

Education Benefit Overview for Board of Regents

Benefit summary under current University Regulation 04.06.010

After a six-month waiting period, regular eligible employees may have tuition waived for up to eight eligible credits per semester for a total of sixteen credits per academic year. Employees also may have certain non-credit course charges waived if UA approves the course for employee use. Spouses and dependent children (up to age 24) of regular employees are afforded similar but not identical benefits. They are eligible to have tuition waived for eligible for-credit courses. UA requires that regular employees, their spouses and dependents maintain a GPA of 2.0 for undergraduate classes and 3.0 for graduate classes. Adjunct faculty earn a waiver of three credit hours for each semester taught. This benefit, therefore, is currently available in some form to over 5,800 UA employees. In general, waivers do not apply to self-support courses, non-credit courses, 500 level and year-long courses, or to associated student charges or fees, such as network, lab, course, health, recreation, room and board.

Survey

In November of 2013, the SW Human Resources office conducted a survey of all eligible employees to gather information about their thoughts and use of this program. Over 2,700 employees responded to this survey for a response rate of 47%. Of the respondents, more than 51% said they or their spouse use this benefit to complete a degree while 82% said their dependents use the program for this purpose.

Current utilization

In FY 13, approximately 5,800 employees were eligible for this benefit. Of those, 2,518 employees and their families took 9,746 graduate and undergraduate classes. Employees, spouses, and dependent children make up approximately 6% of the UA student body. Of employees not currently using the benefit, 31% stated they plan to do so in the next 1-3 years.

Cost, revenue, and unintended consequences

The booked value of this benefit was \$4.8 million in FY 13, down slightly from FY 12. However, this number does not indicate the cost of the benefit. Discussion with UA Finance indicates that institutional cost (faculty salaries, physical plant, utilities, maintenance, etc.) would remain relatively fixed whether employees receive this benefit or not. This is the case because instructional cost generally does not increase per student (though student fee revenue does). Only when eligible classes are full, paying students are displaced and additional sections are **not** added would student tuition revenue be relinquished... a rare combination of events according to our registrars. More likely, but also rare, cost and revenue both increase by adding an additional class section. Thus from a cost/employee benefit perspective, UA is able to provide a valuable benefit to employees at an incremental and de minimis cost.

The revenue perspective is equally complex. During the same FY 13 period, employees and dependents using the benefit paid nearly \$1 million in student and course fees. If UA were to reduce or end the benefit, a reduced number of employees and dependents would pay for a reduced number of courses. (In the November employee survey, 81% of employees and 65% of dependents stated they would modify their class-taking behavior corresponding to any revision/reduction to this benefit.) So, reducing or eliminating the benefit would capture only some currently foregone tuition revenue. However, this would be offset to some degree by UA's increased cost for professional development, increased costs to recruit and retain employees (46% of survey respondents stated that they would consider employment elsewhere should this benefit be reduced or eliminated) and by reductions in student fee revenue. As the number of credits taken increases, fee revenue increases more rapidly at certain thresholds because some student fees are imposed only above certain credit thresholds and because fee-generating choices, like whether to live on campus and pay room and board, are more common with full time students, including those children of UA employees.

National data on benefit prevalence

According to the 2012 College and University Professionals Association (CUPA) national higher-education benefits survey, 96% of responding colleges offer a tuition waiver benefit to full-time

employees. The benefit offered decreases to 84-88% for spouse and dependent children. Average number of credits waived was 15. The CUPA survey also showed that the median waiting period across institutions before eligibility was 12 months. As a side note, 65% of employees responding to the survey stated this benefit was either a deciding factor or the main reason they chose to work at UA.

Summary of employee comments from employee survey

When given the opportunity to comment on this benefit, 1,467 of 2,741 individuals did so. While the majority simply restated their desire for the benefit to continue, some general themes did arise. These themes are illustrated in the specific comments reproduced below:

- “The tuition waiver allows UA to compensate employees for their level of education in a different manner than just dollars in a paycheck, and ends up getting a better employee for it.”
- “The tuition waiver was a main deciding factor why I left [another] tenured job...What makes this University special is its focus on students AND its own community. Such focus is rare and so precious.”
- “This benefit is a lifetime opportunity for me...I am planning on getting my Master’s and continuing to work here...and will give back for the amazing gift UAA is giving me.”
- “...It’s not about the money, it’s about feeling like you’re part of the University of Alaska family.”
- “Tuition waivers allow an easy way for the class environment to be another way to create a bond between student and faculty/staff. It’s also part of our mission—community engagement.”
- “[this benefit] has made me more of an asset to the university – plus I am more invested in the success of the university as an alum.”
- “It is an excellent resource for someone at a rural campus (like myself) where there are so few other staff benefits and campus resources that I can access.”
- “...I continue to work here because of my love for the job and to get my kids through school.”
- “...UA’s retirement contribution and tuition waiver benefit keep it competitive in attracting talent.”
- “Cutting the tuition benefit sends the message that higher education is not actually that important [for employees]...Because of the courses I’ve taken...I have become a more valuable employee.”

Less than 1% of respondents indicated that this benefit is of little importance or use to them.