

Brain power:

The evolution of education-based benefits

Changes in the workplace over the past year will come to define a generation — including renewed focus on educational benefits. Take a look at how far we've come in nurturing the minds of employees and their families (not just their bodies), igniting a workplace revolution that shows no signs of slowing.

1944

The GI Bill starts a trend

Formally known as the Serviceman's Readjustment Act of 1944, [the GI Bill](#) offered honorably discharged WWII veterans previously unheard of **benefits including tuition assistance for educational pursuits**. Since 1944, the GI Bill has been updated several times, shaping the workforce for decades to come.

Section 127 added to the tax code

Initially a 5-year provision when it was introduced in 1978, [Section 127](#) has allowed employers to provide up to \$5,250 per year, per employee in **tax-exempt tuition benefits**. In 2013, the provision was made permanent and has expanded to include various types of educational assistance.

1978

1983

Innovations in onsite childcare

Starting in the 1970s, a recognition that employees needed better quality, affordable childcare led innovative companies like Patagonia to create onsite childcare options. In 1983, [Patagonia launched its program](#) which focuses on the importance of "play" for children. Today, the program has over 150 children, a climbing gym, garden, playground, and offers summer surfing camp. Patagonia's CEO attributes higher engagement, retention, more women in management, and better employee trust to the program.

1998

Education and training benefits begin to scale

After cost-cutting initiatives of the 1980s and early 1990s led to a reduction in tuition reimbursement plans, educational benefits made their way back into the spotlight in the late '90s as companies vied for talent. [The WSJ reported](#) that among Fortune magazine's 1998 list of the top companies to work for in the US, the 100 best offered employees an average of 43 hours of training per year. In addition, that year's No. 4 company, gasket manufacturer FEL-PRO, [also reported offering educational benefits for employees' children](#), including an on-site summer camp and \$3,500 college scholarships.

2012

Studying the impact

As educational benefits became more commonplace across corporations, [studies tracked their success](#). For example, when the Lumina Foundation looked at the tuition-reimbursement program for Cigna, which provides employees reimbursement for undergraduate, graduate, and industry certifications, they found that for the 2,200 Cigna employees received tuition reimbursement between 2012 and 2014, Cigna's return on investment was 129%. The program **improved earnings for employees while being a great retention tool, lowering turnover and increasing internal promotions**.

2014

Rise of online learning unlocks new opportunities

Online classes gained traction and employers took note. In 2014, Starbucks began a [first-of-its-kind partnership with Arizona State University](#), offering US employees working an average of 20 hours per week the opportunity to choose from more than 40 undergraduate degree programs, with no commitment to remain at the company past graduation. Five years in, over 3,000 Starbucks employees received undergraduate degrees through the program.

2019

Focus on employee upskilling programs

Even pre-pandemic, employers started recognizing that education and upskilling benefits are key to winning the talent war. In 2019, Walmart announced its \$1 A Day program, paying for college tuition for its employees for only a dollar a day, and offering high-school students ACT/SAT prep and free college credits. In 2021, Walmart removed the one dollar fee, expanding benefits to pay for 100% of college tuition and books for its 1.5 million part-time and full-time employees.

We are in a period of momentous change in America... We must reimagine the way we teach and use today's new tools to design educational platforms that foster the skills today's employers say they prize most."

—Purdue University President and Markle Initiative member Mitchell E. Daniels, Jr.

What's ahead: The next chapter for education-focused benefits

Impact of COVID-19 & Remote Work

In the tumult of 2020-2021, employers found new opportunities to extend education-based benefits, both as a way to attract and retain employees and provide an equitable environment.



[Target Corporation announced](#) in August that it will offer its more than 340,000 U.S.-based part-time and full-time front line employees the most comprehensive debt-free education assistance program available in the retail industry.



Meanwhile, at the height of the pandemic in July 2020, [Twitter rolled out a free, virtual camp](#) for the children of its employees via [Outschool](#), an innovative education platform that offers more than 150,000 exclusive online classes, from academic subjects like English, social studies, science and foreign languages to fun favorites including video gaming, music, art and dance.

The wellbeing of our Tweeps is ultimately what drives everything at Twitter, and we recognize the added pressure and responsibility parents have taken on at home during this unprecedented time, balancing childcare while performing their day jobs."

—Tracy Hawkins, vice president of real estate and workplace and remote experience at Twitter, quoted in [hrexecutive.com](#)

3 trends shaping the future

1

Impact of COVID-19 and remote work

Employers embraced unprecedented levels of flexibility during the pandemic, with SHRM referring to this trend of employee requests for flexible hours and remote-work arrangements [the "new normal."](#) But this shift in physical location can have a positive impact on educational benefits, too, giving employees and their families more opportunity to participate in learning and enrichment programs like Outschool.

2

Shifting expectations

Studies show that [Millennial and Gen Z employees have different expectations](#) of workplace benefits than the generations that came before them. To attract and retain talent, employers should listen to their needs and desire for their companies to facilitate work-life balance. Opportunities to support professional growth, learning and training are important to this demographic—a win-win in building a workforce that's prepared for whatever the future holds.

3

Renewed, lasting focus on equity

The pandemic brought into focus the vast spectrum of employee needs, [how companies should be supporting groups like working parents](#), and how benefits packages can be tailored to support different life stages. For example, in addition to offering benefits for new parents, [EY was applauded for also offering a college counseling benefit](#), designed to help parents of older children. We predict companies that offer support along the parenting journey will continue to stand out.