

ROI of Faculty Development

Successful organizations invest significant resources in employee training programs with an expectation to receive a return on their investment. Simply put, the benefits of implementing a training program should outweigh the costs.

Most executives in the career college sector realize the importance and value of employee development beyond simply meeting licensing and accreditation requirements. Intuitively, these executives know that effective employee development leads to increased job performance and greater student outcomes. However, there is usually no system or process in place to link training and development programs to organizational objectives and business results. And for the employees, there is no clear link between learning and performance. Thus most institutions do not really know if the benefits of implementing a training program are outweighing the costs of the program. This leads to an organizational mindset that views employee development as a cost center and results in executives implementing the lowest cost training options without considering the return on their investments.

To understand the results of effective employee training, specifically in the case of career college instructors, the Imagine America Foundation sponsored a research study to measure the impact of faculty development on student retention and the corresponding return on investment (ROI). The research was conducted by the ROI Institute and focused on results from the Faculty Development Program offered by the Center for Excellence in Education (CEE), a comprehensive employee training initiative formed by the Imagine America Foundation and MaxKnowledge.

The ROI Methodology™, recognized by the American Society of Training and Development (ASTD), was utilized to serve as the structure for designing, planning and implementing the evaluation study. This methodology is based on a five-level assessment framework as outlined below:

- **Level 1. Reaction, Satisfaction and Planned Action** - Measures participants' satisfaction and their planned action as a result of the program
- **Level 2. Learning** - Measures changes in knowledge, skills, and attitudes
- **Level 3. Application and Implementation** - Measures changes in on-the-job behavior
- **Level 4. Impact** - Measures changes in business impact measures
- **Level 5. Return on Investment (ROI)** - Compares the monetary benefits to program's costs

The evaluation study was conducted in collaboration with Universal Technical Institute (UTI) and included all five levels of the ROI Methodology™. UTI identified student retention and course retakes as their primary business impact measures for the training program.

Overall, the study showed that the CEE Faculty Development Program resulted in positive outcomes at all five assessment levels. After isolating the effects of the program, converting the measures to monetary value, and identifying the fully-loaded costs (including employee time spent in training), the bottom line result was a positive ROI of 517%. Additionally, there were notable intangible benefits of the program including job satisfaction, faculty career development, and student satisfaction.

The findings of this study indicate that effective training results increased employee and organizational performance. Simply put, employee training can be and should be a profit center for the institution - not a cost center. Specifically, this study demonstrates the potential ROI of faculty development to career college executives.

The detailed ROI research report is available from the Imagine America Foundation. Please contact Jenny Faubert at jennyf@imagine-america.org for further information.