

### **Priority Letter: Institute Tuition Benefits to Dependents of Faculty and Staff**

From the 2018 Survey of Faculty Priorities: “STRENGTHEN FACULTY SUPPORT AND RETENTION” was ranked #1 or #2 by over 60.76%. The solutions for improving faculty support and retention were first, “SUBSTANTIALLY INCREASE FACULTY SALARIES” (57.97% of 1<sup>st</sup> and 2<sup>nd</sup> rankings) and second, “INSTITUTE TUITION BENEFITS TO DEPENDENTS OF FACULTY AND STAFF” (39.32% of 1<sup>st</sup> and 2<sup>nd</sup> rankings). An extensive review of the benefit packages offered to faculty at W&M Peer Institutions, shows that W&M is woefully out of step in offering tuition remission as part of faculty compensation. The average tuition waiver benefit offered to faculty at public schools in W&M’s peer group covers 46% of tuition, while the average benefit offered to faculty at private schools covers 78% of tuition (2018). Consistently, tuition remission has been requested by the Faculty Compensation Board (FCB) since at least 2008.

Although statistical data regarding the effectiveness of tuition benefits as an inducement for faculty is thin, it is clear that faculty members with children approaching college age find a tuition benefit exceptionally meaningful. Since average W&M faculty pay is in the bottom quartile, professors recruited to top institutions like those in W&M’s peer group would find this benefit likely to sway their decision in the recruitment process or be enticed away. For faculty at some peer institutions, this benefit is worth tens of thousands of dollars for each year their child attends their institution. Tuition remission or its absence is thus a motivating factor for faculty to come and stay, or to leave.

Anecdotal evidence highlights that faculty have left with regular frequency to gain tuition benefits. It is a common question from faculty being recruited - even faculty with children that are far from college age. Further, the perceived future benefit may be substantially larger than the value related to the likelihood that a faculty member’s children will decide to go to W&M and get accepted to W&M. If this last statement is true, the value of the benefit to the school is significantly above any real costs.

The majority of the College’s peer institutions currently have some sort of tuition benefit. The Faculty Compensation Board for more than a decade, and Faculty Assembly concur, believe that providing dependent tuition benefits will help the College to bring faculty and staff more in line with the overall compensation programs of our peer institutions - it will help to attract and retain the best faculty and staff. Without high quality faculty and staff, the College will not be able to surmount future challenges and achieve our goals as a university.

The Faculty Compensation Board (FCB) have offered the following rough discussion estimates and implementation details for the proposal (slight updated from previous FCB assumptions starting in 2008). Below is the outline of the tuition benefit proposal that the Faculty Compensation Board has developed and incorporated into the College's Strategic Plan. Note the following: 1) The proposal only covers children (including step, adopted, and foster children). It does not cover spouses or domestic partners. 2) The proposal is limited to full-time employees – including faculty and staff makes it a tax-free benefit [eligible after a year of continuous service. Individuals who leave employment would lose eligibility starting with the next semester of enrollment]. 3) The proposal is limited to undergraduate tuition and fees. This is the method most schools use.

### **Assumptions:**

- Full-time faculty and staff work for the College for 40 years on average (age 25-65).
- Each eligible employee will have two children.
- 10 percent of the eligible employees have children with other eligible employees.
- Eligible children will not receive any preferential treatment in the admission process.
- The acceptance rate of applicants to W&M is 33%.
- The number of accepted students who enroll in W&M is 40%.
- Tuition and fees for in-state students at W&M is \$24,000.
- Eligible Employees: 2,500 FT faculty and staff
- Eight years of tuition (includes both children)/40 years of work is .2 tuitions per year

### **Calculations:**

- Eligible Employees with college-age children (adjusted to not double-count children whose parents both are eligible):  $2,500 \times 0.20 \times 0.9 = 450$
- Number of eligible children accepted into W&M:  $450 \times 0.33$  (acceptance) = 149
- Number of eligible children who chose to go to W&M:  $149 \times 0.4$  (enroll) = 59
- **Average cost of tuition benefit program per year:  $59 \times \$24,000 = \$1,425,600$  foregone revenue – SUBSTANTIALLY LESS, if we believe that this small number could be accommodated with the existing infrastructure. Private money could be used.**

## **Dependent 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 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 five 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.