



# Employer Views on the Value of PLA

Since 1984, CAEL has worked with employers to design and implement employee tuition assistance and career and educational advising programs. In recent years, CAEL has seen growing employer interest in prior learning assessment (PLA). PLA helps their employees earn credit for college-level learning acquired outside of the traditional classroom, which saves both time and money in meeting educational goals.

This CAEL research brief, produced in partnership with Prometric, presents highlights from conversations with 19 U.S. employers representing a range of industries on the topic of PLA. The conversations address the value of PLA to both workers and corporations, as well as employers' views on PLA as an allowable expense within their tuition assistance programs.

## The Case for PLA in Employer Tuition Assistance Programs

Employers often provide financial help to employees in earning college degrees and other postsecondary credentials. Employer-provided tuition assistance programs (TAPs) vary considerably in terms of dollar amounts offered, method of reimbursement, and the types of courses or degree programs that are covered. While some TAPs are offered primarily as a perk or talent recruitment tool, many employers use a TAP as one of several strategies to develop the education and skills of their employees.

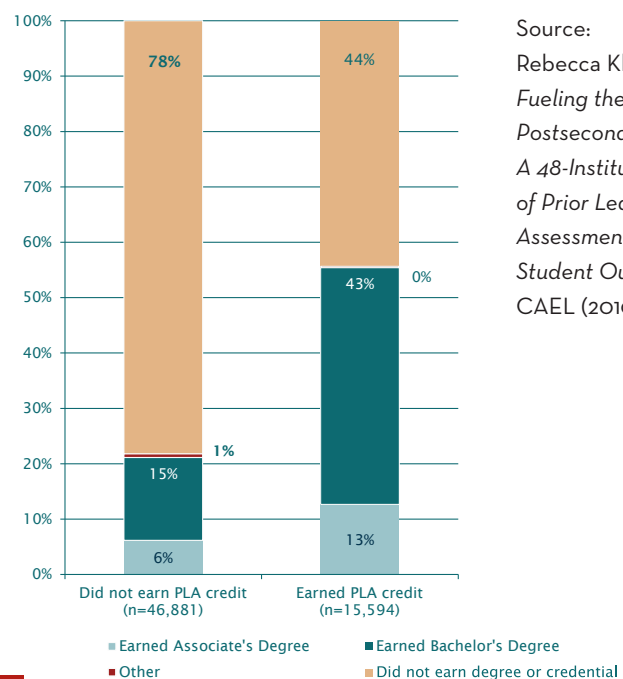
A 2010 report by the Society for Human Resources Management (SHRM) noted that more than 900,000 individual workers received employer tuition assistance during the 2007-2008 academic year (Jones, 2010). Because these education benefits are going to working adults, many of whom have gained college-level learning from on-the-job training and other workforce learning, both the individual worker and the employer would benefit if that learning counted towards a degree or other postsecondary credential.

Prior learning assessment methods help working adults earn college credit for what they already know. For example, a person who learned basic bookkeeping skills on the job, and who worked regularly to develop a company's financial statements, could demonstrate through an exam or portfolio that he or she has knowledge comparable to that of someone who has completed one or more courses in accounting. Rather than paying the tuition costs of Accounting 101 and sitting through a course that covers content that the student already knows, the student could

pay a smaller fee to have this learning assessed through PLA. If the request for PLA credit were designated as an allowable expense under employer tuition assistance programs, employees with such experience-based learning could potentially save thousands of dollars and months of their lives in pursuing a postsecondary degree.

In addition to the annual tuition savings, PLA can help employees succeed in completing a degree. CAEL reported in 2010 that adult students with PLA credit are two-and-a-half times more likely to persist to graduation—and complete their degrees—than students who do not have PLA credit (Figure 1) (Klein-Collins, 2010).

Figure 1. Degree Completion by PLA Credit-Earning for All Students



Source:  
Rebecca Klein-Collins,  
*Fueling the Race to  
Postsecondary Success:  
A 48-Institution Study  
of Prior Learning  
Assessment and Adult  
Student Outcomes*,  
CAEL (2010).

## Employer Views on the Value of PLA

In 2008, CAEL worked in partnership with Prometric (the developer of the DSST exams—formerly known as the DANTES exams) to interview 19 employer clients on their views of PLA. The employers represented a range of industries including financial services, healthcare, information technology, manufacturing, telecommunications, and utilities/energy. Twelve of the 19 employers were familiar with PLA, and 7 of these reported that their tuition assistance programs already covered the cost of PLA for employees.

After explaining the various PLA methods to all 19 employers, we asked them to rate the value of PLA to the company and to consider how valuable their employees would find PLA. In particular, we asked the participating employer clients to consider potential cost and time savings that could result from PLA.

### Cost Savings - Valuable for Both, but Most Valuable to the Employer

The cost savings from PLA were seen by employers as a value both to the company and to its employees, with slightly higher perceived value for the company.

On a scale of 1 to 10, with 1 being “least valuable” and 10 being “highly valuable,” employers gave the cost savings of PLA an average rating of 8.06, with 8 employers giving the PLA cost savings the highest value rating of 10. Employers believed that their employees would value it with a similar average rating (8.2), but only 5 employers believed that employees would care enough about the cost savings to rate it at 10 (Table 1).

Individual employers explained that the degree to which employees would value the cost savings from PLA would be somewhat dependent upon the dollar value of the tuition benefits. Several employers with generous tuition benefits said that their employees probably would not value PLA for its potential cost savings simply because the employees are not paying much, if anything, out of pocket

Table 1. How valuable is the cost savings from PLA?

	Average rating	Number giving a rating of 8 or higher (n=19)	Number giving the highest rating of 10 (n=19)
How valuable is PLA cost savings to the company?	8.06	12	8
How valuable do you think your employees would find PLA cost savings?	8.20	11	5

Scale: 1=least valuable, 10=most valuable.

for their postsecondary studies. In contrast, one employer noted, “Our employees would find the cost savings valuable because we only pay 50% [of tuition].”

From the employer’s perspective, however, the cost savings would be very important. “It would be really valuable to us if we could get everyone to do it,” reported one employer. She added that her company had been talking about whether to require employees to use PLA. Given that real cost savings were at stake, affecting the company’s bottom line, the company had a great interest in promoting PLA.

Another employer noted, “If we can get the same result for less money, great.”

### Time Savings - Valuable for Both, but Most Valuable to the Employee

The time savings that results from PLA was seen by employers as valuable to both the company and to its employees, with slightly higher perceived value for the employees.

On a scale of 1 to 10, with 1 being “least valuable” and 10 being “highly valuable,” employers gave the time savings of PLA an average rating of 8.19, with 6 employers giving the PLA time savings the highest value rating of 10. Employers believed that their employees would value it with a slightly higher average rating (8.79), and 11 of the employers speculated that employees would care enough about the time savings to rate it at 10 (Table 2).

One manufacturing employer admitted that he had never heard of PLA; but after learning more about it, he said, “This is a great idea. A lot of people’s reason for not continuing their education is that they have to go the traditional route. If we had a more non-traditional pathway, a lot of adults would [participate in] higher education. Time is critical. [Adults] don’t have the timelines that younger students have.”

A healthcare employer said that some of her employees are working two jobs, and “The time savings is huge.”

Table 2. How valuable is the time savings from PLA?

	Average rating	Number giving a rating of 8 or higher (n=19)	Number giving the highest rating of 10 (n=19)
How valuable is PLA time savings to the company?	8.19	12	6
How valuable do you think your employees would find PLA time savings?	8.79	15	11

Scale: 1=least valuable, 10=most valuable.

## The Potential to Evaluate Corporate Training for College Credit

PLA is not only offered on an individual employee basis. PLA also includes methods for evaluating military or corporate training programs for college credit. For example, if an employer develops an internal training course that includes content that is at the college level or comparable to college-level courses, the American Council on Education (ACE), as well as some postsecondary institutions, can evaluate the curriculum and make credit recommendations for any worker who successfully completes that course. (The fees charged for this evaluation service vary, and some postsecondary institutions provide it for free.)

Not every interviewed employer offered training that would meet the criterion of having college-level content. However, the employers in IT, healthcare, and manufacturing said that some of their in-house training did have content that was comparable to what is found in college courses. For example, one manufacturer considered his company's in-house blueprint training to be on the same level as what would be found in college courses. A healthcare employer was intrigued by the possibilities: "If we could take current training and offer it for college credit, attendance would be huge. It's mind boggling to think that might be possible. It could be a whole change of culture."

One utility company had already gone through the process of having its internal training evaluated for credit by a postsecondary institution, and the college credit recommendations have benefitted the employees pursuing their degrees. The employer noted: "Employees have been very enthusiastic. They are getting bachelor's degrees.... There would be a real disincentive without that PLA option. They don't have to start all over again this way."

## Increased Employer Usage of PLA

With PLA, workers who have gained college-level learning through their work and other experience have the opportunity to earn college credit for what they already know. It makes good business sense for employers to

incorporate PLA into employee tuition assistance programs since PLA can help save time and money as employees pursue additional education, training, and credentials.

One challenge is that not every employer is aware of PLA, nor of the ways in which PLA can increase a TAP's purchasing power while also decreasing the time needed to achieve educational success. CAEL has been working with individual employers over many years to educate them about PLA, and these efforts have expanded as part of the launch of CAEL's online PLA service LearningCounts.org. As more employers learn about PLA, they can in turn influence their preferred educational providers to make such services more available, or consider sending their employees out to an independent service, like LearningCounts.org, for rigorous assessment of PLA credits in partnership with their degree studies.

A second and related challenge is that student fees associated with PLA are not formally recognized as an allowable expense under many federal financial aid programs. This includes federal student loan programs, GI Bill education benefits, and Section 127 of the IRS code. Section 127 is the part of the tax code that grants tax-exempt status to employer tuition assistance for employees. If Section 127 added language to include PLA-related expenses, it could go a long way toward promoting understanding of PLA among employers while acknowledging the important role that PLA can play in the pursuit and completion of postsecondary credentials.

As one telecommunications employer noted, "The benefits of including PLA are great. It gives the employee the opportunity to get credit and earn degrees more rapidly. And it adds value to the company because of cost savings." At a time when education has never been more important, and the costs have never been as high, expanding PLA options to working adults makes good business sense.

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## References

- Jones, G. (2010). *Who Benefits from Section 127? A study of employee education assistance provided under Section 127 of the Internal Revenue code*. Society for Human Resource Management and National Association of Independent Colleges and Universities.
- Klein-Collins, R. (2010). *Fueling the Race to Postsecondary Success: A 48-institution study of prior learning assessment and adult student outcomes*. Council for Adult and Experiential Learning.

## What Is Prior Learning Assessment?

*Prior learning* is learning that a person acquires outside a traditional academic environment. This learning may have been acquired through work experience, employer training programs, independent study, non-credit courses, volunteer or community service, travel, or non-college courses or seminars.

*Prior learning assessment (PLA)* is the process by which an individual's experiential learning is assessed and evaluated for purposes of granting college credit, certification, or advanced standing toward further education or training. There are four generally accepted approaches

to PLA and, when properly conducted, all ensure academic quality: (1) national standardized exams in specified disciplines, e.g., Advanced Placement (AP) exams, College Level Examination Program (CLEP) tests, Excelsior College exams, Dantes Subject Standardized Texts (DSST); (2) challenge exams for local courses; (3) evaluated non-college programs, e.g., American Council on Education (ACE) evaluations of corporate training and military training; and (4) individualized assessments, particularly portfolio-based assessments.

**The original PLA study, *Fueling the Race to Postsecondary Success*, can be found at**

**[www.cael.org/pdf/PLA\\_Fueling-the-Race.pdf](http://www.cael.org/pdf/PLA_Fueling-the-Race.pdf)**

To learn more about CAEL's new national PLA online service, visit [www.LearningCounts.org](http://www.LearningCounts.org).

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## About CAEL

We advocate and innovate on behalf of adult learners to increase access to education and economic security. We provide adults with career guidance and help them earn college credit for what they already know. We equip colleges and universities to attract, retain, and graduate more adult students. We provide employers with smart strategies for employee development. We build workforce organizations' capacity to connect worker skills to employer demands.

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