

# Talent Investments Pay Off

**Executive Briefing | Advocate Health Care Realizes Returns for Investments in Education Assistance**



**Lumina**<sup>™</sup>  
FOUNDATION

## Idea in Brief

Situation	Result
<p>From 2011 to 2015, Advocate Health Care (Advocate) provided employees \$28.9M in tuition assistance through its Education Assistance Program (EAP). Despite investing millions of dollars in employee tuition assistance, Advocate did not have a clear understanding of the impact of that investment.</p>	<p>From 2011 to 2015, EAP produced an overall 4.3% ROI (\$1.3M in net savings), as a result of avoided costs. Qualitative interviews indicate that the ROI may be higher when including productivity gains.</p>

## Why Measure ROI on Education Assistance Investments?

In some ways, Karen Slawik is an ordinary college graduate – proud of her achievement and eager to pursue all the new opportunities that her degree will bring. Unlike many of her classmates, however, Karen is a first-generation college student who went back to school for her bachelor’s degree after having worked for over a decade.

Karen started working as a secretary after completing high school. Over the following decade, she moved around to a number of companies in a variety of administrative positions. An enthusiastic learner, Karen sporadically took college courses over the years, but never had the financial ability to complete a degree. However, when Karen started working as an Administrative Assistant at Advocate Health Care (Advocate) in 2004, she came across Advocate’s Education Assistance Program (EAP), which allows employees to pursue postsecondary degrees at a lower personal cost. Karen recognized that this was her opportunity to attain a “college degree to do all that [she] imagined [she] would do” and enrolled in a bachelor’s program at Lewis University, completing her degree in just four years while continuing to work at Advocate.

*“Investments in a better educated workforce not only make fiscal sense but improve our health care ministry’s ability to provide the highest quality care in the communities we serve.”*

*- Daylashunta Randolph, VP Learning Institutes, Advocate Health Care*

Meanwhile, at Advocate Christ Medical Center in Oak Lawn, IL, a hospital within the Advocate system, Cathy Brilando is reimagining the way nurses educate their patients through an educational tool she created on dialysis access. Given her accomplishment, it may be surprising that Cathy, like Karen, only recently completed her Bachelor of Science in Nursing.

Cathy started her career as a court reporter, but realized her passion for healthcare after donating part of her liver to her mother. Knowing she needed new skills, Cathy enrolled in Certified Nursing Assistant courses, enabling her to join Advocate Christ Medical Center as a Nursing Assistant in 2011. Once Cathy became a CNA, her career path opened up—she enrolled in a bachelor’s program to become an RN through EAP.

Karen and Cathy’s experiences represent a larger, nationwide trend. Faced with the financial burden of attaining further education, many American workers may find themselves struggling to gain the

credentials necessary to succeed in today's talent market. The result is a widening skills mismatch between employers' critical, in-demand skills and the availability of those skills in workers.<sup>i</sup>

Through EAP, Karen did not just attain a bachelor's degree, but also a new position within Advocate. Karen cites her former manager, and Advocate's chief human resources officer, Kevin Brady, as being instrumental to the development she received from EAP by providing her a post-graduation opportunity to move into a new, higher-paying position on the HR team. Karen believes "Kevin embodies Advocate's development mindset – Advocate is not just about growing *employees*, it is about growing *people*."

Cathy, meanwhile, is thriving as a newly minted RN and is highly appreciative of Advocate and the opportunity EAP provided, stating that "without Advocate, I never could have gone down this path." Cathy initially saw the degree as meeting a requirement, but she and her manager, Caryn Smith, agree that the education has given Cathy the confidence and skills to more effectively advise physicians on care, treat patients, and take on leadership roles requiring a broader understanding of Advocate's business model.

*"Without the additional education, Cathy would not have had the confidence or skills to be in her current position. Having the degree catapulted her career in ways she doesn't even realize."*

*- Caryn Smith, Manager of Clinical Operations and Cathy's Manager, Advocate Health Care*

The value Karen and Cathy have attained from EAP is clear: it has not only benefitted their careers, but will also benefit Advocate's patients and organizational mission as well. While research has consistently showcased how postsecondary education benefits the individual through higher employment levels, greater lifetime earnings, and better outcomes for the children of more highly educated adults, relatively few studies focus on the impact to employers who invest in employee education, even though these investments are significant.<sup>ii</sup> U.S. employers spend approximately \$177B on formal training and talent development annually, and approximately 10% of this spend is on tuition assistance programs, such as Advocate's EAP.<sup>iii</sup>

According to a 2010 ROI Institute survey of 96 Fortune 500 CEOs, 92 respondents stated they were interested in understanding the investments in and impact of their company's learning and development initiatives, yet only approximately 2.5% of organizations have evaluated the ROI of these programs. In response, Lumina Foundation commissioned global consulting services provider, Accenture, to facilitate a series of ROI studies to uncover the value of talent investments, specifically tuition assistance programs. Advocate volunteered its EAP for evaluation.

*"We now know that talent investments are not only the right thing for employers to do to help employees secure a promising future, but they also bolster business' bottom line and grow our country's talent pipeline."*

*- Jamie Merisotis, Lumina Foundation CEO*

## Study Subject: Advocate Health Care's Education Assistance Program

Advocate is the largest health system in Illinois, with over 450 sites of care including 12 acute-care hospitals. Advocate has approximately 35,000 employees, including 11,000 nurses (RNs) who focus on providing patient care. The remaining employees include physicians, who were out of scope for the ROI study, and business/administrative employees, who perform a wide variety of roles such as technicians, business associates, and support services.

From 2011 to 2015, Advocate’s EAP supported a total of 3,851 RNs and 5,422 business/administrative participants, resulting in a 5-year utilization rate of 17% (25% utilization rate for RNs, 14% utilization rate for business/administrative employees); these utilization rates are significantly higher than the national average of 5.2%.<sup>iv</sup> During that time, RN participants averaged \$3.3M in tuition assistance annually, equating to \$2,020 average spend per participant annually. Business/administrative participants averaged \$2.4M in tuition assistance annually, equating to \$1,186 average spend per participant annually.

## Study Process

Accenture developed a robust ROI evaluation methodology to calculate the business value of employers’ education assistance investments. The framework compares total investment costs to potential revenue and cost factors that could create business benefit (or loss) as a result of an employee’s participation in an education program. The ROI study followed the following four-step process:<sup>v</sup>

Study Process	Advocate’s Experience
<b>1: Select Benefit Measures</b>	
<ul style="list-style-type: none"> <li>• Select revenue and cost measures that may be affected by an employee’s participation in the education program, dependent on data availability</li> <li>• Identify all of the investment costs associated with offering and administering the program</li> </ul>	<ul style="list-style-type: none"> <li>• Selected the measures of promotions, lateral transfers, retention, and absenteeism</li> <li>• Decided to test the hypotheses that EAP participation would result in higher rates of promotion<sup>vi</sup>, lateral transfers, and retention but lower rates of absenteeism, which would result in lower talent management costs</li> </ul>
<b>2: Collect and Prepare Data</b>	
<ul style="list-style-type: none"> <li>• Extract, consolidate, and cleanse HR and business data to evaluate selected measures</li> <li>• Aggregate all investment costs related to the education program</li> <li>• Segment employees into two groups – those who used EAP benefits and those who did not</li> </ul>	<ul style="list-style-type: none"> <li>• Collected over 56,000 employee records of EAP participants and non-participants from 2011 to 2015</li> <li>• Identified investment costs of \$29.7M from 2011 to 2015 in tuition and administrative personnel costs</li> </ul>
<b>3: Complete Data Analysis and Calculations</b>	
<ul style="list-style-type: none"> <li>• Observe differences in behavior across groups for the selected factors</li> <li>• Apply statistical analyses to isolate out the effects of influential variables, aside from program participation, impacting the results</li> <li>• Quantify the final impact of the education program based on factor-level results</li> </ul>	<ul style="list-style-type: none"> <li>• Found that employees who use EAP achieve more promotions (+4.0%) and lateral transfers (+0.5%), stay longer (+1.5-3.0%), and take more unplanned absence days (+0.5-1.0) than non-participating employees</li> <li>• Calculated a total benefit of \$31M across all four factors assessed</li> </ul>
<b>4: Finalize Results &amp; Assess ROI Maturity</b>	
<ul style="list-style-type: none"> <li>• Complete ROI and net savings calculations</li> <li>• Summarize findings from employee interviews</li> <li>• Assess maturity of the organization’s ROI capabilities and processes and identify opportunities to improve program results</li> </ul>	<ul style="list-style-type: none"> <li>• Found an overall ROI of 4.3%</li> <li>• Calculated a net savings of \$1.3M from 2011 to 2015 (comprises the total benefit minus the total investment cost)</li> <li>• For RNs, found a negative ROI of 33.5% and net loss of \$5.6M; for business/ administrative employees, found a positive ROI of 58.2% and net savings of \$7.4M</li> </ul>

- Found employees hold positive views of EAP and believe it improves career opportunities

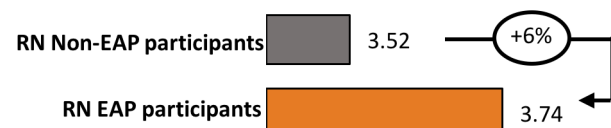
## Business Value of EAP

The ROI study demonstrated EAP as a worthwhile business investment. From 2011 to 2015, EAP produced an overall ROI of 4.3% and a net savings of \$1.3M; it was also correlated with higher levels of employee engagement.<sup>vii</sup> Employees had positive views of EAP and believed it would help them improve their skills and career opportunities, which was validated by increased rates of promotions, internal transfers, and retention.

For the business/administrative population, the ROI of EAP was positive and substantial: EAP produced an ROI of 58.2%, due to participants being retained, promoted, and transferred more than non-participant peers, helping Advocate avoid \$7.4M in talent management costs.

For RNs, the ROI of EAP was -33.5%, though this ROI is likely understated due to the unique characteristics of the nursing occupation and career. First, two of the benefits measured in this study (promotions and transfers) did not have the same impact for RNs as for the business/administrative population: RN promotions do not result in talent management cost savings because if a more senior, experienced nurse leaves Advocate, that position would likely be backfilled by a less experienced nurse, so therefore there are no cost savings from promoting nurses internally, and internal transfers to new positions are rare for RNs, as nursing is generally a lifelong profession. Second, interviews with RNs and their managers and a performance rating analysis revealed that RN EAP participants, like Cathy Brilando, increased their skills, improved patient care outcomes, and had higher performance ratings than their RN non-EAP peers. However, due to data constraints, these benefits could not be incorporated into the ROI study results.

*An analysis of RN performance ratings revealed that RN EAP participants have, on average, a 6% higher performance rating than RNs who have never used EAP.*



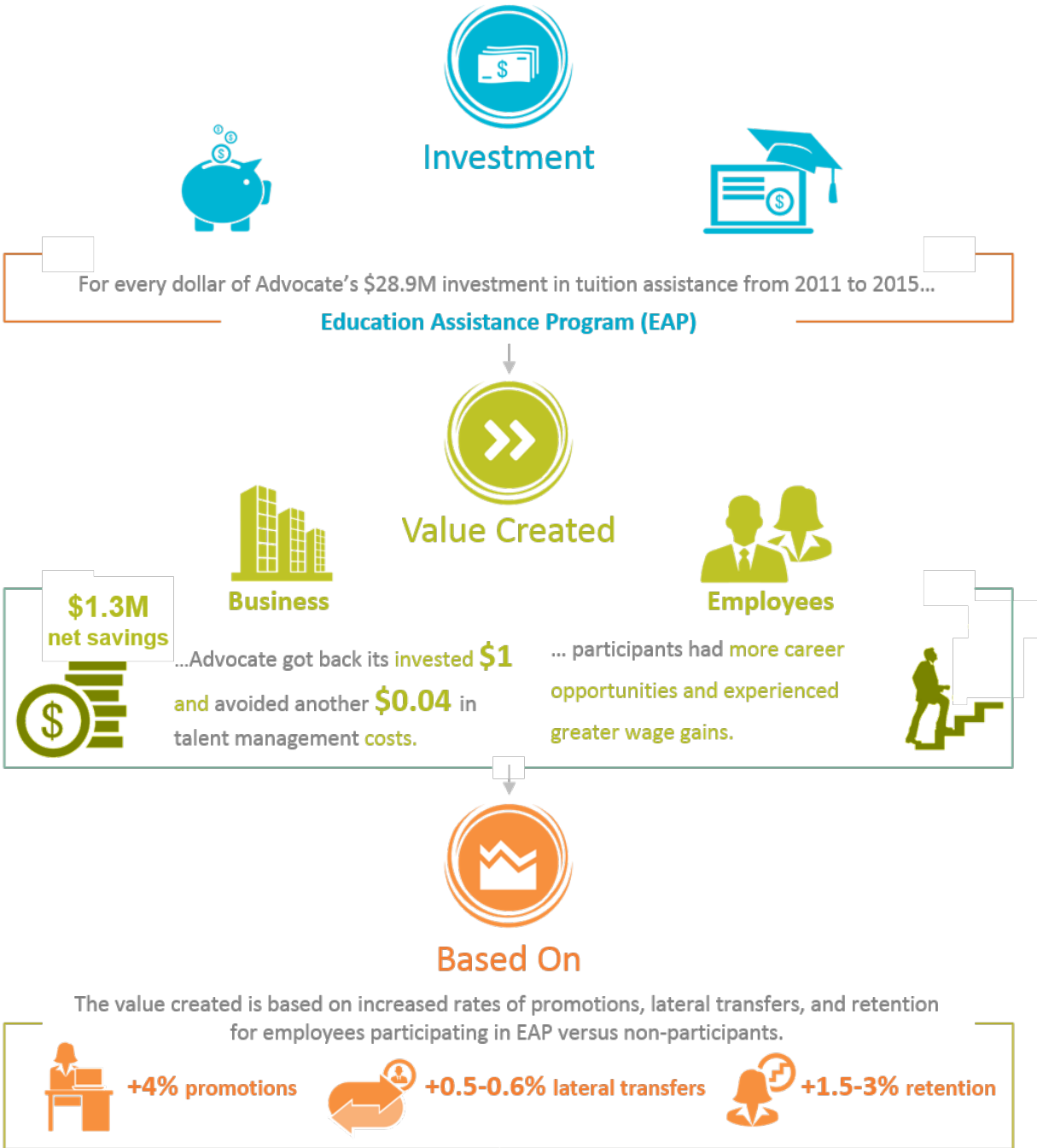
## Employee Value of EAP

The study also revealed the value of EAP to Advocate’s employees. In interviews, employees revealed their hope that EAP participation would lead to higher salaries. That hope was validated: from 2011 to 2015, EAP participants consistently experienced higher wage gains than non-participants. RNs in EAP gained an additional \$1,830 in wages, representing a 46% increase in wages over non-participants. business/administrative employees in EAP also experienced higher wage gains than non-participants; the amount of the wage gain differed by business/administrative population: Frontline business/administrative workers gained \$160, equating to a 17% increase in wages over non-participants; Professionals gained \$2,873, equating to a 56% increase in wages over non-participants; and Management gained \$3,042, equating to a 39% increase in wages over non-participants.<sup>viii</sup>

Additionally, for Karen, the benefits provided through her EAP-funded courses transcend her work and translate to her personal life as well. “I learned about how businesses are always thinking strategically. That was such a lightbulb moment for me – shouldn’t we be doing the same strategic planning in our lives

as well?" Karen is applying lessons learned in her courses to her new position and to her life and she's not done yet – she started her MBA this fall.

For Cathy, the benefits of attaining a degree through EAP are invaluable. Cathy now confidently partners with doctors on patient treatments, brings innovative patient care ideas to her department, and is poised to take on increasing levels of responsibility at Advocate in the future.



Note: Ranges indicate the unique results observed for the RN and Business populations

## EAP Recommendations

For Advocate to enhance EAP, improve its ROI, and further bolster the benefits of the program to employees, the following enhancements and initiatives are recommended:

- More closely align EAP spending with Advocate’s talent needs (i.e. hard to fill positions)
- Create strategic talent pipelines by forecasting skills needed in the future and focusing employees on degree programs in those areas of need
- Provide additional education/career support and advising for current and potential EAP participants to help them select a program that fits both their individual and Advocate’s organizational needs
- Reevaluate school partnerships to help employees connect with educational institutions that will provide them a high-level of value at a lower cost by negotiating tuition discounts and enabling employees to gain credits for on-the-job work experience

*The ROI study helped Advocate uncover educational partners that do not result in optimal post-degree outcomes and have high tuition costs. Advocate is reassessing its school partnerships to help employees achieve the best value on their educational investment.*

## Improving Business Value of Tuition Assistance

Based on study findings and conversations with HR leaders from top organizations, employers can take the following actions to maximize and continuously improve the value of tuition assistance programs:

1. **Capture Data Now:** Identify benefit factors important to the business and start tracking supporting information now. As a first step, consider systematically tracking the degree and credential fields of study pursued by employees and their degree attainment results.
2. **Measure ROI:** Start measuring the ROI of the tuition assistance program to understand what benefits the organization receives from its investments.
3. **Align Program with Strategy:** Align tuition assistance investments with high-priority talent needs to help fill gaps and create strategic talent pipelines within the organization.
4. **Promote Programs:** Encourage participation and provide information about which degrees and credentials are in high demand in the organization so employees can pursue valued credentials.
5. **Provide Programmatic Support:** Consider providing education attainment counseling services to support employees in pursuing and gaining additional skills and degrees that will benefit both themselves and the organization.

## Conclusion

Karen and Cathy are two of the many students who attained a postsecondary degree due to business-sponsored education assistance. While Advocate’s EAP was designed to provide its employees access to education opportunities, the program’s impact reached far beyond. Advocate is benefiting both from EAP-related talent management cost savings and from its employees’ enhanced knowledge and skills.

The Advocate EAP ROI study highlights the strength of tuition assistance programs. Shifting tuition assistance benefits to being part of an effective talent development strategy will help organizations build and maintain highly effective and skilled workforces, resulting in strengthened U.S. corporations, communities, and citizens.



## About the Organizations

### About Advocate Health Care

Advocate Health Care is the largest health system in Illinois and one of the largest health care providers in the Midwest. A national leader in population health management, Advocate is one of the largest Accountable Care Organizations in the country. Advocate operates more than 450 sites of care and 12 hospitals, including two of the nation's 100 Top Hospitals, the state's largest integrated children's network, five Level I trauma centers (the state's highest designation in trauma care), three Level II trauma centers, one of the area's largest home health and hospice companies and one of the region's largest medical groups. Advocate Health Care trains more primary care physicians and residents at its four teaching hospitals than any other health system in the state. As a not-for-profit, mission-based health system affiliated with the Evangelical Lutheran Church in America and the United Church of Christ, Advocate contributed \$686 million in charitable care and services to communities across Chicagoland and Central Illinois in 2015. To learn more, visit [www.advocatehealth.com](http://www.advocatehealth.com).

### About Lumina Foundation

Lumina Foundation is an independent, private foundation committed to increasing the proportion of Americans with high-quality degrees, certificates and other credentials to 60 percent by 2025. Lumina's outcomes-based approach focuses on helping to design and build an equitable, accessible, equitable, responsive and accountable higher education system while fostering a national sense of urgency for action to achieve Goal 2025. To learn more, visit [www.luminafoundation.org](http://www.luminafoundation.org).

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Accenture is a leading global professional services company, providing a broad range of services and solutions in strategy, consulting, digital, technology and operations. Combining unmatched experience and specialized skills across more than 40 industries and all business functions – underpinned by the world's largest delivery network – Accenture works at the intersection of business and technology to help clients improve their performance and create sustainable value for their stakeholders. With more than 375,000 people serving clients in more than 120 countries, Accenture drives innovation to improve the way the world works and lives. Visit us at [www.accenture.com](http://www.accenture.com).

## References

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<sup>i</sup> Bessen, James. "Employers Aren't Just Whining – the 'Skills Gap' Is Real." *Harvard Business Review* (2014). Web. 2016.

<sup>ii</sup> Baum, Sandy, Jennifer Ma, and Kathleen Payea. "Education pays 2013." The College Board (2013). Web. 2016.

<sup>iii</sup> Miller, Laurie. "2014 State of the Industry Report: Spending on Employee Training Remains a Priority." *Association for Talent Development* (2014). Web. 2016.

<sup>iv</sup> "EdAssist's Annual Review of Employer Tuition Assistance Programs: Data and Trend Analysis." (2012). Web. 2016.

<sup>v</sup> For the full evaluation framework, methodology, and calculations, please reference: "Talent Investments Pay Off, White Paper | Cigna Realizes Return on Investment from Tuition Benefits." Lumina Foundation (2016).

<sup>vi</sup> Promotions were not assessed for the RN population, as there were no cost savings benefits associated with promoting an RN

<sup>vii</sup> Employee engagement was determined based on overall employee engagement scores for participants and non-participants in 2014 and 2015; the aggregate, per-employee scores were calculated from a 50+ question engagement survey

<sup>viii</sup> Frontline Workers include Technicians, Clerks, Secretaries, Operatives/Semi Skilled, Laborers/Unskilled & Service Workers; Professionals include Supervisors, Professionals without Patient Contact, Sales & Craft workers/Skilled; Management includes Administration, Directors/Managers & Professionals With Patient Contact