

Corporations Go to College

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Are colleges and universities getting savvier about pitching their programs to the private sector, or are corporations increasingly turning to higher education to train their employees? The answer, according to workforce researchers, corporate education providers and companies themselves, is somewhere in the middle.

In the last year alone, companies such as Anthem, Fiat Chrysler Automobiles, McDonald's and Starbucks have announced that they will pay to send their employees to college -- or back to college. At the same time, many institutions have entered or are in the process of entering the adult learner market, offering programs catering to working adults or signing agreements with corporations to offer tuition discounts to their employees.

It's a partnership that makes sense: companies need to train employees, and colleges need to increase enrollments. But when corporations outsource their training programs, they tend to spend their money outside higher education.

Institutions active in the corporate education market are quick to point to what others are missing out on: a share of \$772 billion. That's how much the Georgetown University Center on Education and the Workforce [estimates](#) the U.S. spends on postsecondary education and training a year. Yet less than one-third of that sum, or about \$248 billion, is going to four-year colleges and universities. Two-year colleges take a much smaller slice -- about \$40 billion. The rest goes to apprenticeships and industry-based certifications, among other programs.

"Colleges, universities -- they've almost ceded that ground and said, 'We're not paying attention,'" said Jayson Boyers, vice president of continuing professional studies at Champlain College, a [newcomer](#) to the corporate education market. "In the meantime, they run the risk of not having those relationships, those engagements to keep their curriculum current."

Strayer University has tuition discount agreements with about 300 companies, but last month, the university [announced](#) a more customized deal: an exclusive agreement with Fiat Chrysler, which will provide free tuition for its dealership workers.

Strayer is not alone in tailoring its offerings to suit corporate clients. Starbucks also has a tuition discount agreement with Strayer, but [partnered](#) with Arizona State University last summer in an effort to help its employees finish their degrees. McDonald's, meanwhile, is [working](#) primarily

with community colleges to give crew members and managers access to courses in business and hospitality management, among other fields.

Other companies are picking more nontraditional partners. This week, health care provider Anthem [chose](#) College for America, a subsidiary of Southern New Hampshire University. College for America specializes in competency-based education, meaning Anthem's employees will be able to work toward mastering the competencies of the degrees they pursue at their own pace.

Fiat Chrysler's benefits are the most generous. The automaker will pay up front for its dealership workers to take however many Strayer courses they like, toward whatever degree they like -- the only requirement being that they have been employed for 30 days. In comparison, Starbucks employees get reimbursed after each semester, while McDonald's crew members and managers are eligible for \$700 and \$1,050, respectively, in tuition assistance a year.

Karl McDonnell, CEO of Strayer, said he expects companies will continue to be interested in both tuition discount agreements and partnerships to create customized curricula. To succeed in the corporate market, he said, colleges need to be flexible and willing to make long-term investments.

"What the companies say is -- and I'm going to be guilty of some overgeneralization here -- for the most part, a lot of these [colleges] are way too slow and way too wed to their point of view," McDonnell said. "These companies want customized or specialized content, they want it fast and they don't want to pay a fortune for it."

A 'Changing Tide' in the Market

For companies, the growth in tuition assistance programs is fueled by an increase in both confidence and competition.

"We're at a point in time in history where, on the one hand, you've got some funky macroeconomic trends, slow GDP growth and all sorts of underemployment by college grads," McDonnell said. "On the other hand, you've got all this massive industry disruption and innovation, and this is colliding in this new normal that companies are having to cope with."

Higher education, McDonnell added, can help the private sector as it navigates this period of uncertainty. "The only way the U.S. can maintain its economic leadership role in the world is for companies and universities to partner together and build the workforce of the 21st century," he said.

After emerging from the recession, some employers are now more willing to raise employees' wages or expand their benefits after years of cutting back. More generous benefit packages are

also a sign that companies are taking seriously the threat of having their employees poached by competitors. Tying continuing education to continued employment can therefore serve as an effective method of retaining workers.

It is, of course, also a public relations move. On average, only about 5 percent of employees take advantage of tuition assistance benefits, McDonnell pointed out. Still, if 5 percent of Fiat Chrysler's dealership workers decide to enroll at Strayer, the university will gain almost 6,000 new students, he said.

Whatever the reason why more companies are offering tuition assistance, the development is a positive one, said Nicole Smith, a research professor and senior economist at the Georgetown center.

"What we might be observing is a changing tide from an employers' market to an employees' market," Smith said. "There's finally a recognition of employees as human capital worthy of investment."

Compared to 30 years ago, colleges and universities are taking a greater share of the money that goes toward employee training, Smith said. But higher education is now training a larger and more diverse population -- including workers who require remedial education or for whom English is not their first language -- so the comparison is not perfect. Neither is a shorter-term comparison, due to the recent recession and the budget cuts that followed.

Generally speaking, Smith said, companies spend less on training each individual worker than they did two decades ago. At the same time, companies have shifted many of the job training responsibilities to community colleges.

While she said community colleges have "led the way" in corporate education, Smith said all sectors of higher education should recognize that they have a "market-based mandate" instead of worrying about students only while they are enrolled. "For far too long, universities have been able to get away with that," she said.

Companies, too, can do their part to make it easier for higher education to serve the private sector, McDonnell said. If corporations in the same market could form consortia and agree on the top competencies they want their employees to know, he said, colleges could add those competencies on top of their existing curricula.

"Chrysler shouldn't have to teach you how to express yourself thoughtfully or creatively," McDonnell said. "Their appetite is to try to crack the code on tough change management problems.... Higher education could be a huge enabler of that."