

# The Role of Business in Promoting Educational Attainment: A National Imperative

*A Report by the Committee for Economic Development of The Conference Board  
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# The Role of Business in Promoting Educational Attainment: A National Imperative

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Since 1942, the Committee for Economic Development (CED) has been researching and supporting policies to promote shared, long-term national prosperity. Today, U.S. companies face unprecedented competition from abroad and an economy that puts a growing premium on knowledge. Yet fewer than 40 percent of Americans have a college degree. To succeed, employers must make a stronger commitment to ensure that employees are prepared and afforded the opportunity to learn key skill sets through higher education and training.

The need for a better-educated workforce is what compelled CED to begin a multi-year project in 2013 to examine how employers are supporting their employees in advancing postsecondary education and to identify barriers to those efforts. Focus groups and individual interviews were conducted among participants from diverse companies, industries, and organizations in the metropolitan regions of Memphis, Detroit, Miami, and New York City.

This research report presents the findings from these focus groups and interviews; details the benefits of postsecondary educational attainment for employees, employers, and the nation; indicates how companies are working with higher education institutions; highlights what impact the differences among the geographic locations themselves have on success; and provides a set of recommendations for employees, employers, higher education leaders, and policymakers to increase postsecondary educational attainment.

We wish to express our sincere appreciation to the author of this report, Cynthia Skinner of our research partner organization, Quill Research Associates; the companies and other organizations that participated in the focus groups and individual interviews; CED's Education Subcommittee, and in particular, Trustees Larry Jensen and Howard Fluhr and former Trustee Peter Smith for helping to facilitate our focus groups in their respective states. Additionally, we thank CED staff for their input, especially Cindy Cisneros, Vice President of Education Programs; Joe Minarik, Senior Vice President and Director of Research; and Joe DiBlasi, Communications Manager. Finally, we express our gratitude to Lumina Foundation for their generous support of this research project.

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# The Role of Business in Promoting Educational Attainment: A National Imperative

## Introduction

*Fewer than 40 percent of Americans have a college degree.* As the economy grows ever more dependent on a highly skilled workforce, this statistic speaks volumes about the future prosperity of the nation and its least-advantaged members. It also raises a critical question: What is being done to improve the educational attainment of our workforce?

Through a generous grant from Lumina Foundation, the Committee for Economic Development of The Conference Board (CED) addressed this question and examined how employers in four metropolitan regions are supporting the education of their employees. CED's study was conducted as part of Lumina Foundation's Goal 2025 initiative to mobilize employers and metropolitan areas to help increase their employees' postsecondary attainment from 38.7 percent to 60 percent by 2025. Specifically, data collected from business leaders in Detroit, Memphis, New York City, and Miami addressed the following questions:

- What specific practices do companies use to support the education and skill development of their employees?
- What barriers or challenges do employers face in doing more?
- Why are companies investing resources in educational benefits and programs?
- How are employers working with institutions of higher education and other partners, and what makes these partnerships work?
- What role does place—city or metropolitan region—play in making efforts more effective on a larger scale?

Focus groups were held with business representatives between January and April 2014 in the four cities, followed by a series of additional interviews to gain a more in-depth understanding of the cities' economic climates and opportunities. Attendees came from companies ranging from small, family-owned firms to global Fortune 500 companies and represented an array of industries, including finance, manufacturing, healthcare, entertainment, and logistics.

This report will discuss the importance of postsecondary educational attainment both for individuals and for companies, present the results of our focus group and interview research, and conclude with a set of recommendations for employers, employees, higher education leaders and policymakers.

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## Why Does Postsecondary Education Matter?

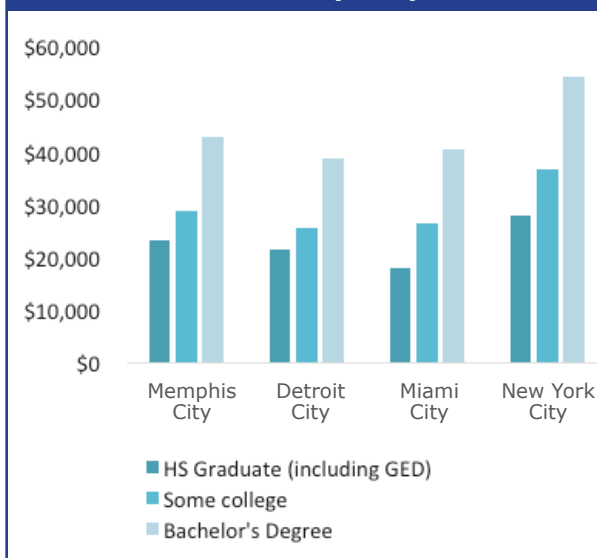
Research shows at least three distinct benefits from increasing educational attainment.

First, most educational pursuits beyond high school have a positive impact on personal income. On average, Americans who have at least a bachelor's degree earn about twice as much as those with a high school diploma or less.<sup>1</sup> Figure 1 gives an illustration of the impact of educational attainment on earnings in the four cities featured in this report.<sup>2</sup> Earning an associate's degree also leads to higher income, and even individuals who earn certificates earn roughly 20 percent more than individuals with no education beyond high school.<sup>3</sup> Training alone has been found to increase earnings by 3–11 percent, with more-formal training yielding higher returns. Moreover, increasing postsecondary educational attainment, particularly among historically underrepresented groups, may ameliorate economic inequality. Recent research shows that nine out of ten individuals from the poorest 20 percent of U.S. households who earned a college degree were able to move up at least one higher income quintile in adulthood.<sup>4</sup>

Second, efforts to increase the educational attainment of workers also benefit employers. Employer-provided tuition assistance programs allow companies to hire better-quality, more-educated and more-productive employees whose increased productivity offsets most of the cost of tuition benefits.<sup>5</sup> Furthermore, employees who receive tuition assistance tend to stay at their companies longer. These programs may also help identify current and prospective employees with strong potential for advancement. Short of a degree, even basic-skills training can have positive impact, increasing morale and productivity while reducing waste and errors on the job, which in turn positively impacts profits and other bottom-line benefits.<sup>6</sup>

Third, educational attainment also benefits society as a whole. Workers earning higher wages contribute more in taxes and in other financial benefits to the community. People with more education also are far less likely to be involved in criminal or violent activities.<sup>7</sup> Better-educated individuals are more likely to have better health, to be actively engaged citizens who vote, to participate in their communities, to adequately care for and educate their children, and to be more satisfied with life in general.<sup>8</sup> Moreover, increased educational attainment is necessary to meet employer demands, which in turn contributes to a robust economy. Projections indicate that by 2018, more than 60 percent of jobs in the United States will require postsecondary credentials.<sup>9</sup> This is a significant gap considering fewer than 40 percent of US workers have an associate's degree or higher.<sup>10</sup> Approximately three million additional credentialed workers will be needed in the next four years to meet industry demands.<sup>11</sup>

**Figure 1: Annual Median Earnings by Educational Attainment (2013)**



Source: American Community Survey (ACS) 2009-2013

## *Why is Postsecondary Education Attainment Low?*

Between 1994 and 2014, 31 million adults who enrolled in college left without a degree or credential of any kind.<sup>12</sup>

Nontraditional students (e.g., working adults, parents) find it especially difficult to finish; they are only about half as likely as traditional students to complete a degree within five years. The most commonly reported reasons for why adult college students drop out have to do with money. Financial aid rarely covers the cost of a postsecondary education, and this is particularly challenging for nontraditional students who may have additional financial obligations, such as childcare or health insurance. Traditional higher education institutions are not typically designed to support such students. Additional challenges include increased stress, uncertainty relating to educational options, and uncertainty around the eventual benefits to continuing one's education.<sup>13</sup>

Employers use a number of different strategies to support the educational attainment of their employees. For example, it is estimated that there are around 2,000 corporate universities in the United States. Thus, in addition to traditional on-the-job training opportunities, numerous companies have developed postsecondary training programs, many offering associate and bachelor degrees. General Motors was the first, in 1926, with General Electric and Disney following suit decades later in the 1950s. But it wasn't until the 1990s when the idea took a stronger hold, and by 2000, most large corporations like Target and McDonald's had their own universities. Corporate universities differ from other traditional corporate training programs in that they typically have a strong focus on corporate culture and vision and on creating organizational change.<sup>14</sup>

Another approach employers have taken to relieve the financial barriers to postsecondary attainment is to provide tuition reimbursement to employees. Nationally, 68 percent of employers provide tuition reimbursement for undergraduate work and 65 percent for graduate work.<sup>15</sup> However, few employees use these benefits: typically, as few as 6.5 percent of employees take advantage of tuition benefits at any given time.<sup>16</sup> Related research also finds that workers who do use these benefits are more likely to be white and in a managerial or professional role for a large company<sup>17</sup> rather than the lowest-earning employees most urgently in need of additional skills and training. Postsecondary education can provide low-skill, low-wage employees with training, whether through apprenticeships or formal or informal on-the-job experiences. Indeed, two-thirds of postsecondary education includes apprenticeships, military training, or informal or formal training on the job.<sup>18</sup>

So, why do so few employees take advantage of programs such as tuition reimbursement? Are there additional benefits needed to encourage employees—especially low-skill, low-wage employees—to seek and attain postsecondary degrees or training? Have some employers or metropolitan regions been more successful than others in fostering postsecondary attainment among their employees?

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## Research Strategy

The purpose of this research is to understand more about what employers are currently doing to support educational attainment of their employees and understand some of the successful strategies and challenges in doing so.

This report considers both traditional postsecondary degree attainment (e.g., associate's or bachelor's degrees) and a broader range of credentials that have clear learning outcomes leading to further education and employment. This research focuses primarily on adults already in the workforce or who want to be in the workforce and not on preparing K-12 and traditional college students for the workplace.

The focus group and interview research was centered on several key questions:

- What specific practices do companies use to support the education and skill-development of their employees?
- What barriers or challenges do employers face in doing more?
- Why are companies investing resources in educational benefits and programs?
- How are companies working with higher education and what makes partnerships work?
- What role does place—city or metropolitan region—play in making efforts more effective on a larger scale?

This research summarizes findings from four focus groups in Memphis, Tennessee; Detroit, Michigan; Miami, Florida; and, New York, New York, held between January and April 2014 by CED and its research partner, Quill Research Associates (QRA), and a set of follow-up interviews with business and higher education leaders in the four cities conducted through November. These locations were selected for their relevance to Lumina Foundation's broader

initiatives and because CED members are actively engaged in these cities' education and workforce issues. For context, Figure 2 shows the percentage of residents in each of these cities with college degrees in relation to Lumina's goal.

Focus groups included representatives from seven to sixteen organizations, including both employers and partner organizations (e.g., higher education institutions, business support organizations).<sup>A</sup> Companies in our sample ranged from small and mid-sized family-owned firms to global Fortune 500 companies and represented a range of industries. QRA also conducted 15 interviews across the four metropolitan regions using recommendations from focus group participants. The data collected from focus groups and interviews were used to identify themes within and across regions.

As with all qualitative research, the results of the research described in this report represent only the opinions of the participants in the interviews and focus groups and cannot be generalized to represent the practices and opinions of all employers in these regions. However, there were numerous themes that emerged across regions. These provide a foundation for understanding both promising practices and challenges and can help identify potential areas for development and recommendations for business and higher education leaders and the organizations that support them.

**Figure 2: Percentage of Adults with Associate, Bachelor or Professional Degree (2013)**



Source: American Community Survey (ACS) 2009-2013

<sup>A</sup> The aim of this project was to collect information about local business and employment practices. In three of the four sites, CED also worked with a partner organization to help identify companies that had promising practices related to educational attainment.

## Findings

The results of our research fall into four key areas:

- I. Specific business practices (Research Questions 1-2: What are the specific practices companies use in the featured metropolitan sites to support the education and skill development of their employees? Why are companies investing resources in educational benefits and programs?)
- II. Challenges faced by employers (Research Question 3: What barriers or challenges do employers face in doing more?)
- III. The importance of partnerships with higher education institutions (Research Question 4: How are companies working with higher education and what makes partnerships work?)
- IV. The role of the city or metropolitan region in efforts related to postsecondary educational attainment (Research Question 5: What role does place—the city or metropolitan region—play in making efforts more effective on a larger scale?)

### I. BUSINESS PRACTICES

#### **Research Question 1: What are the specific practices companies use in the featured metropolitan sites to support the education and development of their employees?**

The majority of activities related to the education and development of employees at the companies in our sample fell into two categories: (1) tuition assistance benefits and (2) employer-provided training and education programs (formal or informal, internal or external).

#### *Tuition Assistance Programs*

Nearly every company interviewed offered some sort of tuition assistance program, primarily as a competitive benefit to attract and retain employees. The type of assistance varied, as did the requirements imposed on employees to use it. The majority of companies offered tuition reimbursement where an employee could register and pay for courses and be reimbursed after successful completion. The amount of reimbursement varied widely, too, from \$500 per course to full tuition, up to thousands of dollars annually. A number of companies indicated they were moving toward offering tuition advances, so that employees do not have to pay for the coursework up front. This is a significant benefit for employees although far less common than reimbursement policies generally. Other companies have made arrangements to pay higher education partners directly so the employee has no out-of-pocket expenses. However, this was more common for formal training provided specifically for a particular company than for individual employees enrolling in coursework of their choice.

There were different strings attached to using tuition benefits across our sample. Most companies required a certain grade in a course or had tiered reimbursements based on the grade earned (e.g., an A grade earns 100 percent, B earns 90 percent and so on). Most also tied a tenure requirement to tuition assistance. Some required workers to be on staff for a certain period of time to be eligible, or more commonly, required employees to stay a certain period of time (typically one to three years) after receiving tuition assistance benefits or risk having to reimburse the company for any benefits received.

As staff development resources become more limited, some companies have shifted to a more targeted or discretionary approach. One company, for example, offered tuition reimbursement as a competitive perk through nominations by a peer or manager, and another had started to offer flexible performance awards that included tuition payment



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as an option. Some companies only reimburse for coursework leading to degrees or credentials, particularly in the case of industry-specific credentials. Others have limited reimbursement to job-related coursework or degree programs or in a specific area of need for the company. For example, one large healthcare system shifted from tuition reimbursement for all employees to targeted benefits for areas of shortage or increasing need, such as radiology and nurse practitioners. In some cases, tuition support appeared to be case-by-case rather than widely available. This was demonstrated at both small and large companies. At smaller companies, an employee might make a strong case to management for why a particular course or credential will help them do their job better or retain them at the company longer. However, this was also seen to some extent at larger companies where 15 or 20 years ago, generous tuition reimbursement benefits covered 80 percent or more for a degree and were widely accessible; now the benefit is capped at perhaps \$2,000–\$3,000 and is typically approved less frequently.

While nearly every company offered some form of tuition assistance, anecdotally it appears that in most cases, it is used passively—as a benefit to keep competitive with other employers in staff recruitment—and utilized by only a small percentage of employees. For many companies, there were opportunities to participate in executive MBA programs and other opportunities geared toward managerial-track employees whom the company is seeking to retain. Otherwise, as one higher education leader said, “tuition assistance exists if an employee knows about it” and often has specific criteria for qualifying that can be confusing.

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**“Although tuition reimbursement programs can encourage employees to seek additional training because costs for classes are reimbursed by the organization, surprisingly few employees are taking advantage.”**

—Society for Human Resource Management (SHRM)<sup>19</sup>

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## Finding

Nearly all companies have tuition reimbursement, but it is often used passively—as a benefit for attracting staff and for those employees with the wherewithal to seek out and take advantage of the benefits. Our research supports other study findings that a surprisingly small number of employees actually take advantage of tuition reimbursement.

Beyond tuition assistance and formal training programs, there were a number of other ways employers formally supported their employees’ education. For example, FedEx launched a comprehensive e-learning platform in 2002 managed by the SkillSoft Corporation that offers an array of flexible courses for job advancement or personal development, many of which are eligible for college credit.

### *Training/Company-Sponsored Programs*

In the focus groups, it appeared that companies typically spend more time and resources on training or education that they provide than on tuition policies. Training is how companies ensure that their employees have the skills to do the work companies need. How companies think about employee training and skill development generally is distinct from concern over whether or not employees have a particular degree or certification. When asked how they supported employee education, several companies reported that on-the-job training was most important and therefore where they focused resources. (More discussion about training and how companies partner with external partners occurs later in this report.)

Largely in response to the demand for more flexible learning options, a number of companies, particularly larger ones, have invested in online learning platforms. Xerox has developed a significant e-learning system for its global workforce, a strategy that in many ways shifts the responsibility and center of learning activities onto the employee. (For more about Xerox’s approach to learning and development, see the



box on page 11.) Deloitte has demonstrated its commitment to the learning and development of their employees by creating Deloitte University, a brick and mortar education campus, and providing close to one million learning hours annually through the campus, virtual and e-learning opportunities, and other training. Deloitte offers employees up to \$10,000 annually in tuition reimbursement, particularly for degree or credential programs.

### **Research Question 2: Why are companies investing resources in the kinds of benefits and programs we have discussed?**

Nationally, research shows that employers typically provide tuition reimbursement programs for two reasons: as a benefit used to recruit employees and to reduce employee turnover.<sup>20</sup> This was echoed in the focus group research, but there were some additional themes that emerged from the research to answer this question:

- It was part of a company culture that supports the growth and development of employees.
- The company had clear career pathways that were linked to educational attainment and training.

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**“We do it for a lot of reasons, but mainly because no one wants an unhappy, malcontent employee. I never want what we do to be misconstrued as altruism. It is very selfish. We’re here to make money. We need good people to do that. It’s a competitive hiring practice as well.”**

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—Miami area business executive

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**The rhetoric out there is that companies’ value ties with higher education, but most do not do a good job of spelling out what a career pathway may look like at their organization.”**

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—Higher education leader

There was also a great deal of reflection on the part of company leaders about the changing nature of the workforce and the impact of these shifts on how they thought about education and development.

### *Corporate culture supports growth and development of employees*

Overwhelmingly, companies across the metropolitan regions reported that education and continuous learning were valued at their organizations. Many companies had leaders who believed strongly in education and “growing your own” employees. Others talked about a corporate culture that supports education and development at all levels, often with a specific emphasis on hiring lower-level employees and grooming them within the company. This might have been particularly characteristic of the companies that were likely to participate in the focus groups rather than representative of the average U.S. company. Most companies could point to a lower-level employee who had “grown up” in the company and been supported in their educational and professional development to a managerial or senior level position; several of the executives who had participated in the focus groups had such experiences themselves. This was particularly common at companies that were smaller or that had started as small family-owned companies.

Additional reasons company leaders said they invested in education and development included positive impact on office and corporate culture, improved communication skills, employee satisfaction, and retention. Often companies see that “it’s just good business practice”: better-trained employees can lead to increased profitability. They

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## COMPANY SNAPSHOT: The Xerox Corporation

The Xerox Corporation has always prided itself on being a learning organization, from the 1970s when the company invested in an international training center serving 1,800 people weekly to its current investment in a global enterprise learning “ecosystem” providing thousands of resources to employees worldwide.

Xerox is an example of a company that has changed its approach to learning and development as its workforce—and its educational needs—has undergone significant shifts. When Xerox was known primarily as a technology company specializing in copier and printing products, workers could grow in both technical and non-technical positions through formal Xerox training programs. As the company evolved to a more diverse business portfolio offering both technology products and workflow solutions, workforce needs had to evolve along with them. This meant working with existing employees not necessarily to go back and earn degrees, but to gain very specific skills to support Xerox’s product portfolio, leadership and management standards, and customer requirements. In 2010, the company made a very significant change in their business model by adding business process outsourcing through the acquisition of ACS. This shift to a business services model and the acquisition of ACS meant that the “professional” workforce nearly doubled overnight. As the company is serving an increasingly diverse customer base with sophisticated demands, Xerox is now selectively hiring employees who, at a minimum, have an undergraduate degree, if not a graduate one.

Over time, the company shifted from a sole reliance on instructor-led classroom training to a blended-learning approach that combines in-person classroom instruction with online training (and other virtual learning resources through its proprietary Learning@Xerox “ecosystem.” “Learning@Xerox provides access to thousands of online (e-learning) courses, performance support content, reference ware and user-generated, knowledge-sharing videos that enable employees to do their best work and reach their true potential,” as John Leutner, Head of Global Learning describes it. The Xerox culture relies strongly on the individual manager working with each employee to

identify areas for potential growth and resources for development (e.g. leadership development, project management, sales management and customer service). In addition, formal tuition-assistance programs can be used by individuals to support academic studies and selected professional certifications.

There has also been a shift from a focus on training to an emphasis on learning. As John Leutner notes, “training is foundational to gain the skills and knowledge necessary for the job, while learning is about the successful execution of responsibilities to enable high performance.” Today, what they are seeing is that successful employees are those who take responsibility for their own learning and development. It is why learning is core to Xerox’s “Performance Enablement System,” which focuses on *enabling* performance, a more collaborative activity, rather than *managing* performance, a more directive activity. On an annual basis, Xerox employees develop their performance goals and development plans with their managers. Managers work with their employees to help them determine and prioritize their learning needs, then access the resources they need to meet them. Mapping out these expectations helps provide a clear roadmap to professional growth, and learning plans live on even if a specific manager leaves.

Internally, Xerox continues to build practices that create a real learning community. For example, they have created an internal YouTube channel. The majority of content is user-generated and shared among Xerox employees, promoting social learning and encouraging innovation. Another example is project management, a competency area where Xerox leaders continually curate and structure learning so that employees can get to the right content at the right time through multiple access points (including mobile ones).

“Learning at Xerox has transformed from a single instructor-led training event to a continuous learning cycle where Xerox seeks to analyze the workforce’s readiness to execute business goals, and to ensure they have the competencies required to meet customer demands,” says John Leutner.

also point to employees who have gone through training programs who now recruit new employees, teach in partner programs, and bring back ideas they can implement. Partnership programs can allow them to recruit and grow talent: “investing in our future leaders.”

#### *Career pathways can be linked to educational attainment*

There were several instances in which employers have created clear career pathways for their employees that are linked to increased education (which may include specific certifications). The healthcare sector is unique, for example, in that continuing postsecondary education is the norm at all levels, from two-year degree or credential holders who need to maintain licenses to MDs who require continuous professional development on the latest medical innovations. Representatives of healthcare systems in the sample discussed the importance of providing clear opportunities for employees at entry-level positions and helping get employees on a postsecondary pathway.

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**“It is difficult to help employees see that education isn’t always just about the next job or a future job. Education is often about showing the drive to complete something and get better at using information and applying it as a result”**

—Detroit area executive

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There were also a number of cases of employer support for certain credentials or certifications that benefitted the company and were clearly linked to job growth or salary increases. For example, financial sector employees could seek additional certification that would allow them to serve more-sophisticated (high-profit) clients that could lead to increased earnings for both the company and individual employees. Other companies also supported industry-specific certification. An exam-

ple is the Miami Parking Authority, whose primary industry certification can be earned via the International Parking Institute in cooperation with the University of Virginia.

However, at many companies the link between education and advancement is not as clear. “The rhetoric out there is that companies’ value ties with higher education, but most do not do a good job of spelling out what a career pathway may look like at their organization,” said one higher education leader. Senior leaders, for example, who tout the company’s focus on human capital, “may say one thing, but the people doing the hiring are much more short-term focused.”

## II. CHALLENGES

### **Research Question 3: What are the barriers and challenges faced by employers and how are these being addressed?**

This research identified a number of barriers facing employers, as well as how companies were overcoming their challenges as they consider the education and development of their employees. These challenges mirrored much of what is discussed in the research literature, including the danger of investing in employees who leave the company, low attendance and completion rates, and limited financial resources for supporting these types of activities.

#### *Risk of losing investments*

For employers, there is a danger of investing in tuition benefits and other training only to have trained employees leave. This is why many companies require employees who use these benefits to stay a certain amount of time. Some employers in the focus group said this concern had made them pay attention to ways to keep employees happy. Said one executive interviewed, “They have to love their job. Other employers know that our company trains our employees and that they do good work, so they are more desirable and more mobile. So we have to have a great company to work for.”

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## *Low attendance and completion rates for company-sponsored programs*

As with any optional benefit companies might offer, employees have to participate for it to be of value. For example, one company in our sample reported low attendance and completion rates when they had established company-sponsored programs with a local community college: “Employees had no skin in the game” if they hadn’t invested their own money. Another noted that “it is difficult to help employees see that education isn’t always just about the next job or a future job. Education is often about showing the drive to complete something and better using information and applying it as a result—these are inherent values of education.”

When asked about why more employees may not take advantage of existing opportunities, employers echoed some of the themes found in research on the challenges of pursuing higher education more broadly: time, family commitments, and money.

Companies acknowledged that employee schedules often make it difficult to pursue traditional education programs, although a number of employers are beginning to offer flexible scheduling, including arrangements where, for example, employees would work four days on site and attend school offsite on the fifth day. For some companies, it is a challenge to work with employees’ school schedules. Partnering or offering discounts for online education programs is another way in which a number of companies have tried to address this issue and one that is gaining in popularity.

Other company representatives felt that many traditional educational programs to which employees might have access were not relevant enough to their day-to-day work or were redundant with their work experiences: “I find that people don’t go back be-

cause they are in a work environment that is highly engaged, so to go to a college where they are staring at the wall, they’d rather just test out of that kind of scene. If you have a work-centric program, that can change.” Another suggested that many blue-collar workers may not have an interest in getting a postsecondary degree, “but do pursue certification because it improves amount of money earned.”

## *Resources for education are vulnerable*

A major concern for many companies is funding. Many smaller companies find it too expensive to offer education support in any sort of systematic way. On the other hand, larger companies with boards of directors, shareholders, or profit-focused executives also reported that it was very expensive, and that they found it challenging to advocate for more spending in this area. In tight economic times, both tuition benefits and training budgets are in danger. As one executive said, “It costs a lot to offer these sorts of programs and supports. A focus on profit is driven by market forces, so these postsecondary programs must shift to and be seen as profit centers for the organizations involved.”

Community college leaders spoke about companies that have said they couldn’t devote money to education and training during rough or recessionary periods, but then said they were too busy to focus on this during boom periods. As a result, companies tend to do very short-term and immediate planning on this issue rather than long-term planning and see education as an employee benefit that can be cut rather than as core to business sustainability.

## *Communication around benefits can be a challenge*

Company executives also reported that they had challenges in making employees aware of educational opportunities and benefits and that communication was key to getting more employees to take advantage. Most communication reportedly takes place formally during recruitment conversations, during orientation and more informally through interactions with supervisors. A number of employers were exploring better ways to market available educational benefits and programs. For example, First Tennessee in Memphis holds seminars for

### **Finding**

Employee schedules often make it hard to attend educational programs, although some employers offer flexible scheduling to support schooling.

## Finding

Resources for education can be vulnerable in tight economic times.

non-degree employees and invites local colleges and universities to talk with employees about opportunities to earn credits for learning on the job.

### *Average corporate mindset is not focused explicitly on promoting degree attainment*

Our research suggests that many companies do not consider their role in promoting degree attainment explicitly. Employers, as one can imagine, value employees who have the skills and knowledge that they need to be successful at their specific companies. Human resource and workforce development strategies often focus on specific training that might be in partnership with local higher education institutions or utilize tuition reimbursement or assistance as a tool for employee recruitment, retention and development. In these efforts, some companies have made arrangements with higher education partners to offer employees the opportunity to earn credits toward degrees or credentials as a result of training participation.

However, it was rare among our focus group and interview participants to find companies that had a specific targeted strategy to ensure that more of their employees had a higher degree or credential. When it did come up, it typically related to a particular credential rather than a two- or four-year degree, and, often when having a more advanced credential allowed employees to serve more sophisticated clients. However, we did see examples of companies that were deliberate about targeting high-need individuals for educational and employment opportunities.

For example, one Detroit area hospitality company targets recruitment in inner city neighborhoods and works to support residents by building literacy skills and reimbursing for high school diploma and GED completion. Because staff schedules often make it difficult to attend conventional educational

programs, employees are offered other options, such as computer-based literacy programs and online coursework through a partnership with the University of Phoenix. The company also has an agreement with the employee union that includes provisions for employee education and training. As the majority of workers are in entry-level or service positions, the company works to encourage staff in these positions to finish their education and to earn certifications or licenses, such as in a skills trade. Company leaders recognize that due to the nature and size of their business, supporting employees in furthering their education may mean that they find other opportunities externally, but it remains committed to helping employees develop and thrive.

Some corporate leaders in the research sample were quite practical about their workforce needs. For example, one executive of a global corporation said that, “Employers don’t need a huge number of college degree holders. They need a prospective employee pool that has both college grads for leadership, management, and innovation roles and an often much larger pool of front-line workers with strong basic high school diplomas and requisite skills to be trained.”

As a result, many companies shifted more of the responsibility for education and training opportunities onto the employee. As one executive said, “Education is our gift to our employees. At the same time, [our company] owns their job—but they own their career. It is up to them to seek education and training.”

And as discussed earlier, existing tuition assistance and educational opportunities may be most accessible to employees who already have degrees, sug-

## Finding

While nearly every company in our research is focused on developing the skills and competencies of their employees, most are not focused explicitly on ensuring more of their existing employees earn a college degree.



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## CVS Health Workforce Initiatives

CVS Health has a dedicated Workforce Initiatives department that works in a variety of ways to attract and advance a diverse workforce and support the communities in which they work. The company does targeted hiring in communities with high unemployment rates, with the goal of helping individuals find not just jobs but careers. Their efforts have included programs aimed at moving individuals on public assistance into entry-level positions, and

outreach to high school students and low-income individuals to increase awareness of pharmacy careers (e.g., “Pathway to Pharmacy”) and apprenticeship programs. The company provides career options through training and academic assistance for entry-level employees to earn certification as pharmacy technicians, and will support continued education toward two- or four-year-degree pharmacy programs.

gesting that many companies may have to be more proactive and deliberate if they want to ensure that their offerings are used by those employees most in need of additional opportunities.

### *Companies often have different approaches for employees at different levels*

There were significant differences in how companies approached the development of their employees at different levels (e.g., employees on a management track versus front-line workers). As one executive said, “Developing leaders and developing workers are distinct activities.” In some cases, the approach was very different; in others, benefits were the same but tailored to different subsets of the workforce. Larger companies, where the majority of employees are hired with a bachelor’s degree or higher, spent relatively smaller amounts of time and energy on supporting those employees without a degree. Because educational benefits are often used as a tool to attract the most-desirable employees, companies might focus resources on offering executive MBA programs or high-level training opportunities rather than on ensuring an office assistant were working toward a BA. In some of these larger companies, this was due in large part to the structure of their staffing practices. For example, the majority of services provided by less-educated employees were often outsourced to staffing companies with transient workforces or in call centers that might even be overseas. In these cases, companies did not focus on how to support the development of their lowest-level employees because there were so few or because there was so much turnover in these roles. One executive reflected

that the organization spends only a fraction of overall educational and development funds on employees in support roles without a college degree. This executive said, “If we truly are a learning organization, shouldn’t we be doing more?” and spoke of needing to urge company leaders to see the value in identifying promising employees at the lower level—even those in transient roles—and offering them opportunities to develop, both for their own sake and for longer-term staff development efforts.

A number of companies, particularly well-established and larger Fortune 500 companies, were described in the focus groups as very different places today than they were twenty or forty years ago. Today’s employees are much less likely to see themselves as “lifers,” spending their careers with one employer. As one retired executive said, “The psychological contract between a company and employee has changed.” Another noted that today’s generation has a “much different mentality.” This has implications for employers who have to make decisions about where to allocate resources for a workforce that is far more transient than ever before. “An employee might be attracted to a

### Finding

Many larger companies where the majority of employees hired with a bachelor’s degree or higher (compared to those with less-educated workforces) spent relatively smaller amounts of time and energy on supporting those employees without a degree.



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## “Developing leaders and developing workers are distinct activities.”

—Senior executive, Fortune 500 company

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company for the educational benefits, but from the company perspective, there is no guarantee that someone will stay if you help them get a degree,” said one executive. Another added that they had seen a sense of entitlement in younger employees: “You hired me, I’m entitled to get a degree and you pay for it, but I’m going to leave in four years to go somewhere else.” Others felt that recent college graduates hired for entry-level positions were impatient, “expecting to immediately make it to the executive suite.” Another executive reflected that “at some point, 40 percent of our workforce will be independent contractors” who operate more like “free agents,” asking “How do we really build people who feel like part of the organization?”

Employees entering the workforce today are far less likely than those in previous generations to join a company without much education and be offered a clear—and subsidized—pathway to building a career at that company. Whereas earlier generations might have seen an apprenticeship culture where managers took on the role of developing an employee through a career pathway (that might include additional education or training), today we see that managers might not have either the time or capacity or even see that as part of their role. Said one executive, “The manager’s job is to support and assist people, but we are forgoing that responsibility because of metrics and profits.”

### Finding

Today’s workforce is changing in terms of tenure at any one employer, and this has implications for employer investments in education and staff development.

## III. EMPLOYERS WORKING WITH HIGHER EDUCATION

### Research Question 4: How are companies working with higher education institutions and what makes partnerships work?

Many of the companies interviewed had established partnerships of some kind with an institution of higher education. Companies typically work with higher education partners in a number of ways:

- Formal partnerships to provide training or customized programs
- Tuition discounts
- Curriculum development

Often, companies will partner with a number of institutions to offer a range of options, including online course opportunities and courses at local universities. The following describes some examples of how companies are working with higher education institutions and highlights some of the characteristics of effective partnerships, and also features a number of companies that have created their own universities to serve their workers.

#### *Formal partnerships*

Many companies interviewed had established formal partnerships with one or more higher education institutions. Partnerships with higher education usually fulfill a number of purposes. They ensure current employees have access to educational opportunities, allow companies to scout for new employees, and ensure training is both relevant and responsive to the employer’s evolving needs.

#### *Tuition Discounts*

A number of employers have negotiated agreements with higher education institutions to offer coursework at a discount, possibly subsidized by employers and perhaps with certain fees waived. In some cases, employees can use tuition

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## Unilever (Covington, TN)

Unilever (Covington, TN) is heavily invested in a partnership with Southwest Tennessee Community College to train both potential employees in work readiness skills and existing workers in more advanced technical skills. The company is working with Southwest to locate training on the Unilever campus to both ensure access to new equipment and methods and for the convenience of employees. One program for multi-skilled technicians will allow current

employees to work their normal shifts, then attend classroom training targeted specifically on day-to-day application of learning. Employees have a specified timeframe in which to complete the program, which offers a blend of theory and practical application. Unilever's workforce-development approach is a key component of the company's strategic plan and allows it to build bench strength for its workforce at all levels.

reimbursement at a program with a negotiated discount. Many companies sampled had negotiated discounts with online universities. A number of employers worked with the online University of Phoenix and had negotiated discounts of between 5 percent and 15 percent. This may become increasingly popular, as it is a benefit a company can offer at low or no cost and may be easier for cash-constrained employees to use than reimbursement programs.

Several companies noted that universities have been open to partnering with them, but that companies themselves haven't done a good enough job making collaborations work. "Sometimes we get in our own way," one executive noted. Others agreed, and lamented that for whatever reason, the company may not have been able to "see the forest for the trees" and develop a broader long-term vision for such partnerships rather than just focusing on short-term procedural needs.

Last, rather than partner specifically with colleges, a number of larger companies have opted to create

their own internal "universities." An example from our research was Henry Ford Health Care System, a major healthcare system in the Detroit area, whose Henry Ford Health System University helps employees meet education requirements as well as move toward a leadership or administrative track within the healthcare system. Large global companies like Deloitte and Xerox Corporation at different points in their company's history have made major investments in brick and mortar corporate universities or training centers.

### *What makes these partnerships work?*

This research found many examples of higher education institutions working with employers in innovative and effective partnerships and identified characteristics of effective partnerships that could be applied more broadly. Higher education leaders and company executives acknowledge that it takes time to build trust. Partnerships often grow from connections among leaders—connections that also take time to develop. For example, the community college leaders interviewed had developed very strong relationships with local employers over many years and had track records of meeting specific employer needs. However, this was the result of significant outreach by community college staff—in some cases, being in the right room with the right people. Successful higher education leaders take time to interact regularly with corporate leaders.

Successful partners spend time understanding current and future trends for specific industries. They develop different options in areas they think

## Finding

The need to bridge corporate leadership, front-line workers and higher education partners is significant. Many companies, even those that have established successful partnerships, report that such arrangements often take a great deal of time and effort on the part of company leaders.

## How Employers Partner with Multiple Higher Education Institutions

The head of Office of Talent and Human Capital for the Mayor's office of Memphis not only coordinates workforce initiatives for the city, but also serves as the chief learning officer for over 6,000 city employees. Within that workforce is a significant number of employees who have attended some college but may not have earned a four-year degree. The Mayor's office is looking for ways to support and encourage employees to go back and pursue high-quality post-secondary credentials. With increasing need and diminishing resources, they have tweaked the benefits policy to include more options for tuition reimbursement to include online and competency-based offerings. For example, they have started partnering with both local programs and Southern New Hampshire's College for America program. This college is a non-profit that partners with employers to offer "frontline workers a competency-based degree program built on project-based learning that is uniquely applicable in the workplace, flexibly scheduled to fit in busy lives, and extraordinarily affordable."

FedEx partners with nearly 20 higher education institutions ranging from local colleges such as University of Memphis and Victory University, to online programs like Western Governors University, which offers a tuition discount to FedEx employees and an opportunity to "leverage your existing competencies—from work experience and prior education—to complete the requirements of your degree and potentially accelerate your program" at

both the bachelor's and master's degree levels. FedEx has negotiated arrangements with higher education partners that include delayed billing so employees do not have to pay for courses upfront and agreements to review the SkillSoft curriculum to potentially award course credit where applicable. Partnerships go beyond just paying for coursework: FedEx has donated aircraft and other equipment to Mid-South Community College to allow students to train for professional licenses.

DTE Energy in Detroit has partnered with a number of two- and four-year colleges across the state. The company has collaborated with Monroe County Community College to develop a number of educational programs to address the needs of DTE and other companies in the region. This includes a specialized certification program in the construction management field, and a two-year associate's degree in nuclear engineering technology. They also partner with four-year Lawrence Technological University (LTU) where graduates of the two year program are eligible for scholarships to continue their studies. DTE Energy has funded a student services center at LTU and has had company leaders serve as university trustees. Additionally, the company donated 11 acres of land valued at \$1 million to Grand Rapids Community College (GRCC). In recognition of this donation and the strong relationship DTE Energy has formed with GRCC, four scholarships are awarded annually to employees, spouses and eligible dependents.

in which industry leaders might be interested. They take the time to listen to their needs. Said one college leader, the typical approach for community colleges is to "go out to an employer to sell their services. 'Here's what we have, here's what we do,' and that's it. They try to convince them what they do will help employers."

This college leader tried instead "to go in listening first to find out what [an employer's] issues are. Sometimes we might need to start something new. If you are not the best ones to solve that issue, then be willing to help them find the organization that can. You still become who they come to help solve their problems." Employers in our focus groups agreed with this approach, suggesting that

prospective university partners should ensure that possible solutions and approaches solve a problem for a business executive or an industry. The challenge then becomes "convincing a company that you have identified a real behavior change problem they have and that you have processes that will help that; then start small, build that credibility," noted one college leader.

### Finding

Identifying "champions" within companies who have the appropriate level of influence and decision-making authority can be a challenge.

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## Partnerships between Higher Education and Business: What Makes Them Work?

When John Churchill, the Executive Director of Workforce Development for Southwest Tennessee Community College in Memphis, talks to local companies about their training needs, they know he knows what he is talking about. Churchill spent more than 20 years working in the education and training industry for Fortune 500 companies and, most recently, as a training manager for a major steel manufacturer in Tennessee. So, when considering how Southwest can truly be a partner to local companies, he connects with local corporate leaders, and the most important thing, he says, is to listen first. Look for ways to help address the company's needs, be they small or large. Be flexible, and demonstrate a willingness to operate on the company's timeline. For example, when a local employer came to Southwest after spending two years working with another institution that wasn't able to meet its needs, Southwest—"with enough desire and creativity"—was able to go from program concept to enrolling students in a hybrid degree program in just six months.

Southwest looks to work with employers that will be true partners, not just those seeking a source of résumés. This includes a company visiting classes to observe students, providing internships, guest lecturing or, as with local company Smith & Nephew, providing up-to-date equipment for training. A feedback loop with companies is crucial, and program leaders want employers to feel open to make suggestions on curriculum and content, what is working and what isn't. This pays off for both employers and potential employees—students get to see a clear link between the effort they put into school and the companies willing to hire them, while companies get to observe potential employees interacting in a work-like setting and gauge how they might fit in and benefit the company.

Regardless of how local employers get involved, ensuring they see a return on their investment is crucial. It's important that the training program provides reliable, consistent quality so employers can reasonably expect appropriate skills and prerequisites from new hires. This ensures that internal onboarding and training does not have to be customized repeatedly, which results in cost savings. Another way is to demonstrate behavior changes in incumbent employees who received training. Employers will know the effect training has on culture, processes, and the bottom line, which is critical when staff

development dollars are tight.

*Made in Memphis* is a partnership between the Memphis Workforce Investment Network, the Greater Memphis Chamber of Commerce, the mayors of Memphis and Shelby County, and Southwest Tennessee Community College to create a pipeline to meet the growing hiring needs of local manufacturing companies and to ensure local job seekers have the skills needed to get hired for such positions. At the center of the initiative is Southwest's Industrial Readiness Training (IRT) program, a four-week program to equip local job seekers with basic academic, interpersonal and workplace skills along with basic industrial skills to prepare for entry-level jobs with local companies paying a livable wage. Southwest partners with companies in a number of ways. Six local companies actually sponsor classes directly, while 20 or so additional companies (including Nike and Unilever) partner to fill entry-level jobs with IRT graduates and/or help design curriculum. In many cases, the individuals participating in these programs—and getting hired as a result of them—previously had little hope of getting themselves on such a path. The program has been so successful that the initiative has launched an "IRT Prep" to get more individuals into the pipeline for training and employment. Southwest is so committed to the IRT program that it has made a guarantee to the Memphis Workforce Investment Network (WIN), the group that identifies IRT candidates likely to be successful and funds their training. If graduates do not secure a "livable wage" job within the first three months of successfully completing the IRT program, WIN does not have to pay Southwest for the training. This ensures that the college is tying student success to what employers are looking for.

Along with the IRT program, Southwest has partnered with other local employers and received major grants from the state and federal government to enhance its offerings in the technical training field. Southwest is working with companies in three business sectors including medical devices, manufacturing and logistics to help find qualified candidates and improve skills of existing workers.

The college collaborates not only with local employers and WIN, but also with other local community colleges—and is attracting significant

*Continued on next page*

## Partnerships between Higher Education and Business: What Makes Them Work?

*Continued from previous page*

federal resources to create regional program offerings. For example, Southwest was part of a consortium of organizations that received an \$8 million dollar grant from the U.S. Department of Labor in late 2014 to help the long-term unemployed in Memphis find well-paying jobs in high-skills industries, through advanced job training, coaching, and other services. \$1.65 million of the grant is funding a collaboration between Southwest, Mid-South, and other local institutions to provide noncredit training in the manufacturing, transportation, and logistics sectors.

Southwest grasps the important role a community college plays in supporting the community and getting local residents on the path to good jobs, and it seeks to work with—and encourage—companies also to recognize their key roles as community supporters. IRT and other programs have worked with WIN to target residents from underserved neighborhoods for participation in these training opportunities. The college is now finding that success for these students can be contagious—as more people from their own neighborhood are succeeding, they are able to start providing a support network for others in their community, both while in the programs and then out in the workplace.

### Finding

Quality partnerships depend on many factors:

- How connected are programs to the needs of local employers?
- How responsive and flexible are higher education partners to changing needs of employers? For example, many higher education institutions are bureaucratic places that can be slow to get things done. How quickly an institution can go from concept to execution to meet the needs of employers will be a factor in decisions to partner.
- Quality of the higher education institution's staff and faculty: How knowledgeable are staff in content that is directly relevant to the company?
- Quality of training facilities: In the case of manufacturing, for example, does the facility offer up-to-date equipment for training?
- Size of program and whether it is based on or off campus.
- The ability to build relationships and collaborate in order to meet mutual goals.

Higher education partners are also looking for certain qualities in their corporate partners. For example, a feedback loop with companies is crucial, and program leaders want employers

to feel open to share what is working and make suggestions to curriculum and content. This pays off for both employers and potential employees. Students get to see a clear link between the effort they put into school and the companies willing to hire them, while companies get to observe potential employees interacting in a work-like setting and can gauge how they might fit in and benefit the company.

One college leader noted that it was often easier to find champions for educational attainment at smaller companies—that the small ones are the employers more likely to work, for instance, with a local community college, whereas large companies might treat the institution more like a vendor called on to provide a particular service at a certain time. At the same time, finding “champions” within companies (given turnover in the corporate world and competing responsibilities) who have the appropriate level of influence and decision-making authority is challenging. In some cases, there were long-time contacts at college partners who may have had more institutional knowledge of certain companies than newer staff members do, particularly in the human resources arena.

Community college leaders also observe that employers who clearly articulate both career



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## Higher Education Meeting the Needs of a Community: University of Michigan-Dearborn (UM-Dearborn)

On the home page for the University of Michigan, Dearborn, website, the four-year college's mission is clearly spelled out: to offer not only excellence in education and scholarship, but to ensure "access, affordability, and metropolitan impact"—a mission "rooted in an ongoing commitment to transform Detroit" and with a commitment to meaningful partnerships with local industry, government, and nonprofit organizations. The school's chancellor is proud that it is attracting and serving an increasing number of students from underrepresented populations; currently, a quarter of the student body is students of color, and more than half are first-generation college students. The school is focused on providing college access to more students but also in helping them to complete their degrees.

The University of Michigan, Dearborn, has its roots in local industry, founded through a donation of 200 acres of land from the Ford Motor Company. The school has a long history of experiential co-ops, and several years ago received a grant (along with several

other state institutions) to establish a business engagement office. This office serves as a "one-stop shop" for companies in the metro region to access the universities' resources: students for internships, alumni for job opportunities, and workforce development partnerships with the school.

The University truly sees itself as a metropolitan partner. UM-Dearborn has a unique office of metropolitan impact that focuses on building strong community partnerships with the vision of fundamentally enhancing the Detroit metro region—not just its economy but its culture and quality of life. The school's chancellor also serves as the co-chair for Detroit's Talent Dividend advisory committee, where he provides leadership on the issues of increasing the educational attainment of the area's residents.

More informally, a group of company leaders in the city is working with local higher education institutions to help address the gap between the skills of graduating students and the skills employers need.

pathways and their link to education are the ones retaining employees. The healthcare field does this well: Potential employees are attracted to community college certification programs in the field because students "know where they are going." They know what subjects they need and know how fast they can advance by earning additional credits and certifications. Outside of healthcare, companies do not typically "spell out the benefit of going to college and how it can lead to promotions, etc. Students go to college to help them get a job." Some companies excel at this. For example, the Hershey Company in Memphis has a clear path for career advancement that is directly linked to successful completion of specific coursework. The company has worked closely with Southwest Tennessee Community College to design a tailored employee-training program and create a pipeline for the skilled mechanics it needs.

## IT Academy

Microsoft has developed something called "IT Academy," which is essentially the courses that IT professionals take to become Microsoft Certified, and has reworked the courses to be more accessible at the high school or community college level. The company provides low-cost licenses for IT Academy to high school and community college campuses to allow students to graduate with certifications that translate immediately to job skills employers will hire for.



## IV. ROLE OF METROPOLITAN REGIONS

### Research Question 5: What role does place—the city or metropolitan region—play in making efforts more effective on a larger scale?

At the outset, this question was not part of our original set of research questions. However, the importance of the broader context of a city or metropolitan city quickly became clear in the focus groups, and this emerged as a key theme. The research with the four metropolitan regions discussed in this report suggests that mobilizing employers to support their employees' educational

attainment at any scale is easier if done as part of broader city or metropolitan strategies. This is not to say that companies on their own cannot make a significant difference with their employees. In fact, individual company culture and leadership can influence others. However, there seemed to be great potential when companies were not operating in isolation but rather as part of broader efforts. This was seen in particular in the Memphis and Detroit metropolitan regions where initiatives to improve the education of citizens were at the heart of more expansive efforts to enhance overall quality of life and economic success in the city. These regions are discussed in the pages that follow.

### PeopleFirst Partnership

In 2005, the mayors of Memphis and nearby Shelby County met with leaders of Memphis Tomorrow, an association of CEOs from the city's largest companies, to discuss the need for a regional strategy for improving the quality of life and economic growth. Memphis Tomorrow joined forces with the mayors to develop an ambitious five-year plan for job creation, a more educated workforce, and greater safety. Out of this effort came Memphis Fast Forward, a "backbone" organization to provide the infrastructure and oversight for five major city-improvement initiatives. Leading the education and talent initiative is the PeopleFirst Partnership, which coordinates the many entities working on these issues. To guide its work, PeopleFirst has articulated a set of four overarching goals, with a set of strategies for each goal along with performance metrics to measure progress. For educational attainment:

#### Goal C: Adults earn degrees and certifications that prepare for local careers

- Strategy Eight: Post-Secondary Access and Completion.
- Strategy Nine: Industry Driven Workforce Development.

Along the way, the PeopleFirst scorecard tracks data, such as the percentage of residents with associate's and bachelor's degrees, program completion rates, certificates earned at local technical institutions, and the six-year graduation rate at University of Memphis.

In November 2014, PeopleFirst announced the launch of the Greater Memphis Alliance for a Competitive

Workforce. This initiative connects the workforce needs of local employers with programs at area educational institutions. The Alliance is a cornerstone of a comprehensive regional economic development plan created with experts from the Brookings Institution Metropolitan Business Planning Initiative and will be led by the current president of Mid-South Community College.



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## MEMPHIS, TENNESSEE



In 2012, the CEOs for Cities Talent Dividend initiative ranked Memphis 47th out of 51 U.S. metropolitan areas in terms of the percentage of residents 25 or older who had earned a four-year degree. A graphic illustrating this ranking appears on the website of the mayor of Memphis. Not many cities show off rankings in which they finish near the bottom, but in Memphis this was an urgent call to action to change these numbers.

What sets Memphis apart from other metropolitan regions is the community leadership that is working to ensure that educational attainment is part of comprehensive community improvement strategies. This leadership starts with the mayor's office, which provides political leadership and coordination for workforce education and development initiatives that are at the heart of a wider regional strategy for economic development and civic growth. Implementation efforts have been led by a public-private partnership, PeopleFirst, that is focused on the "cradle-to-career pipeline" with a set of clear and measurable goals for education and the city's workforce.

Sustained leadership from the Mayor's Office helps support the work of PeopleFirst and other related initiatives. Not only does the mayor serve (along with the mayor of Shelby County) on the governance board for the new Greater Memphis Alliance, but both mayors also serve on the Steering Committee of Memphis Fast Forward, where they help provide political leadership for key initiatives. The Memphis Mayor's Office also houses an Office of Talent and Human Capital, one of the first of its kind in the nation, to help drive and coordinate the city's many workforce-related efforts that include:

- **Memphis Talent Dividend**, a collaboration of more than 100 member organizations working to increase the number of college graduates in the Memphis region. Memphis Talent Dividend has three major goals around college access, completion, and re-entry (for adult learners) that are closely aligned with those of PeopleFirst.

- **Graduate Memphis**, a Memphis Talent Dividend initiative, supports adults with some college experience in returning and completing a credential. The program features a resource center in the public library and partnerships with local colleges and universities with a commitment to offering "flexible, focused, and accelerated programs" targeted toward adults with some college experience.
- **Colleges of Memphis**, an effort under the mayor's office, brings together 14 area colleges and universities to develop a regional strategy for increasing student success and degree completion.
- **Latino Student Success Network**, which strives to increase access and postsecondary success for Latino students.

Memphis's commitment to education and talent has attracted a range of resources from across the state and nationally:

- **Lumina Foundation:** Memphis was selected as one of 20 initial communities supported by Lumina to dramatically increase the number of local residents with postsecondary credentials. Lumina has supported several of the above initiatives and brought access to resources such as:
  - **Postsecondary Success City Action Network:** A group of 15 cities working to identify and share strategies for promoting postsecondary success.
  - **Brookings Institution Metropolitan Business Planning Initiative:** "An innovative public-private approach to spurring regional growth... that encourages data-driven, strategic initiatives to capitalize on local competitive advantages."
  - **Strong Cities/Strong Communities Initiative:** Memphis was selected as one of six cities to pilot a cross-agency effort to strengthen communities by building the capacity of local governments.

*For more about the work happening in Memphis, Tennessee, see the companion brief to this paper.*

## DETROIT, MICHIGAN



The struggles of the Motor City over the last few decades are well documented, especially the city's bankruptcy in 2013 and continued population decline. But there has also been news coverage of more positive stories about Detroit, including billionaire Dan Gilbert's decision to move his Quicken Loans headquarters from the suburbs to downtown Detroit and purchase more than 60 other properties (many abandoned) to encourage other companies—both big, established ones and small startups—to follow suit. Along with Dan Gilbert are groups of business, nonprofit, and higher education leaders committed to seeing the city thrive again.

### *City and Regional Initiatives*

The Detroit Regional Chamber of Commerce sits at the center of a number of education and talent-related initiatives, serving as the convener, driver, or participant as they look for ways to create value to living in the city of Detroit. Like Memphis, Detroit is participating in the Talent Dividend Prize Competition, and the Chamber leaders serve with heads of local institutions of higher education on the city's Talent Dividend Advisory Committee.

The Chamber has convened a collaborative of organizations that are working on three broad goals:

1. Getting more people into college
2. Increasing access to resources to pay for college, with the Chamber administering scholarships in the city
3. Supporting the work around student retention and success in college, particularly for first-generation college students

Detroit also is part of a significant number of initiatives addressing the broader Southeast Michigan region, but these initiatives also pay particular attention to Detroit's unique needs. These initiatives include:

**Michigan Advanced Technician Training Program (MAT2)** is a program where students earn an associate's degree at one of five area community colleges and gain paid, on-the-job experience with a partner employer.

**Automation Alley Technical Talent Development Program** is providing funds to area employers for IT training for both current and potential workers in order to meet the region's need for skilled STEM-related positions.

**Workforce Intelligence Network (WIN)** is a consortium of nine area community colleges and seven Michigan Works! agencies (part of the statewide workforce development network) that have come together to create a more comprehensive approach to help area employers find talent.

**Project Win-Win (Michigan Community College Association)** is an extensive multi-state effort to identify former students who never earned a degree but who qualify for an associate's degree and to award such degrees retroactively. The effort also identifies and encourages students who are just short of a degree to return, as well as students who may have transferred before officially earning an associate's degree.

**Achieving the Dream** is a national program that includes more than 15 Michigan community colleges, including several in the Detroit area. The program provides wrap-around support to help students navigate their way to scholastic success.

*For more about the work happening in Detroit, Michigan, see the companion brief to this paper.*

### Finding

Mobilizing employers to support their employees' educational attainment at any scale is easier if done as part of broader city or metro strategies.

# The Role of Business in Promoting Educational Attainment: A National Imperative

## Recommendations

A number of themes emerged from this research that led to a set of recommendations—to employers, their employees, higher education leaders and policymakers:

### RECOMMENDATIONS FOR EMPLOYERS

- **Educational benefits can be the determining factor in whether or not an employee earns a degree or credential.** Tuition assistance, flexible scheduling and other benefits can really make the difference in whether or not an employee can earn a credential. Nationally, research has found that “many adults can only go to school because their employers provide tuition reimbursement.” About a quarter of all adults enrolled in postsecondary education programs leading to a degree or credential were receiving tuition assistance from an employer, and 53 percent were either receiving tuition support or paid time off from work.<sup>21</sup>
- **Think broadly about the return on investment for spending on education and skill development.** Many companies invest in learning as an employee benefit and do not see much specific return on investment (ROI) to the company. But companies can leverage this employee benefit in a way that is more meaningful to the company’s strategies for growth, profitability and the bottom line, and should look to higher education partners to help them understand ROI opportunities. More-educated employees are more likely to stay with the company longer and be more productive, reducing the cost of staff turnover and benefitting company productivity indicators. But such benefits can have an effect on less-measurable conditions, such as a more positive corporate culture.<sup>22</sup>
- **Seek out free or low-cost education resources,** such as from YouTube, Khan Academy, and TED talks to support employee growth. As one executive suggested, “Everything does not have to be a major investment.” While not necessarily leading to a degree, seeing which employees take advantage of available resources might also identify employees likely to be successful in pursuing other benefits and opportunities.
- **Leadership and communication matter.** Senior leaders have the unique ability to ensure that education is a priority and communicate this across the organization. As one leader observed, “At high-performing companies, the CEO, regardless of the size of the company, is out leading the charge.” Communication from the highest level down, as well as between individual managers and employees, is crucial to ensure that the employees who most need educational support take advantage of the options. Leaders can also send the signal that certain credentials matter. Employees may not see the value at work of pursuing a degree or credential but “a dialogue between employer and employee about why you don’t have a degree—that can signal to people that it’s important to have a BA” or other credential meaningful in a particular setting, as one executive suggested.
- **Effectively market education and training opportunities to employees at all levels.** Working full-time while attending school and taking care of families significantly lowers the likelihood that a student will complete a program. A survey of adult college students who dropped out found that the most common reasons were that “I needed to go to work and make money” and “I just couldn’t afford tuition and fees.”<sup>23</sup> Often, employees don’t know what their options are, and companies that do offer tuition benefits could reach more employees who could most benefit from educational support through targeted marketing.
- **Improve systems for collecting data on employee education.** Our research indicated that many companies could improve the data that they collect about new employees’ past education. For example, in some cases, job applications do not even have check boxes for associates degrees or certificates. Human resource offices may not know

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**“As we have shrunk the workforce, more work being done by people, more hours—less personal time, etc.—business leaders may say, put this in an e-learning course, employees can do it on their own time. But in reality—when? Commuting? Employees are tired, and have families to support. How do we integrate learning into the workplace?”**

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— Business leader

that an employee attended college but left a few credits short of a degree, yet they could capture a great deal of information during the onboarding process. When employers know which employees have had some college but left without degrees, they can help channel them back into programs that might improve their workplace skills while also leading to degrees (such as Project Win-Win working in Michigan and other areas).

- **Support employees in taking advantage of flexible online education options.** There is a growing number of online-only higher education institutions, such as Western Governors University and the University of Phoenix, and online courses on offer from traditional institutions. By establishing formal partnerships with such institutions, and ensuring employees are aware of such options, employers can help their employees pursue education in ways that fit more easily with busy work and family schedules.
- **Companies working with university partners should prioritize credit-earning coursework** over noncredit programs to provide employees with more opportunities to earn credits toward a degree or credential, sometimes without additional cost to the employer. As one higher education leader said, “Most adults who go here are workforce oriented and take noncredit classes in customized areas. The issue for us is how we

convert them to credit- and degree-seeking classes so that if they move and start to apply to credit programs they can transfer some of those.” Employers can signal to institutions that it is worth the effort to offer this benefit to students.

- **Provide a voice in broader regional and national conversations** that validate innovative efforts in higher education to reward prior experience, such as competency-based education, and support revamping financial aid to meet the needs of these new options. Business leaders can help expand the conversation about degree attainment to include other meaningful credentials by signaling that such credentials are valued in the workplace.

## RECOMMENDATIONS FOR COMMUNITY COLLEGE AND UNIVERSITY PARTNERS

- **Higher education must help employers see a return on their investment (ROI).** “If a company can’t see that, they are not interested,” said one leader. “Training isn’t always perceived as having a larger ROI—[companies] often send [employees] to training without an expectation of a change in behavior. Just providing training without support to modify behavior when the employee gets back to the workplace isn’t going to change behaviors.” This could mean ensuring that new employees coming out of a training program come with a reliable, consistent set of skills and prerequisites so company onboarding does not have to be customized for each new hire. Companies need to see how investments in both training and activities that lead to degrees and meaningful certificates will benefit both the employee and the company in the short and long term. Colleges should demonstrate how training for incumbent employees can lead to real behavior changes that positively impact the company so when staff development dollars are tight, employers know what effect training has had on culture, processes, and the bottom line.
- **Institutions should be flexible, responsive to employer needs, and able to move quickly.** Colleges must take the time to listen to and



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understand the needs of local employers, rather than just offer them a menu of services, and ensure that program content is clearly aligned with the specific skills that employers are looking for. This means keeping up with current trends, and using up-to-date equipment and content. Additionally, college bureaucracies often operate on a slower timeline than the corporate world. Multiple companies noted that it took a very long time to set up partnerships with colleges, both online and traditional. One company worked with a college for two years to develop a program and ultimately walked away to work with a different partner able to develop and launch a hybrid degree program within six months.

- **Offer (or expand) affordable and flexible options to support working students to degree completion.** Research shows that too many students, particularly low-income students, who enroll in a community college do not graduate.<sup>24</sup> Colleges should work with both employers and nonprofit organizations to support students who are struggling to support families while attending school. As one employer said, “College costs cannot continue in the way they have been. Institutions need to be able to provide programs that are best in class and high value but without such a high cost. If not, there will be only an elite set of people who can afford the opportunities and the education.” Increasingly, employers may seek to partner with flexible and affordable institutions, such as Western Governors University, that offer students flexible options such as online coursework and competency-based assessments that allow students to earn credit for meaningful work experiences. A survey of adults who were admitted to educational programs but opted not to enroll found that they were frustrated by requirements to take courses covering material they had already learned in the workplace and that doing so would extend both the time and expense of pursuing a degree.<sup>25</sup> Reflect on whether your institution is unwittingly putting obstacles in the way of students that are well on their way to earning a degree, such as imposing barriers to transferring credits.

- **Community colleges should consider working closely with four-year colleges to develop relationships and alignment in key degree areas.** Higher education leaders said that in fields like healthcare, they were trying to “get our students to realize the degrees from a community college will put them in a job, but for advancement, four-year degrees are a must.” That can have an effect on course content (i.e., designing associate-level course content with the assumption that students will be going on to a four-year degree). Community colleges should consider building formal relationships with four-year institutions that allow successful students to transition easily to four-year programs. A number of institutions in this sample were starting to broker these kinds of relationships.

## RECOMMENDATIONS FOR EMPLOYEES

This research suggests that many employers want to support the education and development of their employees. However, it is clear that in many cases, those employees who are going to benefit most from the opportunities are those who actively pursue them. This may mean employees should be clear when taking a job that they are interested in available avenues to improve skills and knowledge.

- **Let the company know about your goals.** During the hiring process, employees should let human resources staff know if they didn’t complete their degrees but were close to doing so and would be interested in any support available for finishing them. Employees should also let their managers know that they would be interested in available opportunities to gain additional skills and training.
- **Look for credit-earning training opportunities.** If their employer offers training opportunities with local college programs, employees should ask if college credit is available to ensure that their time spent in training can be applied to credentials or degrees in the future.



## RECOMMENDATIONS FOR POLICYMAKERS/CITY LEADERS

As seen in Memphis and Detroit, city leaders both in government and in the nonprofit sector can play a significant role in ensuring that educational attainment is part of broader community improvement strategies.

- **Provide political will.** Leadership from mayors or city councils can provide political will and attract resources to support workforce development efforts that may lead to additional degree attainment opportunities for residents.
- **Chambers of commerce, other business membership organizations, and community foundations can serve as conveners and connectors among training providers, higher education and local employers.** Organizations that bridge conversations between higher education and business can also help educate employers about the value of credentials other than a two- or four-year degree, such as certificates, which are less widely understood and valued than degrees but are still important to business productivity and employee skills and development. Such organizations can also facilitate a collective voice in advocating at the state or federal level and in influencing higher education practices and policies. Chambers of commerce and other intermediary organizations may also be able to educate and influence company leaders about the possible return on investment of educational investment policies.

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**“Neither the business community nor higher education has the wherewithal to alleviate this problem on its own. However, business and higher education working in tandem, along with adequate support from both private foundations and federal and state governments, can meet and master this challenge.”<sup>26</sup>**

— William Kirwan, Chancellor, University System of Maryland

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- **Business and intermediary organizations can help provide examples of model partnerships between higher education and employers, and innovative ways companies have of supporting their employee education and skill development.** Companies that hire primarily employees with four-year degrees or higher may need deeper engagement to recognize the benefit in investing in the less-educated employees who make up a smaller percentage of their workforce.
- **Look for state and other external funding opportunities to support employers in efforts to offer education and training.** Intermediary organizations can also help connect employers with external funding opportunities to support employer efforts in ways that make it more tenable for the bottom line.

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## Conclusion

The research is clear that, as a nation, we are ill equipped to meet workforce demands, and attempts to date to improve educational attainment to meet those demands have not been successful. Dramatically increasing the number of Americans with degrees or credentials to qualify them for jobs that will allow them to raise families and have a decent standard of living will benefit employees, employers and society as a whole. However, doing so will require deliberate action and commitment on the part of business leaders, higher education institutions and policymakers.

This report has highlighted some of the challenges that reduce the numbers of employees who are offered and take advantage of postsecondary education opportunities. Specifically, employers voiced concerns about: return on investment with respect to profitability and employee attendance and completion; money in terms of a reduction in employers' development funds and employees' ability to contribute to costs; alignment between knowledge and skills needed by the employer and what is offered by higher education institutions; and communication in terms of marketing postsecondary opportunities and supports. Each of these concerns represents significant obstacles to meeting Lumina Foundation's goal of 60 percent employee postsecondary attainment by 2025. However, these concerns are particularly challenging at a time when employees no longer enter the workforce and work for only one or two companies before retiring. Today's workforce is more dynamic and transient, leaving employers facing a double bind of a gap in employee skills and the knowledge that funding they invest in employee training and education may likely walk out the door within a few years of investment.

Despite significant challenges, however, many employers have developed programs to support the educational attainment of their employees.

To some degree, they can't afford not to. Tuition reimbursement programs, for example, attract prospective employees in a competitive market—even if employees do not opt to use this benefit. Also, customized training programs better prepare employees to do their jobs and continue to grow into expanded roles within the company. Whether developed internally or in partnership with institutes of higher education, employers have created new ways to train employees to both do their jobs and earn degrees or certificates to further the goals of the individual and the company.

Perhaps more importantly, findings in this report suggest that city or metropolitan strategies are critically important for mobilizing employers to support their employees' educational attainment. In the words of Jamie Merisotis, president and CEO of Lumina Foundation:

Just as we focus on people, we must also focus on places if we want our college attainment efforts to succeed. Clearly, if place matters in any effort to effect social change, the city or metro area may be the place that matters most. While many factors contribute to the quality of life in a city, its education attainment level is a powerful determinant. More-educated cities tend to be healthier, greener, and more economically vibrant. An educated city demands better schools, values diversity, and embraces the arts. We know that cities can be especially fertile ground for growing the kind of vibrant, cross-sector collaborations that lead to large-scale improvement in college attainment. These efforts work best when they involve all of the relevant stakeholders: that is, political, business, education, philanthropic, faith-based, and community leaders.<sup>B</sup>

<sup>B</sup>Memphis Mayors Meeting, April 19, 2012

Jamie Merisotis' assertions were echoed in the metropolitan area research, where regional investments in the educational development of employees that share strong leadership, strong partnerships and robust financial resources are beginning to succeed. The cost of increasing the postsecondary attainment of the workforce is high. However, the costs of not investing in more American workers to earn meaningful credentials that prepare them for family-sustaining work are even higher—for individuals, companies, and the economy.

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## *Selected Readings and Resources*

The following readings and organizations are just a sample of the resources available for employers, support organizations, and policymakers concerned with increasing educational attainment.

### *Achieve: Business Center for a College- and Career-Ready America*

Achieve has created a set of user-friendly resources to help businesses think more strategically about how best to support college- and career-readiness for all students.

<http://www.businessandeducation.org/>

### *The Aspen Institute Skills for America's Future*

This initiative “is working to strengthen and increase partnerships between employers and community colleges to provide workers with the training they need for today’s labor market.”

<http://www.aspeninstitute.org/policy-work/economic-opportunities/skills-for-americas-future>

### *Brookings Metropolitan Policy Program*

With a focus on metropolitan areas, this Brookings Institution center supports metropolitan leaders with resources to promote “innovative solutions to help communities grow in more productive, inclusive, and sustainable ways.”

<http://www.brookings.edu/about/programs/metro>

### *Business-Higher Education Forum*

The Business-Higher Education Forum offers a number of resources on key workforce initiatives, STEM talent pipelines, and strong partnerships between business and higher education.

<http://www.bhef.com/publications>

### *The Business Roundtable*

The Business Roundtable has a variety of resources to inform federal policies on education and the workforce, including analysis of the country’s skills gap and actions business leaders and policymakers can take to ensure a skilled, prepared workforce.

<http://businessroundtable.org/resources/reports/education-workforce>

### *“Career and Technical Education: Five Ways that Pay Along the Way to the B.A.”*

This report from the Georgetown Center on Education and the Workforce examines five career and technical education pathways to jobs where individuals without a bachelor’s degree or higher can earn a middle class wage.

<https://cew.georgetown.edu/ctefiveways> and other center resources can be found here: <https://cew.georgetown.edu/publications/reports>

### *Change the Equation*

This organization of business leaders works to promote STEM-related educational policies and programs. Resources include a business leader’s guide for state-level action on STEM policies, reports from business on the STEM skills gap, and STEM-related data and analysis.

<http://changetheequation.org/vital-signs-briefs>

### *CLASP*

CLASP’s Center for Postsecondary and Economic Success advocates for approaches and policies that support more effective programs and practices, and for adequately investing in education and training systems that work for low-income adults and disadvantaged youth.

<http://www.clasp.org/issues/postsecondary#sthash.XsQTMXIb.dpuf>

### *Complete College America*

Complete College America is a national nonprofit working with states to significantly increase the number of Americans with credentials such as career certificates and college degrees, and to close attainment gaps for traditionally underrepresented populations.

<http://completecollege.org/resources/>

### *The Conference Board*

The Conference Board offers research and analysis and other resources to member companies on key business issues such as predicted labor shortages and closing the talent gap.  
<https://www.conference-board.org/>

### *The Council for Adult and Experiential Learning (CAEL)*

CAEL has created a set of resources to support employers in better understanding how adults “make career choices, learn, and attain credentials,” creating systems for supporting and developing employees, and partnering with higher education and workforce support organizations.  
<http://www.cael.org/research-and-publications/employers>

### *“Direct Contracting: A New Approach to Education Benefits”*

This article from the Society of Human Resource Management (SHRM) looks at ways to design educational partnerships to meet employer needs. SHRM also offers additional resources around employee benefits and support.  
<http://www.shrm.org/hrdisciplines/benefits/articles/pages/tuition-direct-contracting.aspx#>

### *Lumina Foundation*

Lumina’s Goal 2025 reflects the Foundation’s commitment to increasing the number of Americans with high-quality degrees, certificates, and other credentials. Their website features vital statistics and background information about why this issue is so important, and what Lumina and others are doing about it.  
[http://www.luminafoundation.org/goal\\_2025](http://www.luminafoundation.org/goal_2025)

### *The National Economic Council*

The White House’s National Economic Council has produced a number of reports since 2009 on jobs and economic growth.  
<http://www.whitehouse.gov/administration/eop/nec/reports>

### *The Partnership for 21st Century Skills*

The Partnership has compiled a number of resources about what employers say about the critical skills they need employees to have, and what knowledge and skills they are currently seeing in new entrants to the workforce.  
<http://www.p21.org/our-work/resources/for-community>

### *“Policies to Promote Adult Education and Postsecondary Alignment”*

This report focuses on policy recommendations to help lower-skilled adults earn postsecondary credentials and examines challenges that keep many adults from degree and credential completion.  
<http://www.nationalcommissiononadulthoodliteracy.org/content/strawnbriefrev101807.pdf>

### *“Some College, No Degree: A National View of Students with Some College Enrollment, but No Completion.”*

This report from the National Student Clearinghouse Research Center seeks to understand why, in the last twenty years, more than 31 million students (most of whom are now in the workplace) have started college but left without earning any degree or certificate.  
<http://nscresearchcenter.org/signaturereport7/>



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## Endnotes

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