To: Faculty Assembly

From: Faculty Compensation Board

Date: January 27, 2009

Re: Dependent Tuition Benefit Proposal

Background

As part of its charge to improve faculty compensation at the College, the Faculty Compensation Board ("Board") has been studying the issue of tuition benefits for faculty and other full-time employees of the College. Currently, the College offers a tuition waiver program for full-time faculty and classified employees, allowing them to take one course for free each semester. The current program also allows spouses of full-time faculty to audit College courses, but has no benefit for children of full-time faculty and employees.

Most members of the Assembly are probably aware that tuition benefits for children of faculty and employees are relatively common in higher education. The lack of such a benefit at the College is worthy of scrutiny for two reasons. First, a tuition benefit can be a valuable tool in the retention and recruitment of faculty and staff, as college tuition represents one of the most significant financial outlays facing parents. Second, the lack of a tuition benefit calls into question the percentile rankings of College faculty compensation within our SCHEV peer group. Fringe benefits are a significant portion of any compensation package, and any percentile ranking based on compensation should be premised on comparable fringe benefits across the peer group.

Tuition Benefits at Peer Institutions

Below is the result of a survey of tuition benefits at the College's peer institutions. Half (or more) of the College's public peers have a tuition benefit, while all but one of its private peers do so. The public/private split is useful in explaining why some peers do not have tuition benefits, but it should not be dispositive in determining whether the College itself should adopt such a program. The compensation goals of the College have never been tied toward achieving parity or superiority with respect to its public peers. Instead, compensation goals have always been tied to the entire peer group.

Public Peers with a Tuition Benefit:

- Rutgers University-New Brunswick/Piscataway
- University of Connecticut
- University of Delaware
- University of New Hampshire
- University of North Carolina at Chapel Hill
- University of Georgia[1]

Public Peers without a Tuition Benefit

- Clemson University
- SUNY at Binghamton ($500 per semester benefit)
- University of California-Irvine
- University of California-Santa Barbara

Private Peers with Tuition Benefit

- Boston College
- Boston University
- Brandeis University
- Brown University
- Emory University
- Georgetown University
- Marquette University
- Syracuse University
- Tufts University
- University of Notre Dame
- Vanderbilt University
- Wake Forest University
- Washington University in St Louis
- Yeshiva University

Private Peer without Tuition Benefit

- Dartmouth College

The richness of the tuition benefits varies across the peer institutions. Commonly, institutions offer to pay 100% of their own tuition which can vary from $3705 of in-state tuition at UNC-CH to $36,340 at Notre Dame. Achieving parity with the richest benefits of our private peers should be a long-term goal of the College, but doing so is obviously not feasible in the near future.

Value and Cost of a Tuition Benefit

In a time of salary and hiring freezes, additional fringe benefits would allow the College to send a powerful message of support for its employees. The cost of this proposal would be the foregone tuition

[1] The University of Georgia is a public peer institution that has no formal tuition benefit. However, the state of Georgia provides grants of $3500 for eligible residents to attend Georgia public colleges. The main eligibility criterion is a 3.0 average in high school. Tuition and fees at the University of Georgia are $6230 per year. The interpretation of the Board is that the University of Georgia has a de facto tuition benefit for its faculty and staff.

and fees. Obviously, the unknown factor is how many children would actually take advantage of the program.

The Board's proposal would apply only to tuition and fees at the College. Thus, the benefit would not be portable to other institutions. This modest start would limit the cost to the College to foregone tuition from a limited group of students. In time, perhaps the College could adopt reciprocal arrangements with other state institutions, particularly those subject to the Charter initiative (UVa and Tech).

The Board's proposal extends to all full-time employees and not only faculty. Broad-based participation in the benefit would ensure tax favorable treatment for beneficiaries of the program. Moreover, the Board viewed staff participation as consistent with the close community that is valued at the College.

Estimating the foregone tuition is difficult without more detailed demographic data. The Board has provided some very rough estimates for discussion purposes.

1. If eligible employees have two children on average and each child enrolls in college for 4 years, on average an eligible employee pays 8 year's worth of tuition and fees over their careers. If an average career is 40 years, then we can assume that 20% (8/40) of eligible employees will have children in college in a given year.

2. We assumed that there are 1200 eligible employees. To avoid double-counting, we reduced this number by 10% to reflect married couples who both work at the College. Multiplying this reduced number (1080) by 20% yields 216, which is our assumed number of college-age children of eligible employees in any given year.

3. The number of college-age children is then reduced by the acceptance rate (33%) and matriculation rate (40%) of the College, giving us 28.5 students who would qualify for the benefit. At the current tuition and fees of $10,250, the annual cost would be $292,125.

Operational Details of the Proposal

A very preliminary draft proposal follows the end of this report. A few points about the proposal are worth considering.

1. The proposal covers dependent children, stepchildren and foster children. It does not cover spouses or domestic partners.

2. Full-time employees become eligible after a year of continuous service. Someone who leaves employment would lose eligibility starting with the next semester of enrollment. The Board welcomes comment on whether some benefit should be extended to retirees.

3. Consistent with programs at the College's peers, the proposal is limited to undergraduate tuition and fees.

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Tuition and Fee Waiver Policy

Purpose

This policy provides a tuition and fee waiver for the eligible dependent children of full-time employees of the College.

Amount of Tuition Waiver Benefit

The waiver will cover 100% of the tuition and fees for up to eight semesters of enrollment as an undergraduate at the College.

Eligible Employees

The student must have at least one parent who is a full-time employee of the College with at least one-year of continuous employment at the College at the beginning of the semester. Such parents are referred to as "eligible employees."

Student Eligibility

To qualify for the waiver, the student must satisfy the eligibility requirements of this policy at the beginning of each semester for which tuition and fees are to be waived.

The student must be a "dependent child" of an eligible employee at the beginning of the semester. A dependent child has the meaning given section 132(h) of the Internal Revenue Code. It essentially includes all children age 19 years and younger, and children over 19 years as long as the child has not reached his 24th birthday by the end of the year, at least 50% dependent upon the parent, and enrolled full-time in school at least 5 months during the year. The child can be a biological child, an adopted child, a stepchild, or an eligible foster child of an eligible employee.