CHEPP

The Center for
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UNPACKING WORKFORCE PARTNERSHIPS: IMPROVING STRUCTURES FOR LEARNERS

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Introduction

Higher education institutions and employers have partnered for decades to train and prepare learners for the workforce and provide needed new skills. However, the nature and the scope of higher education workforce partnerships have changed significantly over the last decade. In part, the growth of large online partnerships like those announced between Arizona State University (ASU) and Starbucks or between Walmart and Guild has contributed to enrollment growth at participating colleges and universities (McKenzie, 2018; Starbucks, 2024). Policymakers and practitioners need to understand the implications and evaluate the impact of the changing landscape for workforce partnerships and how they can unlock better outcomes for learners.

At a time when higher education is struggling with enrollment declines and unsustainable cost increases, career connectedness can be a linchpin to sustainability and growth as well as a key tool to reengage the more than 40 million Americans who have some college and no credential (SCNC) (Berg et al., 2024). For employers looking for regional economic development drivers, workforce partnerships with institutions of higher education often help develop educational programs aligned with regional workforce needs. Further supporting the value of a higher skilled workforce, since 1978, Congress has provided tax benefits to companies who pay for part or all of the postsecondary education of their employees (NAICU, n.d.).

Workforce partnerships have the potential to benefit all of the involved parties. Learners can gain skills with labor market value that lead to greater economic security. Employers receive a better trained and more productive workforce as well as the ability to offer education benefits that may lead to greater retention of employees. In a 2024 survey of 650 employer respondents, 40 percent of the qualifying sample reported partnering with four-year higher education institutions to deliver customized training programs or degrees (Etter et al., 2024). Among this sample, the majority of respondents (between 61 percent and 76 percent, with the response rate varying depending on company size) reported seeing improved job performance among employees who attended programs offered by their four-year college or university partners. Higher education institutions benefit from a new source of enrollment and valuable guidance from business partners about how to make their educational offerings more relevant to labor market needs. Newer parties to these relationships are intermediary organizations who help streamline and scale employer and postsecondary partnerships to serve a greater number of learners. Reaping these rewards will require a focus on continually improving partnerships between institutions and industry as well as colleges' educational offerings. A recent report by Upskill America at the Aspen Institute and i4cp revealed that, despite the growth of these programs, there remains significant room for improvement in meeting their intended objectives (Glover & Martin, 2024).

As workforce partnerships have grown, so has the need for more research and evaluation of what works best for learners and workers, which can be done today by institutions and employers. There are few industry standards or best practices—increasing the risk that different programs result in widely disparate outcomes for learners.

Institutions have limited control over employer decisions, although they have responsibility for learner outcomes. Similarly, learner control over time and resources varies by program. Many learners use federal or state financial aid to pay for education and training programs, providing ample reason for policymakers to pay closer attention as well.

Leveraging qualitative research and analysis,[1] this brief outlines the new workforce partnership landscape, including how different types of partnerships work, and makes initial recommendations to practitioners and policymakers from the lens of learner-centered design.

Types of Workforce Partnerships in Higher Education

Workforce partnerships come in a variety of forms ranging from contracted employer training, where employers seek specific upskilling services from an institution, to regional sector partnerships, where institutions may not have a direct relationship with an employer. The following typology outlines a range of partnerships as a reference and guide for policymakers and practitioners, and to create shared understanding of such partnerships for future discussions about their efficacy and impact on learners.

Custom employer training program. This type of partnership involves a direct contract between an institution and an employer for specific training needs. For instance, an advanced manufacturing company could contract with a community college to train employees on robotics and automation, tailored to the specific needs of its plant and industry. A course could focus on new hires to the facility, or on upgrading the skills of existing employees so that they can take on new jobs or additional responsibility. Typically, the education provider will work with the business to understand its needs and either create a new curriculum or adjust an existing curriculum accordingly. Among the various types of workforce partnerships, custom training programs have the strongest formal links between higher education institutions and employers.

Tuition as a benefit (direct partnership). These partnerships involve an employer paying part or all of the tuition for its employees at a particular college or university. Employer goals and partnership structure can vary widely in this format. For instance, employers may offer this solely as an employee benefit and remain agnostic to their employees' fields of study. Alternatively, the employer might agree to cover certain programs or degrees that connect directly to an employee's position and growth within the company; for instance a certificate in project management or a bachelor's degree in business administration.

The relationship between employers and institutions can still involve a formal contract identifying terms of a relationship such as payment structure and timing, evaluation and reporting of data regarding employee progress for improvement purposes, and learner support like advising, among other areas. A less formal partnership can involve a simple agreement for a higher education institution to provide a discount in exchange for serving as a preferred educational partner.

Tuition as a benefit (third-party intermediary). A fast growing form of workforce partnership involves employers, third-party intermediaries, and one or more colleges and universities. Intermediaries provide a service to employers by administering their tuition benefit programs, including identifying educational partners, processing payments, managing employees' selection and use of the benefit through a digital portal, and providing other supports. Employers typically have some choice to include all or only a subset of an intermediary's higher education partners in their program.

[1] The Center for Higher Education Policy and Practice (CHEPP) interviewed over a dozen practitioners and subject matter experts who work on workforce partnerships in higher education. In addition, 14 institutions responded to a non-random, in-depth informational survey exploring the characteristics of workforce partnerships with employers and third-party intermediaries.

Intermediaries may charge a fee to employers for administering the benefit program or obtain a portion of tuition for each learner from a higher education institution (often known as "revenue sharing"). In this type of partnership, the institution contracts with the third-party intermediary rather than the employer. The growth in online higher education programs in recent decades has paralleled and aligned with growth in tuition as a benefit programs, particularly among large employers, where delivering credentials in flexible formats meets the needs of working learners at scale. Third-party intermediaries have developed a platform approach to scaling these partnerships by offering employers and their employees a diverse range of educational provider offerings and options.

Regional sector partnerships. Sector partnership initiatives bring together local industry, higher education institutions, government leaders, and community-based organizations to fill gaps in workforce supply and demand in a particular region. Local leaders identify in-demand fields and involve employers in developing educational programs that prepare learners for multiple industry roles. For instance, a strong and growing local healthcare sector may have sustained demand for nurses and healthcare administration. Local colleges and universities can develop and expand programs targeted at these roles, drawing on knowledge from nearby hospitals to develop curricula, resources from policymakers to expand programs, and connections with local community-based organizations to recruit learners interested in high-wage, in-demand jobs.

The relationship between employers and higher education institutions is typically less formal than that of a tuition benefit program or customized training. Local employers often provide technical assistance on curricula but may not have a formal legal relationship with local education providers. Revenue for the program may come from learners themselves along with state and federal financial aid in the form of tuition dollars, as well as state and federal workforce grants. Research has shown that sector partnerships can increase credentials valued in the labor market, which may lead to higher earnings for those who receive them (Ratledge, Miller & Schaberg, 2023).

Career pathways. In contrast with sector partnerships, career pathways, including programs such as apprenticeships and other earn-and-learn models, provide a more focused training program that connects postsecondary learning with on-the-job training and enables learners to stay connected to their employer while they engage in training that may lead to a postsecondary credential. Typically, a local workforce development agency will partner with local employers and a higher education institution, most commonly a community college, to develop a program for a specific job. For example, an apprenticeship offered by an advanced manufacturing employer that may hire entry-level workers who will obtain a series of certificates leading to an associate degree aligned with their specific workforce needs and a higher-level position is one type of career pathway. These programs offer a clear set of steps a learner can take to advance their career in a specific role and help employers fill workforce shortage gaps.

Table 1: Examples of Workforce Partnerships in Higher Education

Type of Workforce Partnership	Program	Description	Employer Goals	Who Pays?	Modality
Custom employer training program	Maricopa Corporate College	Direct employer contracts providing customized training for individual employers	Training	Employer	Online, hybrid, in-person
Tuition as a benefit (direct partnership)	Starbucks & ASU	Starbucks pays tuition for a BA* at ASU – as a last-dollar scholarship that does not include books or other fees that can be covered by federal aid	Recruitment & retention	Employer Learner (federal aid, private loans, or out-of-pocket) Institution may offer discounted tuition	Online
				Government (section 127 tax benefit)	
	Southern New Hampshire University & Amazon	AA*, BA, or certificate, with employer covering up to 6 classes per year and the learner covering any additional courses	Recruitment & retention	Employer Learner Institution offers discounted tuition	Online
Tuition as a benefit (third-party intermediary)	Live Better U (Walmart, Sam's Club & Guild)	Employer pays 100% for associates to learn work-aligned skills and creates pathways for promotion to in-demand jobs with the company Employer covers a portion of other programs as well	Training, recruitment & retention	Employer Learner Institutions may offer discounted tuition or revenue share with intermediary	Online
	Target upskilling	Both full- and part-time employees are eligible to pursue tuition-free undergraduate and associate degrees, certificates, and bootcamp programs from more than 40 colleges, universities, and learning providers	Training & retention	Employer Government (section 127 tax benefits) Institutions may offer discounted tuition	Online
Career pathway	Blue Ridge Community College Aviation Maintenance Technology (AMT) program	Industry targeted AAs, where employers provide direct training and curriculum development, as well as paid internships with Blue Ridge Aviation	Recruitment & training	Employer Learner Government (federal aid)	Hybrid
Regional sector partnership	Upskill Midsouth (Memphis, TN Sector Partnership initiative)	Provides in-demand training to unemployed, underemployed, and incumbent workers based on industry identified needs	Recruitment & training	Government (Economic Development Administration grant)	In-person
	NH Sector Partnerships Initiative (SPI) for Manufacturing	On-the-job training that brings employers together with qualified education providers to meet specific training needs	Recruitment & training	Employer Government (state and federal grants	In-person

*BA = Bachelor of Arts degree; AA = Associate of Arts degree; Sources (listed in order of appearance): (Maricopa, 2024), (Starbucks, 2024), (SNHU, 2024), (Walmart, 2024), (Morrison et al., 2024), (Blue Ridge Community College, 2024), (The University of Memphis, 2024), (NH Manufacturing Extension Partnership, 2024).

How Workforce Partnerships in Higher Education Operate

Understanding the types of partnerships described above and how they operate can help clarify important aspects of a partnership's structure and incentives. Such clarity on key elements of workforce partnerships in higher education, including payment, benefits, and risk, can help inform practitioners' and policymakers' efforts to continually improve such programs.

Who Pays?

Higher education programming delivered through workforce partnerships is typically paid for through a combination of employer, learner, institution, and government funds.

Learners may use Title IV (i.e., Pell grants and loans), as well as a combination of out-of-pocket funds and private loans.

Employers may offer a discretionary amount of professional development funds. In some cases, employers utilize tax benefits to do this (i.e., Section 127 is a tax benefit that helps incentivize employers to offer professional development funds); in other cases, employers cover most of the program's cost, depending on job applicability and whether the education credential is a requirement in the industry or from the employer.

Higher education institutions often offer discounted tuition rates to learners through their employer sponsored program and may also offer additional assistance to learners through their financial aid award package. Additionally, institutions may revenue share with intermediaries to deliver higher education programming in their workforce partnership.

Government funding streams (e.g., through the Workforce Innovation and Opportunity Act (WIOA), the CHIPS and Science Act,[2] the Inflation Reduction Act) may be used in specific workforce development partnerships. State education grants may also be used.

Intermediaries facilitate delivery of higher education programming, but do not contribute toward the cost of the programs.

Who Benefits and Who Carries Risk?

Learners benefit from discounted tuition rates, from employer assistance with tuition (though amounts do vary), from some opportunities to integrate on-the-job training with their curriculum, and from career advancement. In some instances, learners may be given opportunities to interact with employer-specific training and interview opportunities. Learners do not control employer decisions about whether benefits are maintained over the course of their employment, however.

Employers utilize these programs to upskill and develop employees, as a recruitment tool, a retention benefit, or some combination thereof. Employers also engage in curriculum development through these partnerships — which can benefit their talent pipeline.

[2] CHIPS stands for Creating Helpful Incentives to Produce Semiconductors.

Higher education institutions receive increases in enrollment and connect with specialized workforce experts who can aid in developing relevant and engaging curricula. Additionally, some partnerships can improve employment outcomes for an institution of higher education's learners. Higher education institutions do not control the decisions employers make about their education benefit packages and are responsible to learners regardless of employer decisions.

Intermediaries benefit by receiving a share of revenue based on enrollments or charging employer partners fees.

Learner-Centered Recommendations

Recommendations for Practitioners

Workforce partnerships should cover tuition and other fees with employer-provided benefits before relying on Title IV aid.

The availability of Pell grants and federal student loans allows some employers to offer a "benefit" to employees while paying just a fraction of the cost or, in some cases, no portion of the cost at all. As a matter of best practice, however, employers should offer financial support as a "first-dollar" benefit applied before employees turn to Pell grants or student loans. This best practice should be applied for training programs directly tied to an employee's role and/or growth at a company, in particular. Eligible individuals have a right to use Title IV aid and it may be appropriate to combine employer benefits, such as tuition discounting, and federal aid to finance a program that improves learner economic mobility. Employers and institutions should ensure that learners and workers have full understanding of the program, its benefits, and the implications of Title IV aid prior to its use.

Partnerships should better support learners with continuity in pricing to support their persistence.

Institutions often provide a discount on tuition to employers as part of a workforce partnership agreement. To support learner persistence and protect Title IV funds, the discount may not continue if an employer changes its education benefit offerings or if a learner receiving the benefit does not remain with the employer. At a minimum, an institution should continue discounting tuition for a learner to the same extent provided to an employer through the remainder of a program and provide transparency about parameters upfront to those enrolling. This action should be taken whether an employee leaves an employer or the contractual relationship between the institution and the employer ends or is altered.

Employers and institutions should ensure learners earn credentials efficiently by providing transfer credit supports and credit for prior learning as standard practice.

Institutions can work with employer partners to identify areas where employer training already teaches learners certain skills. Providing credit for prior learning reduces the time it takes for a learner to earn a credential or degree, increasing the likelihood that they complete. The same principle applies to identifying credits earned at previously attended institutions and supporting learners in transferring them toward a future program or credential as appropriate, and participating in reverse transfer programs.

Employers and institutions should seek to award academic credits for training programs wherever possible. For instance, if a short-term training program does not culminate in an associate or bachelor's degree, higher education institutions can often award an appropriate level of credit. Ideally, this helps learners who later seek to obtain a degree avoid duplicative coursework and complete faster. Institutions may ultimately benefit if this increases the odds that a learner will return to continue their education. Employers likely benefit too by increasing the chances that employees seek higher levels of coursework.

Prioritize learner choice of programs and providers in education as a benefit programs.

In education as a benefit programs, some third-party providers and employers seek to include non-compete or exclusivity agreements in contracts with higher education institutions as part of workforce partnerships to limit program and/or provider options. While these agreements are often in the near-term interest of a single third-party provider or employer, they are not in the best interest of learners or institutions.

Non-compete and exclusivity agreements limit learner choice of providers and programs and reduce options for higher education institutions to work with other employers and their employees. In other words, fewer employers will have the ability to seek training or education for their workforce and fewer potential learners will have the opportunity to study at a given institution or in the program of their choice.

Involve employers in curriculum development and learner success efforts.

In the case of customized training programs, career pathways programs, and sector partnership initiatives, employers have a strong incentive to ensure that curricula align with their needs. Institutions providing this training will often involve workforce partners in the program development, or at a minimum seek feedback before delivering the training. To further drive career connectedness, when possible, institutions should align their programs with regional employers and industry needs.

Employers typically have less involvement when offering tuition reimbursement programs that they view primarily as an employee benefit. However, employers, learners, and institutions may benefit from a closer partnership in this context. Institutions should solicit input from employers about the skills their business needs and the type of curriculum and training most likely to support learners to meet those needs. Through that process, colleges can learn how to better serve their learners and increase their economic opportunities post-graduation, including through promotions and higher wages. This benefit not only applies to learners arriving from a specific employer but could translate to higher educational quality overall as more learners benefit from education that meets labor market demands.

Evaluate data on learner outcomes as a critical driver for improving learner success.

Institutions and employers should also review data about learner success, including enrollment patterns, credits accumulated, and completion rates.[3] Evaluation of data on learner progress can help employers determine what works or doesn’t and encourage employers and institutions to make adjustments that promote learner success to continually improve outcomes.

Finally, evaluation of data on progress can provide an entryway into developing stronger learner supports and integrating those into a workforce partnership. By reviewing data on learner success with a continuous improvement approach, employers may identify trends about how they approach and support learners, such as providing sufficient time and flexibility for learners to complete a program.

[3] Institutions must comply with federal education data privacy requirements mandated through the Family Educational Rights and Privacy Act (FERPA).

Recommendations for Policymakers

Improve revenue share models to better support learner success.

Partnerships should ensure that revenue shares drive toward a demonstrated focus on postsecondary enrollment, persistence, and completion. Revenue share with intermediaries should primarily focus on, or include only, non-Title IV and non-student provided revenue. Contracts should include post-enrollment supports from intermediaries. Revenue share and fee structures should apply only while the learner is employed by the partner employer and the employer continues to work with the intermediary.

Require institutions to include data reporting on workforce partnerships with measures tied to their efficacy and learner outcomes.

Policymakers should consider requiring institutions to report data specifically pertaining to workforce partnerships, including services provided by the contract, such as learner supports, persistence and retention by program and contract, amount of aid received, and transparency on inclusivity across historically underrepresented groups of learners. For employer sponsored benefits, reporting on full-time and part-time working status rates for enrolled learners as well as employee pay and changes to employee pay can help provide clarity on continuity of benefits as well as program impacts. Data collection on measures will establish a basis for future research and inquiry on their efficacy and best practices in the field.

Modernize government funding streams and tax benefits for employers to support worker training.

Increasing funding for workforce training and professional development at both federal and state levels, as well as through direct grants or tax benefits, is critical to increasing the efficacy of workforce partnerships in higher education and improving workforce outcomes for learners. In addition to increasing funding overall, Section 127 should be updated.[4] The exclusion limit has remained the same for over 40 years and thus does not account for inflation or tuition increases. An updated Section 127 should allow for a larger benefit commensurate with current tuition levels and index that total to inflation (Fitzpayne et al., 2020). The benefit should also include other required costs of attendance, such as textbooks and technology. Although tax incentives have limitations, given the expansion of education as a benefit programs, increasing government funding streams and tax benefits could be a powerful tool to create more affordable high quality education opportunities for more workers.

[4] Section 127 of the Internal Revenue Service (IRS) code provides a tax exclusion for up to $5,250 annually in employer tuition assistance to individual employees (NAICU, 2024).

Conclusion

Given the growth of workforce partnerships over the last decade, policymakers, practitioners, and employers have an opportunity to better understand the mechanisms by which these partnerships work and are expanding educational opportunities for learners. At a time when higher education is at an inflection point with rising costs and increasing numbers of new traditional learners, workforce partnerships may be a key part of systems reform for the sector.

However, more research is needed, and it is unclear if and how different types of workforce partnerships are working. At a minimum, institutions and employers should evaluate their own data for continuous improvement. This evaluation should include understanding who is enrolling, persistence, what factors of the partnership best serve learners and improve their economic mobility, and which learner populations are best served or not served by these partnerships. Fundamental to the future growth of these partnerships is that the field remain cognizant of the incentives of the various parties involved and how well they align with learner success.

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