capital management strategies

**Transform your
outdated tuition
reimbursement program**

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