



# Creating Equitable Access to Education as a Benefit

## AT A GLANCE

In today's economic landscape, it's crucial for business leaders to understand and address the needs, aspirations, and capabilities of their frontline workers. By doing so, they gain a multitude of benefits that create new career opportunities for their employees and strengthen their organizations' bottom lines.

This Jobs for the Future (JFF) report is one of three in a series titled "Frontline Possibilities" that provides valuable insights and guidance on the why and how of engaging with frontline workers. Together, these reports offer a comprehensive exploration of the numerous advantages that come from unlocking the full potential of the entire workforce.

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## Acknowledgments

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## About JFF

Jobs for the Future (JFF) drives transformation of the U.S. education and workforce systems to achieve equitable economic advancement for all.

[www.jff.org](http://www.jff.org).

## About JFF's Language Choices

JFF is committed to using language that promotes equity and human dignity, rooted in the strengths of the people and communities we serve. We develop our content with the awareness that language can perpetuate privilege but also can educate, empower, and drive positive change to create a more equitable society. We will continually reevaluate our efforts as language usage continues to evolve.

## About Guild

[Guild](#) was founded in 2015 with one simple belief: when opportunity is as evenly distributed as talent, everyone benefits. Individuals rise, companies grow, and our economy thrives.

We saw a country where millions of working adults were stuck in jobs without clear pathways to growth while thousands of employers were struggling to find employees with the skills to fill their open roles.

So, we built a bridge between education and employment: the Guild Career Opportunity Platform™. With it, we help millions of Americans gain the skills and support they need to grow in their careers.

As a public benefit corporation, we align the needs of companies, learning partners, and employees through a business model where we do well by doing good.

# Introduction

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Employers have more work to do in creating equitable workplaces and career advancement opportunities for Black workers, who earn [lower wages](#) and have [higher unemployment rates](#) than members of other demographic groups. The social, moral, and economic implications of this systemic racism are hard to overstate. In just economic terms, researchers estimate that inequities in the labor market have cost the U.S. economy between [\\$16 trillion](#) and [\\$23 trillion](#) over the past 20 years because of reduced economic output, innovation, and purchasing power.

These numbers barely scratch the surface of the human, person-to-person cost of inequality, though they do give a sense of its scale.

Advancing racial economic equity requires widespread effort throughout the work and learning ecosystem. Corporate leaders can play a role by ensuring that their companies set and achieve goals relating to equitable hiring, compensation, and advancement practices. One practice that can contribute to this overall goal is offering equitably-designed education as a benefit programs to workers at all levels of their organizations.

Programs that defray or cover the full cost of employees' education or training help companies attract strong candidates, build in-demand skills in-house, improve employee engagement, and increase staff retention and advancement rates. And they have the most impact—for both the company and the U.S. economy—when they're accessible to everyone, including Black workers.



**Systemic racism has cost the U.S. economy between \$16 trillion and \$23 trillion over the past 20 years**

Unfortunately, because of the way these programs are typically structured, participation in them has historically been limited to full-time salaried white collar workers who already have a bachelor's degree. And most of these workers are white. Due to systemic racism, including occupational segregation, Black workers are more likely than their white counterparts to be in low-wage entry-level or part-time jobs and are often unable to take advantage of education and training benefits.

In the past decade, this inequitable structure has been challenged by programs that address these systemic barriers and there has been measurable improvement in access and opportunity for frontline workers. However, this system must continue to change or we risk maintaining entrenched labor market barriers that limit access to opportunities for economic advancement for frontline workers, and disproportionately Black workers.

At Jobs for the Future (JFF), we believe there's an urgent need to continue reimagining education as a benefit programs with an eye toward eliminating barriers that can prevent Black workers from advancing in quality jobs. Among other things, we're calling for employers to shift their strategies with the specific goal of enabling low-wage and frontline workers, [who are disproportionately](#)

[Black](#), to access and succeed in career and advancement-connected training and credentials. Employers must see these programs as urgent and critical human capital investments, rather than HR perks, and ensure that they have adequate levels of funding, staffing, and other resources.

In this brief, we explore the challenges that have limited the effectiveness of education as a benefit programs and recommend strategies for improving them. This work will pay off by enabling corporations to expand their talent pipelines and retain and advance high-potential workers, including Black workers, at a time when achieving this goal is a challenge for employers everywhere.

# The Opportunity

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Studies show that education as a benefit programs can pay off for both employers and employees. A research [report](#) from FSG and PolicyLink found that employees participating in tuition assistance programs at Cigna and Discover boosted their wages by 43% and 41%, respectively. Moreover, the programs yielded returns on investment of 129% for Cigna and 144% for Discover as a result of savings attributed to higher rates of promotion, internal transfers, and retention and lower rates of absenteeism.

One [report](#) shows that these programs have a particularly strong impact on workers of color and women of all backgrounds: Black workers who participated in education as a benefit programs had a 5% higher retention rate than peers who didn't take part in such programs. For workers who identified as Hispanic, participation was associated with a 10% higher retention rate, and for women the uptick was 12%.

## Companies see higher rates of retention for workers who participate in education programs

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**5%**

higher  
for Black  
workers

**10%**

higher for  
Hispanic  
workers

**12%**

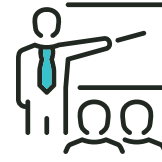
higher  
for women



Given results like those, it's not surprising that many companies offer education as a benefit programs. Estimates of the percentage of U.S. employers that offer tuition assistance to employees [range](#) from [50%](#) to [70%](#). And a report from Georgetown University Center for Education and the Workforce says employers spend nearly [\\$180 billion annually](#) on formal training and talent development.

Unfortunately, most of these programs experience [low uptake](#), and usage rates are [especially low](#) at companies whose workforces include large shares of people in low-wage jobs—the people who have the most to gain from benefits designed to open doors to economic advancement. This disproportionately impacts Black workers, who are concentrated in frontline roles and are less likely to advance to higher levels—they account for about [12% of entry-level workers, but only 7% of the workforce at the first level of management](#).

So despite all of the positive impact that education as a benefit programs can have, neither workers nor employers are getting as much out of them as they could. And in particular these programs aren't fulfilling their potential to help promote racial economic equity by opening up opportunities for Black workers in low-wage frontline jobs. Corporate leaders have an opportunity to help rectify that situation by redesigning and reinvesting in their education and training programs with an eye toward eliminating the occupational segregation that has kept Black workers at the bottom of the job market.



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# Barriers

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A number of factors make it all but impossible for low-wage Black workers to participate in traditional education as a benefit programs. These factors essentially magnify and exacerbate systemic barriers that have long prevented Black people from advancing economically in U.S. society. They include restrictive eligibility requirements and payment structures, a lack of wraparound supports and career advising services, and a lack of clearly defined internal career pathways at many organizations.

Let's take a closer look at each of those challenges.



## Eligibility Requirements and Payment Structures

Restricting education as a benefit programs to full-time salaried employees shuts out the majority of Black workers, because, compared with members of other demographic groups, they are more likely to be in hourly jobs than salaried positions. According to McKinsey, 45% (6.7 million) of Black workers are [concentrated in three industries](#): health care, retail, and accommodation and food service, which have high shares of hourly workers in frontline roles making less than \$30,000 per year.

In addition to the fact that [most spending](#) on education as a benefit programs goes to full-time salaried employees, another key problem is that [nearly 90%](#) of these programs are built on a tuition reimbursement model. Under this model, employers require employees to pay tuition and other costs up front and then reimburse them when they successfully complete their coursework. That makes these benefits largely inaccessible to people in low-wage or part-time jobs, and even some in middle management,

who don't have the cash on hand to pay in advance or are concerned about incurring debt. Moreover, Black workers are less likely than white workers to have financial assets that provide the cushion to pay out of pocket for tuition and fees. Black workers have less income than white workers at every level of education. [Black men earn 87 cents and Black women earn 63 cents](#) for every dollar paid to white men, which contributes to disparities in household wealth and [short-term savings](#).



### **Lack of Child Care and Caregiving Supports**

Lack of access to quality child care and other supports for caregivers is also a huge barrier. According to the [Center for American Progress](#), a Black family of four earning [median income](#) (\$48,297 per year vs. \$77,999 for white families) spends 56% of its income on child care, a larger share of income than any other group. In addition to the financial cost of child care, there's the issue of time. Women disproportionately handle caregiving responsibilities, and Black women in particular face significant challenges: [more than 80% of Black women](#) are their families' breadwinners, and [60% are heads of their households](#), raising their families on their own. Taking care of children and other family members requires major time commitments, which reduces the time available for pursuing

education. Lack of employer-provided support for child care and caregiving reduces opportunities for Black people to participate in education as a benefit programs.



### **Lack of Coaching, Mentoring, and Career Navigation Supports**

Another barrier is a lack of interpersonal supports and career navigation services. Black workers who are first-generation college attendees or who are considering returning to school might not know where to begin. They may not know where to go to find the information that they need to make prudent decisions about their postsecondary options and the types of supports that will make it possible to pursue those options. Or they might not be confident about going back to school and have little access to social and professional networks through which they can build relationships with people who can offer guidance and support as they contemplate their choices. Finally, they might be unclear on how the training and education they will receive can translate to career advancement opportunities.

A key issue here is determining who is responsible for providing these supports within the corporate environment. While human resources (HR) and learning



and development departments often administer education as a benefit programs, managers in the employees' business units are often best suited to provide guidance and mentoring. This siloed setup could leave workers uncertain about where to turn for assistance, which means they might not get information about how to participate or learn how to pursue career opportunities that will open up if they do participate.



### **Lack of Career Pathways**

A lack of internal career pathways within companies is another barrier preventing Black workers from fully leveraging education as a benefit programs. Many companies have transformed into leaner, flatter, and more agile organizations in recent years, and they now have fewer internal roles that entry-level and frontline workers can be promoted to. According to a [McKinsey analysis of large employers](#), for every 20 hourly frontline workers, there is only one salaried frontline position. For entry-level and frontline employees to move up within a company, there must be a [clearly defined set of roles](#) into which they can advance, and employers must be transparent about the specific skills, credentials, or degrees required to qualify for those jobs.

Unfortunately, employers haven't typically done a good job of clearly signaling the types of skills and expertise that are needed for available jobs and promotions and career mobility. Because many corporate employers still default to requiring a four-year degree for many jobs, they position their education as a benefit programs as vehicles for pursuing college-level coursework instead of tying them to the specific skills, credentials, and experiences that employees really need to advance.

Employers must more clearly articulate the skills they're seeking and expand their education as a benefit programs to cover the full range of high-quality courses and training experiences that offer relevant instruction. Restricting programs to college-level coursework can limit advancement opportunities for Black workers who are new to postsecondary education or don't have the money or time to take such rigorous classes.

The lack of clear employer signals about the skills and expertise workers will actually use on the job can obscure the path to advancement for workers, particularly those who have limited experience navigating postsecondary education and training systems. It puts the onus on Black workers to navigate a vast, chaotic, and perpetually shifting skills development landscape to find programs that can put them on the path to advancement.

## *Solutions*

We believe it's possible for corporate leaders to reimagine education as a benefit programs and come up with ways to eliminate the barriers preventing Black workers from participating. This will in turn help disrupt occupational segregation on a wider scale and eliminate the systemic barriers that contribute to Black workers being situated at the bottom of the labor market. Ultimately, a shift in mindset is required for these programs to become the strong DEI, recruitment, and retention initiatives they're intended to be: Instead of thinking of these programs as HR benefits or perks, think of them as essential and urgently needed investments in human capital to accelerate business goals, on par with investments in physical capital like facilities and technology.

This requires situating education as a benefit programs within a broader and more inclusive talent strategy that's better designed than current approaches to meet the needs of Black workers in your organization, throughout the labor market, and within and across industries. And in order to build that broader strategy, corporate leaders must adopt specific solutions to address each of the barriers discussed above. Those steps include overhauling eligibility requirements and payment structures; offering coaching, mentoring, and career navigation services; and developing clearly defined career pathways.



Here are closer looks at what's involved in each of those steps.

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## **Expand Access by Loosening Eligibility Requirements and Covering Costs Up Front**

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The first step toward ensuring that education as a benefit programs are accessible to Black workers is to open them to the entire workforce, including frontline staff, hourly workers, and even part-time employees, because Black workers tend to be disproportionately concentrated in those roles.

But that isn't enough to ensure access for all. To do that, employers should also forgo the reimbursement model and pay employees' tuition and other costs up front. According to an [ALM Benefits Pro op-ed](#), at one employer that offered tuition assistance and didn't require to make any upfront payments, Black employees utilized the option at a rate 38% higher than white employees, and female employees used it at a rate 70% higher than male employees.

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## **Provide Child Care and Other Wraparound Supports**

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Another important step would be to provide supports such as subsidized onsite child care, so that employees who are parents or have other caregiving responsibilities can more easily attend classes, either in-person or online. Other offerings that could expand access and participation include free or subsidized transportation to local educational institutions.

Employers could go even further by allowing employees to pursue career-related courses during their working hours, expanding access for workers who may have competing priorities outside of work. Employers should think of the work hours they allow employees to spend in class or training as part of their larger investments in human capital; any near-term losses in productivity will pay off in the form of higher long-term retention rates and a stronger, more capable workforce.

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### **Introduce or Expand Coaching, Mentoring, and Career Navigation Supports**

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Employers could also expand participation in education as a benefit programs by reaching out to workers who are new to postsecondary education and training and offering them guidance on how these kinds of programs work and how they can enable them to both build new skills they need now and prepare for long-term career advancement. This might include providing access to career coaches and mentors, who can offer perspectives and insights that help employees sharpen their occupational identities. It could also include resume writing assistance, job interview prep workshops, or advice about how to build professional networks. These services are most effective when workers have opportunities to meet with their advisors regularly and build strong relationships with them, and when they have access to user-friendly technology-enabled guidance and coaching platforms.

Employers should be proactive about ensuring that all workers are aware of these services and even go so far as to schedule at least some of the meetings on workers' behalf. Otherwise only employees who are already aware of or familiar with these types of resources might take advantage of them. Ideally, managers should make an effort to understand their employees' individual goals and needs, but employers must also provide holistic guidance that covers career advancement in general and isn't tied to a worker's performance reviews. For some employers, the best option may be to outsource this type of service to a third party.

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### **Develop Advancement Pathways**

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As they reimagine their education as a benefit programs, employers must acknowledge that Black workers are overrepresented in low-wage entry-level roles that offer limited opportunities for advancement. To broaden the career options available to Black workers, employers must not only expand access to education and training programs, but also develop clear career pathways that reveal the opportunities for advancement—both within companies and across industries—available to people who complete the programs and classes.

Employers can do that by collaborating with their training and education partners to develop customized pathways that show how someone starting in a particular frontline job can move to successively higher-paying jobs with more strategic responsibilities, with details about the education and training courses they should pursue to gain the skills they need at each step.

Chipotle, for example, has adopted such an approach. The fast-food chain has a clearly defined advancement pathway that an entry-level crew member can follow all the way to restaurateur—a position that's six levels higher.

CASE STUDY

# Improving Lives Through Education and Training



In 2021, Aurora, Colorado-based UCHealth introduced an employee education benefits plan in partnership with Guild called the Ascend Career Program. Through this program, which is open to anyone who works at least 20 hours per week, UCHealth covers 100% of the costs of tuition, books, and fees for certain degrees and offers up to \$5,250 per calendar year, either prepaid or via tuition reimbursement, for other programs.

At a practical level, the not-for-profit health care system launched the program to address recruiting challenges brought on by an exodus of workers from the health care field. But it also sees the initiative as part of a larger effort to fulfill its stated mission: “We improve lives.” Among other things, UCHealth wanted to create career opportunities for people from demographic groups that have been underrepresented in health care.

The Ascend program enables the organization to attract a more diverse pool of candidates and provide all employees with clear career pathways. Many of those pathways offer expedited opportunities for advancement. For example, employees can complete training for in-demand credentials like medical assistant certificates in three to six months. And those who do can get a raise of \$2 to \$3 per hour. Ascend also includes end-to-end coaching for participants in many training programs.

UCHealth has also taken steps to make its HR practices more equitable. In hiring, for example, the organization now focuses more on applicants’ skills than it does on their academic accomplishments, and it has removed a requirement for a high school diploma or an equivalent credential from entry-level jobs that don’t require that level of education.

UCHealth says data shows that Ascend has had a positive impact on Black employees, noting that while Black workers make up 4.5% of its overall workforce, they account for 9.2% of the participants in fully funded tuition assistance programs. Moreover, the organization says that Black employees who participate in the Ascend program are 70% less likely to leave UCHealth than employees who don’t participate.

## Reimagining Education as a Benefit Will Pay Off in Many Ways

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A lot of companies offer education as a benefit programs, and they set aside a lot of money to pay for them. And for good reason—these programs have a proven track record of opening doors to career advancement for the people who take advantage of them.

But not everyone is able to participate in education as a benefit programs as they're currently designed. That's especially true of people in low-wage frontline jobs, a segment of the workforce that includes a significant share of Black workers.

Among other things, frontline workers, particularly those who are Black, often don't have the money to pay upfront costs, as the tuition reimbursement model requires. They also can't take full advantage of these benefits without career guidance, including advice about the ways specific education or training programs could lead to advancement.

And in many cases, corporate education benefits don't meet the needs of Black workers in low-wage jobs because they only cover college-level coursework. Employers should expand their offerings to cover high-quality short-term training. That way, they'd better serve both the immediate and long-term needs of a much broader population of workers.

As a corporate leader, you can change the status quo by reimagining and overhauling your company's approach to training and development with an eye toward making education as a benefit programs accessible—and useful—to as many workers as possible, including Black people and others in low-wage frontline jobs.

Your efforts will pay off for everyone involved: the individual workers, your company, and the U.S. economy as a whole. And they'll bring us another step closer to achieving the goal of racial economic equity.





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