

Get Your Employer to Pay for Your Advanced Education

By Donald Asher

Want to return to school but lack the cash to go? Bored, stuck in a less-than-challenging assignment because of the economy? Would taking a few classes help you stay interested in your job? Maybe you should let your boss pay for it. On the other hand, maybe you are the boss. Worried about retention of key employees while promotion opportunities are limited? Maybe you should send them to school to keep them engaged.

Education benefits are common, and they're commonly underutilized. Usually, all you have to do is ask. In an Accountemps survey of very large employers, 94% of executive respondents reported that their organizations had some form of tuition assistance benefits. Two much larger studies indicate that education benefits are common across the employment landscape. The Society for Human Resource Management's 2008 Employee Benefits Survey, considered a definitive resource for HR managers, finds that 66% percent of companies provide undergraduate tuition assistance, and 61% will support graduate-level endeavors. In the largest study of this type, the BLS National Compensation Survey reports that 52% of all civilian employers will pay for work-related education, and 16% will let you take classes in anything you want. Among the managerial class, 72% can go to school on the company's dime, and even 29% of part-timers qualify for tuition assistance if the classes are work related.

This is good news for all types of workers. If you're a bored engineer, you don't necessarily have to study more engineering. According to the BLS survey, sixteen percent of employers will be happy to pay for you to study poetry, or medieval history, or whatever strikes your fancy.

Education assistance programs may cover tuition only for one class at a time, or they may cover tuition, books, and fees for an entire certificate or degree program. Many of these programs are capped at \$5250 per year value, the maximum untaxed benefit for open studies, according to IRS rules. That is, an employer may cover up to \$5250 for a worker to study *anything*. This cap is often a result of misreading IRS regulations, as the IRS allows *unlimited* untaxed education benefits as long as the educational program would have been a deductible job-related expense for the employee anyway. See IRS Pub 970 chapter 11 for clarity on this issue, <http://www.irs.gov/publications/p970/ch11.html#d0e11469>.

Education assistance is not just a perk. Kathryn Krebs, SVP of HR & Compensation for Robert Half International of Pleasanton, California, puts it this way: "Employer-sponsored tuition reimbursement programs enhance the employees' skills, marketability, and earning power. That's how it helps the employee, and it helps the employer attract top performers, maximize productivity, and increase retention." So it's a win for everybody.

Valerie Ricetti, a senior HR officer in the Silicon Valley, and formerly head of benefits for three different companies, has a lot of experience with these programs. "The tuition benefits I have knowledge of have

required the following: The course or courses must have relevance to the job the employee is in—unless the course is required as part of a curriculum for a relevant degree, such as a scientist taking an art class because the art course satisfies a core requirement for a bachelor of chemistry degree—the educational institution must be accredited, and the employee must pass the course or courses with a ‘C’ grade or better,” she says.

“Most of the programs set some type of reimbursement maximum. I’ve seen as low as \$500 a year, and as high as full tuition, the latter being very generous and not typical in my experience. Typically, I have seen \$5000 a year for a bachelor’s, and \$7500 a year for a graduate degree.”

Margot Frey took advantage of her employer’s tuition assistance program to get a master’s degree for free. It certainly made it easier that her employer was the University of San Francisco, where Ms. Frey is Senior Associate Director of Marketing & Outreach for the College of Professional Studies and Regional Campuses, a demanding, senior-level position. She worked full time and went to school full time, earning her Master of Nonprofit Administration degree in 27 months. She even wrote a master’s summary project, an applied thesis for a Bay Area nonprofit, CEO Women (Creating Economic Opportunities for Women in Oakland, California, a program designed to help immigrant women start their own businesses). Her employer accommodated her academic work. “I got to design an intensive marketing program for them to help them get the word out, to expand their services, and help them better use their resources.”

At USF, “the benefit is based on time in service,” says Ms. Frey. “If you are at the institution for four years, then your education is complimentary. Actually, there’s a discount based on each year of service, but there is a strong incentive to stay four years and make it fully complimentary.”

Some programs require time in service before kicking in, and some require you to stay on the job *after* using education benefits, or you may have to pay back every dollar. If you think you might voluntarily leave soon after using significant education benefits, you need to be aware of possible restrictions. Otherwise, you may have to turn right around and reimburse the company for your full tuition assistance!

A bit of cost-benefit analysis is always wise. Michael Babbitt told his employer, a major bank in Salt Lake City, that he would like to get an MBA full time. They offered to pay his way and promote him to vice president upon his return, *but* they told him he would not be getting his full bonus afterwards until he’d paid back their investment. “It was basically a noninterest-bearing loan. They wanted too much of a commitment,” he says. He thought he could get a better offer coming out of a good MBA program. “I decided to pay for it myself and take the benefit myself.” So he terminated his employment and went to Krannert School of Management at Purdue. His story has a happy ending; he just accepted an even better position with a global bank.

Except for this one warning about payback clauses, education benefits are a tremendous opportunity for workers of all types. What do you have to do to sign up? Clear it with your immediate boss, and ask your HR officer. It’s as simple as that. Education assistance is an example of an “on demand” benefit. In most cases, all you have to do is ask.

BIO:

Donald Asher is the author of eleven books, including *Graduate Admissions Essays*, the best-selling guide to the graduate admissions process; *Cool Colleges for the Hyper-Intelligent*; *Cracking the Hidden Job Market*; *How to Get Any Job: Life Launch and Re-Launch for Everyone Under 30*; *The Overnight Resume: Fastest Way to Your Next Job*, and *Who Gets Promoted, Who Doesn't, and Why*. Don welcomes your comments at don@donaldasher.com or see his web site at www.donaldasher.com. © 2010 Asher Associates.