

DEEP DIVE

# What employers want from colleges in tuition benefit partnerships

We asked leaders from Walmart, Chipotle, JetBlue and Uber how they're using education benefits as more companies connect the offering to their bottom line.

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**T**urnover is high on the front lines of retail and foodservice, where low wages and long hours make job-hopping common, even expected.

But some companies are adding a perk they hope will encourage workers to stick around: the opportunity to earn a college degree at little or no cost.

In the last year or so, several major employers in sectors that rely heavily on low-wage labor have added free or highly subsidized degrees and certificates to their benefits packages. Others have expanded programs already in place.

Tuition benefits aren't new to corporate America. According to one recent report, nine in 10 companies surveyed offer some type of education benefit, with tuition assistance being the most common.

But how companies think about education benefits is changing, said Haley Glover, strategy director at the Lumina Foundation, which has studied the impact of such programs.

Rather than using them to attract more workers, as with health care and retirement plans, companies are increasingly tying them to their strategic goals. That includes reducing turnover, upskilling workers, and expanding and diversifying their talent pipelines.

And by paying for the program outright in many cases, rather than asking employees to front the cost, employers are making it easier for workers to use the benefit. Many of the programs are also offered online.

Companies "view this as an investment," and they are building programs that are "more mindful of the people who will be participating in them," Glover said.

The shift comes at a critical moment for higher education, as colleges recruit more widely in anticipation of having to compete for fewer traditional-age students. Employers are serving up a potential solution, but they have their own requirements colleges must consider as part of the deal. Among them, what's included in the curriculum and whether the college has shown it can help adult learners.

"Now there is just a more national conversation that employers and higher education need to be sitting down and talking more about specific needs back and forth," said Marie Cini, president of the Council for Adult and Experiential Learning (CAEL).

### **'The business case'**

Last year, Walmart announced its U.S. employees could pay \$1 a day to earn a bachelor's or associate degree in business or supply-chain management. The company has since added technology and health care programs.

It picked those fields because that's where it expects to add jobs, said Ellie Bertani, senior director of digital transformation at Walmart U.S.

"It comes down to the business case for our company," she said. "It's hard to get extensive programs like this over the line if you can't convince executives there's going to be a clear return on investment."

For Walmart, that return includes retaining employees and being able to move workers into roles that align with their new

credentials. The latter, she said, "is going to be the most powerful outcome for the business."

Chipotle, which recently added a free tuition program, is keeping its offering similarly focused on fields related to its operations.

"[W]e wanted to ensure there were enough options to be attractive to a large population while also helping our employees grow professionally," Daniel Banks, senior benefits manager at Chipotle, told Education Dive in an email. The company offers 75 degrees through the program, all in business or technology fields.



*Chipotle recently added free degrees to its existing education benefit, which reimbursed workers up to \$5,250 per year in college tuition. | Credit: Courtesy of Chipotle*

Others are casting a wider net. Uber drivers and couriers, who are contractors, can choose among more than 80 online programs — from anthropology to software engineering — offered by Arizona State University, a pioneer in working with companies to offer tuition benefits at scale.

Employers typically require participants to work for them for a certain amount of time, often 90 to 120 days — or in Uber's case, to complete so many rides — before becoming eligible, among other requirements.

In its research, Lumina found that tuition assistance programs at Cigna and Discover Financial Services generated the highest return on investment by reducing turnover among frontline workers. At Cigna, workers who participated in the program were 8% more likely to stay with the company and 10% more likely to be promoted.

"Anything that has a return like that should be viewed as an investment" by companies, Glover said. "These are resources that (they) spend that (they) should expect to see an impact from."

### **A 'two-sided' conversation**

Colleges have historically been open to editing the curriculum offered through these programs to include case studies, projects and other examples that reflect the company's business, CAEL's Cini said.

Employers say doing so helps workers connect what they're learning to their jobs without requiring the college to revamp its curriculum just for them, which can be expensive.

It also can increase the benefit's value. "It's one thing to create content internally that matches the business needs," said Kristy VanAlstyne, director of organizational effectiveness at JetBlue Airways, which recently added master's degrees to its JetBlue Scholars education benefit.

It's another thing, she continued, to "ensure it has the academic rigor or components so that it would be worth something beyond someone's internal career at a company."

Cini advises colleges to see program development as a "two-sided" conversation, asking about what types of employees the company wants to include in the program and what the school needs to know about the workers so they can be successful.

Other considerations include whether the number of expected students will cover the college's cost to offer the program, and if the college will be the only education provider or one of several.

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Haley Glover

*Strategy director, Lumina Foundation*

Lumina's Glover said 2% to 5% of employees eligible for a tuition benefit program will participate, on average. "It's rare to get above that, and there's a lot, I think, far below that, hovering in the 1% to 2%" range, she said.

Walmart hopes to enroll 5% of eligible workers in its program, ramping up to about 50,000 people at full steam.

Colleges should also understand which outcomes companies value most.

For employers, "graduation rate and default rate is kind of the coin of the realm," said Gary Brahm, chancellor and CEO of Brandman University, which focuses on adult learners and enrolls some students through corporate tuition assistance programs.

"How likely a student is to graduate is really important because that's a measure of how likely they are to significantly reduce their turnover," he said. Default rates, in turn, can be a measure of market value.

### **Focusing on adults**

Because companies are using the programs to educate their employees as they work, they are looking for colleges that have a proven track record with nontraditional students.

Guild Education, which helps companies manage their tuition benefits, focuses on outcomes for working adults when connecting employers with colleges to offer the programs. That includes

student debt and default rates, career placement, and retention and graduation rates of non-first-time, non-full-time students.

Those "aim to look at universities differently than how great are they at supporting an 18-year-old freshman, and instead how do they support the working adult learner that we serve," said Guild CEO and co-founder Rachel Carlson.

Other considerations for companies include whether the college gives credit for past work experience and training or holds classes outside of business hours, Glover said.

Walmart's Bertani said the company is also interested in evidence that adult learners earn more after they graduate, a sign that having the degree improved their economic mobility.

Being able to complete programs online is important, too, JetBlue's VanAlstyne said. With crew members in the air and on the ground, "we wanted to make sure it wouldn't exclude anyone," she said. The company works directly with universities, including with Thomas Edison State, the City University of New York and Western Governors, to offer its education benefit.

### **'Where the industry is going'**

Some employers told Education Dive they are looking to offer shorter-term programs that address specific workforce needs.

"That's where the industry is going in general," Bertani said, noting that Walmart may consider offering shorter credentials that roll up into full degrees. Among its current programs is a certificate in web application development and a career diploma for pharmacy technicians.

That kind of approach could help people finish degrees by giving them a series of goals along the way, Cini said.

JetBlue hopes to test out an information technology certification next year, VanAlstyne said.



In response to driver interest, Uber lets participants use their benefits toward courses in English language learning and entrepreneurship, said Ali Wiezbowski, Uber's head of driver experience, product marketing.



*Arizona State University was an early leader in working with companies to offer their education benefits online and at scale. A new venture it co-launched earlier this year aims to connect colleges and companies globally to educate workers. | Credit: [Daderot/Wikimedia](#)*

Higher ed is already responding to changes in how employers use their education benefits. Earlier this year, Arizona State and National University System added business units for employer education partnerships.

The venture Arizona State co-launched, InStride, works with more than 25 companies, most of which are Fortune 500 firms, as well as universities, said its CEO and founder, Vivek Sharma. Those companies are trying to improve their bottom lines, and they look to InStride for help translating their business needs into "a strategic, enterprise-centric" education program that can help them do so.

And while company leaders have been careful undertaking such partnerships, Brandman's Brahm said, he's seen them become more comfortable with and excited about their decision as they've gotten underway.

"The next major question is: Is this going to become a new pathway for students to get a college education?" Brahm said. "Is working a more relevant experience in deciding what you want to do in your life than taking four years and being at a traditional institution?"