

# Talent Investments Pay Off

**Executive Briefing | Cigna Realizes Return on Investment  
from Tuition Benefits**



**Lumina**<sup>™</sup>  
FOUNDATION

## Idea in Brief

Situation	Challenge	Result
From 2012 to 2014, Cigna Corporation (Cigna) provided employees millions of dollars in tuition assistance through its Educational Reimbursement Program (ERP).	While Cigna HR leadership intuitively knew that ERP was a good benefit to offer employees, Cigna had not quantified the value of ERP for the business or its employees.	From 2012 to 2014, ERP resulted in 129% ROI as a result of avoided talent management costs. Employees who took advantage of ERP achieved 43% higher incremental wage gains.

## Why Measure ROI on Tuition Benefits Investments?

Despite a return of unemployment rates to pre-recession levels, a skills mismatch remains between employers' critical, in-demand skills and the availability of those skills in workers. This is a threat to U.S. competitiveness, which the Harvard Business School defines as, "the extent that companies operating in the country can both win in global markets and lift the living standards of the average American."<sup>i</sup> If U.S. employers can't find that talent locally that they need to compete, some look abroad to fill skill gaps. However, other employers are looking at the employees they already have, and they're finding a workforce ready to develop the in-demand skills that their employer will need in the future while continuing to contribute to the employer's success today.

High-quality learning is a pathway to increase both employers' ability to compete and employees' access to career opportunity and higher wages. To help fill talent and skill gaps, U.S. employers spend approximately \$177B annually on formal training and talent development.<sup>ii</sup> On average, 10% of an employer's learning and development (L&D) spend is on tuition assistance to provide access to postsecondary degrees and credentials to improve knowledge and skills.<sup>iii</sup> However, tuition assistance programs have long been treated mainly as benefit programs and outside the corporation's L&D portfolio or talent strategy. As a result, only ~2-5% of organizations have evaluated the return on investment (ROI) they receive from tuition assistance programs.<sup>iv</sup>

*"...The demand for talent is rising rapidly across the nation. [These strategies] clearly help their own employees, many of whom attended college but have nothing to show for it because they dropped out or stopped out. They help themselves as a business by educating some portion of their own future leadership ranks. And they help the communities where they operate."*

- Jamie Merisotis, Lumina Foundation CEO

C-suite leaders need to see ROI. According to a 2010 ROI Institute survey of 96 Fortune 500 CEOs, 92 respondents stated they are interested in understanding the investments and impact of their company's L&D initiatives. In response, Lumina Foundation commissioned global consulting services provider, Accenture, to create a model and to facilitate ROI studies to uncover the value of major employers' tuition assistance programs. Cigna, a global health service leader, volunteered its Education Reimbursement Program (ERP) as one of the first programs evaluated.

## Study Subject: Cigna's Educational Reimbursement Program

Cigna is a global health service leader with FY14 revenues of \$35B, dedicated to helping people improve their health, well-being, and sense of security. In the U.S., the Cigna workforce is comprised of approximately 31,000 employees that mainly hold four job functions: Sales, Business Operations, Medical Management, and Information Technology. Cigna volunteered its ERP to be studied. The ROI study

analyzed ERP from 2012 to 2014. During that time period, over 2,200 unique employees participated in ERP, which resulted in a 3-year utilization rate of 5.8%.

## Study Process

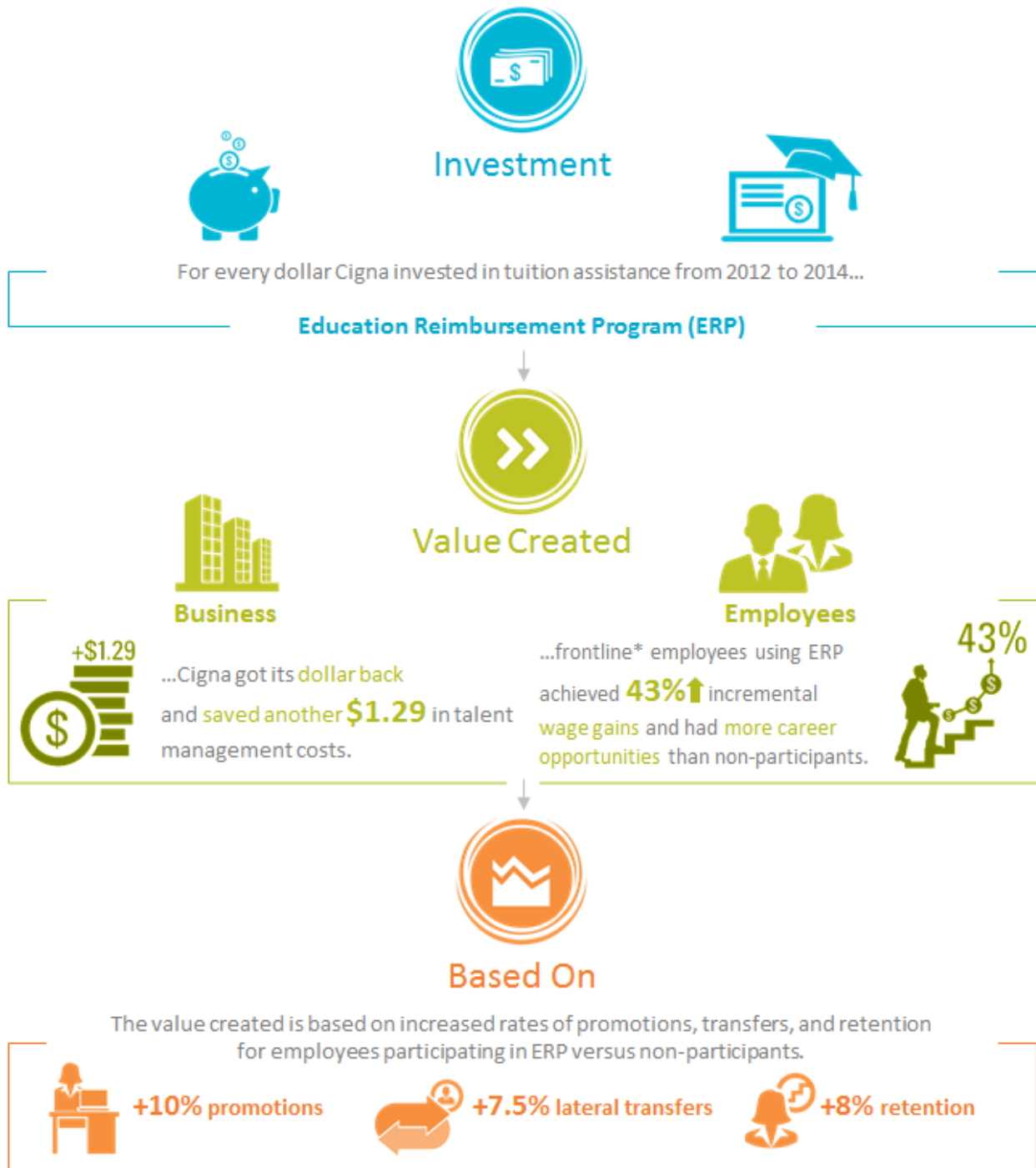
Accenture developed a robust ROI evaluation framework and methodology to calculate the business value of tuition assistance investments. The framework includes total investment costs and potential revenue and cost factors that could create business benefit (or loss) as a result of an employee’s participation in an education program.

The ROI study followed a four step process as outlined in the table below.<sup>vi</sup>

Study Process	Cigna’s Experience
<b>1: Select Benefits Measures</b>	
<ul style="list-style-type: none"> <li>• Select relevant revenue and cost measures that may be impacted by an employee’s participation in the education program and for which data is available</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, transfers, and turnover</li> <li>• Decided to test the hypotheses that employee participation in ERP would result in higher promotion, transfer, and retention rates, and therefore 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 ERP benefits and those who did not</li> <li>• Collect supplementary information through employee interviews and surveys</li> </ul>	<ul style="list-style-type: none"> <li>• Collected 4,400 employee records for both employees who took advantage of ERP and employees who did not participate from 2012 to 2014 and aggregate data for over 31,000 employees to serve as a basis for comparison</li> <li>• Identified investment costs in tuition, third-party service costs, 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 ERP benefits achieve more promotions (+10%) and transfers (+7.5%) and stay longer (+8%) with Cigna than employees who do not participate in ERP</li> <li>• Calculated total benefit across all three factors – promotions, transfers, and turnover</li> </ul>
<b>4: Finalize Results &amp; Assess Maturity</b>	
<ul style="list-style-type: none"> <li>• Complete ROI calculations</li> <li>• Summarize findings from employee interviews and surveys</li> <li>• Assess ROI maturity and identify opportunities to improve program results and ROI capabilities</li> </ul>	<ul style="list-style-type: none"> <li>• Found an ROI of 129% from 2012 to 2014</li> <li>• Found employees who use ERP benefits had greater career mobility and attained 43% higher incremental wage gains over the three-year period than employees who did not participate in ERP</li> <li>• Identified ways to align ERP with in-demand jobs and provide enhanced program supports</li> </ul>

## Value Created for Cigna and its Employees

The ROI study demonstrated that ERP is a valuable investment for Cigna’s business and employees. From 2012 to 2014, ERP produced an ROI of 129%. Employees who took advantage of ERP got promoted and accessed new career opportunities at higher rates than employees who did not participate, and ERP participation was associated with 43% higher incremental wage gains over the three-year period.



\*Note: Frontline participant refers to Cigna employees in the entry-level to mid-management bands.

## Cigna's Response

Based on this study's results and recommendations, Cigna made immediate programmatic changes to ERP to enhance its tuition benefit program and align it with broader talent strategies. Cigna:

- **Increased financial support** to \$10,000 for undergraduate degrees and \$12,000 for graduate degrees in strategic fields of study and lowered reimbursement to \$4,000 for undergraduate degrees and \$6,500 for graduate degrees in non-strategic fields. This will advance Cigna's talent strategy while helping employees develop skills for long-term employability
- **Launched advisory services** to support ERP participants and help them navigate career pathways
- **Eliminated the burden of up-front payment** by working with its education partners to accept payment after each semester when employees can access the reimbursement funds

*"Our Leadership team intuitively knew that ERP was a good benefit, but we could never prove that it was a valuable business investment. We were delighted that the proof was there in the ROI study. Now, we can be bolder and more strategic in our focus."*

*– Karen Kocher, Cigna Chief Learning Officer*

Cigna expects these changes will support future talent acquisition and plans to regularly reassess the ROI of ERP after the changes have gone into effect.

## Improving Business Value of Tuition Assistance

Based on the findings from the ERP study, employers can take the following actions to maximize and continuously improve the value of tuition assistance programs:

1. **Measure ROI:** Start measuring the ROI of tuition assistance programs to understand what benefits the organization receives from its investments.
2. **Capture Data Now:** If an organization does not have the data it needs to measure ROI, leaders should identify benefit factors important to their 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.
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.

## Conclusion

While ERP was designed to provide Cigna employees access to ongoing education opportunities and to ensure Cigna's competitiveness from a benefits perspective, its impact has reached far beyond those parameters. Not only is Cigna benefiting from a positive ROI due to the cost savings associated with ERP, its employees are benefiting due to their improved skills and wages, and the communities where Cigna employees reside are benefiting from both the strengthened organization and improved skills and wages



of its local citizens. Cumulatively, these benefits result in a stronger company and strengthened communities and citizens, ultimately enhancing U.S. competitiveness.

The Cigna ERP ROI study highlights the strength of tuition assistance programs in helping companies to control talent management costs and enable employees to gain valuable knowledge, skills, and credentials for future careers at the organization. Shifting tuition assistance benefits from a cost-center to an effective talent development strategy will help employers build highly effective and skilled workforces to meet the demands of the changing U.S. economy and increase America's competitiveness in the global market.

## About the Organizations

### 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).

### About Cigna

Cigna Corporation (NYSE: CI) is a global health service company dedicated to helping people improve their health, well-being and sense of security. All products and services are provided exclusively by or through operating subsidiaries of Cigna Corporation, including Connecticut General Life Insurance Company, Cigna Health and Life Insurance Company, Life Insurance Company of North America and Cigna Life Insurance Company of New York. Such products and services include an integrated suite of health services, such as medical, dental, behavioral health, pharmacy, vision, supplemental benefits, and other related products including group life, accident and disability insurance. Cigna maintains sales capability in 30 countries and jurisdictions, and has more than 89 million customer relationships throughout the world. To learn more about Cigna, including links to follow us on Facebook or Twitter, visit [www.cigna.com](http://www.cigna.com).

### About Accenture

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 approximately 373,000 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

<sup>i</sup> Mills, Karen G. "Growth & Shared Prosperity." *Harvard Business School* (2015). Web. 2016.

<sup>ii</sup> Carnevale, Anthony P., Jeff Strohl, & Artem Gulish. "College Is Just the Beginning." *Georgetown University* (2015). 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> Robbins, McLean. "Straight A's for tuition benefits." *Employee Benefit News* (2008, Vol 22, Issue 14, p62). Web. 2016.

<sup>v</sup> Mathis, Robert, and John Jackson. *Human Resource Management, Thirteenth Edition* (2010, p453) Web. 2016.

<sup>vi</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).