



Free College Education, Government Responsibility or CSR?

by Meysam Salimi

The college tuition is becoming a heavier and heavier financial burden for students every year. In the US, it increased by more than 8 percent in 2012 to hit a record of \$5,000 on average a year. The total price of attending a four-year public college has risen 27 percent faster than inflation over the past five years and has gone up 24 percent at community colleges and 13 percent at private universities.

To tackle this issue, governments in developed economies spend billions of dollars to subsidize the cost of a college education through grants, tax breaks, and work-study funding to simply cover the tuition spent at public colleges. They also incentivize private universities to lower their prices. But would this mean anyone could avail themselves of a free college degree? Of course not, the question remains who has more responsibility? Government, employers, social partners or students' family.

There are many students, who take on loans to cover these costs. These loans can end up being difficult to pay back: in the US, one in eight borrowers is in default. The debt cannot be discharged in bankruptcy and may be holding young graduates back from buying their own houses. As a result of such a student loan crisis, the US congress stepped up last year to make it easier for borrowers to get lower-priced loan through Refinancing Education Funding to Invest (REFI) for the Future Act of 2013. Along with the government efforts, there are companies who try to resolve the problem by offering some funds in order to attract a better pool of workers, burnish their corporate image and contribute effectively to their Corporate Social Responsibilities' role (CSR).

To this aim, companies choose different strategies; it varies from direct tuition reimbursement that saves employees from college debt to hand out big bucks towards school. One of the recent schemes in the area is free college education offered by Starbucks to its employees.

The Seattle-based company in Jun 2014 unveiled a benefit that is designed to let college juniors and seniors complete their degrees at Arizona State University (ASU), with all of the cost covered. For the freshman and sophomore years, workers would pay a reduced tuition. The program, which has been widely praised because education benefits are rare for low-wage workers, brought attention to the struggles students face in paying for college.

The program is open to any employees who work at least 20 hours a week and have the grades to gain admission to the university. Starbucks estimates that employees who enrol in the program will pay less than half of their tuition. In this plan, all of the Starbucks 135,000 employees are eligible. In case workers leave the company will not keep getting the assistance, but they do not have to stay with it after they get their degrees.

There are many similar programs to this aim; for example, Apple offers tuition reimbursement up to \$5,000. AT&T provides up to \$5,250 in annual tuition aid for full-time employees. They can be reimbursed up to \$20,000 for courses leading to an undergraduate degree and \$25,000 for courses leading to a graduate degree. Bank of America is another example, which reimburses employees up to \$5,250 for job-related courses or to fulfil a job-related degree program. Boeing provides educational assistance for up to \$3,000.

Best Buy provides up to \$3,500 a year for undergraduate studies and \$5,250 for graduate-level coursework through its Tuition Assistance Program.

Chevron offers tuition reimbursement for up to 75% of employees' educational pursuits.

Disney has a tuition assistance program that provides employees up to \$700 per credit unit, 100% reimbursement for their books, and up to \$100 per course for the cost of materials.

Ford has an Education Tuition Assistance Plan that provides tuition up to \$5,000 per year for courses leading to an associate's degree, bachelor's degree, master's degree, or Ph.D.

Gap provides up to \$5,000 annually through its Tuition Reimbursement Program when employees take courses relevant to their current job or immediate career growth.

Home Depot will cover up to \$5,000 for all salaried associates and \$3,000 for full-time hourly associates who have been working at the company for at least a year to take courses related to their business.

Intel covers 100% of reimbursable costs, including tuition and textbooks. It also has an internal training organization called Intel University that provides more than 7,000 courses.

Procter & Gamble will reimburse 80% of educational fees with a lifetime cap of \$40,000.

UPS offers tuition assistance to both full- and part-time employees. Since the program began in 1999, it has invested \$187 million in tuition assistance for approximately 113,000 college students.

Verizon Wireless has a tuition assistance program and LearningLink, is among which offers up to \$8,000 a year for full-time employees and \$4,000 for part-time. Finally, Wells Fargo provides up to \$5,000 a year for eligible tuition expenses ([Businessinsider](#), 2014).

Despite the advantages of the schemes, there are some criticisms about some of these strategies, for example, in Starbucks workers are invited, from the day they join the company, to study whatever they like, and then leave whenever they like, given that probably many of them, degrees in hand, will leave the company for better-paying jobs. In this concern, Howard D. Schultz, Starbucks chairman and chief executive stated in an interview *“even if they left the company after their graduation, their experience would be accreted to our brand, our reputation and our business and I believe it will lower attrition, it’ll increase performance, it’ll attract and retain better people.”*

To sum up, the middle class employees are being hollowed out in so many ways, they know only with more education, this inequality can be removed. Therefore, the CSR strategies such as providing free or discounted college education, cheap health insurance even for part-timers have become dramatically important to protect employees. These strategies need to be promoted by both government and companies to reduce the growing inequalities.

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