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MANAGEMENT & CAREERS

Now Hiring, With Attractive New Perk: Free College Degree

Companies say benefits of a happy, better-educated staff outweigh the costs of paying for workers' college education



Walt Disney began offering a new benefit available in August to roughly 85,000 employees—free college tuition at certain schools paid for by the company, up front and in full. Characters at Disneyland in Anaheim, Calif., in July 2017. PHOTO: MARK EADES, MARK EADES/ZUMA PRESS

By *Kelsey Gee*

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Some of America's largest companies are proposing that a good job can lead to a free college education, reversing the norm that requires workers to get the degree before launching a career.

Walt Disney Co. [DIS -0.64%](#) ▼, Discover Financial Services [DFS +0.73%](#) ▲ and Yum Brands Inc.'s [YUM -0.54%](#) ▼ Taco Bell are among the high-profile employers sending front-line workers back to school, often paying the cost of tuition, fees, books and other expenses upfront and in full. The companies say the benefits of a content and potentially better-trained staff outweigh the costs.

Many large employers have long offered limited tuition-assistance perks to staff, reimbursing up to the federal tax-exempt maximum of \$5,250 a year—after the student successfully completes course work. For most people, though, paying out-of-pocket and then waiting for the company benefit to kick in later proved too much of a barrier, said Jon Kaplan, Discover's vice president of training and development.

Even so, Mr. Kaplan said, with around 80% of Discover's 7,000 call-center and field staff lacking a college degree, the company saw a good return on every dollar invested in tuition, as participating employees stayed with the firm longer and moved into more senior positions at a higher rate.

Discover unveiled a new program in May that foots the bill for employees to attend the University of Florida, Brandman University and Wilmington University and pursue one of seven online degrees—in business, cybersecurity, computer engineering or organizational management, all fields where the company has urgent hiring needs. By December, more than 700 Discover workers signed up, more than double the annual number of people taking advantage of the credit-card issuer's traditional tuition-reimbursement program, Mr. Kaplan said.

“Obviously I'd like to keep as many employees as possible here, but if this program helps some employees graduate college and go on to have a bright future career elsewhere, God bless them,” Mr. Kaplan said. “That's an awesome downside to have.”



Walmart enrolled 1,000 store employees in three partner universities this past fall. It pays 100% of college costs directly to the schools, with minimal or no expense for workers. It asks participants to contribute \$1 a day for the program. PHOTO: TIMOTHY FADEK/BLOOMBERG NEWS

There are 12,800 employees from Discover, Walmart Inc. [WMT +0.18%](#) and other companies pursuing degrees on the corporate dime at Brandman University, which offers a mix of bachelor's and graduate degrees online and on 25 campuses across California and Washington, according to Brandman Chancellor and Chief Executive Gary Brahm.

To secure new corporate partners, Brandman pays an undisclosed fee to Guild Education, a Denver startup that brokers deals between companies and colleges. Employers choose which majors and schools they will finance and receive discounted tuition by enrolling more of their workers.

Such arrangements offer colleges a potentially massive pipeline of adult students at a time when many face shrinking pools of traditional candidates, said Rachel Carlson, Guild CEO and co-founder.

The cost of a bachelor's degree from a four-year U.S. institution averages \$33,000 a year, according to the Education Department. Guild said that by providing schools a large number of part-time and full-time students, it can negotiate the total price down to between \$6,000 and \$10,000 in some cases, including technical support and academic advisers designated for company employees.

Some companies, including Walmart, pay 100% of those costs directly to the school, according to Guild, with minimal or no expense for workers. Walmart asks participants to contribute \$1 a day for its college program, which enrolled 1,000 store employees in three partner universities this fall, a spokeswoman said.

Other companies, including Taco Bell, cover up to \$5,000 or so a year in costs up front and negotiate deals on textbooks and other student services for employees. A Taco Bell spokeswoman said the company now offers the college benefit to all 210,000 employees, after a pilot version last year boosted retention among participants by one-third to 98%.

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Working adults are going back to class for programs ranging from two-year associates to masters of business administration degrees. Their ranks range from line cooks

and theme-park workers to midcareer managers, for whom the price tag put the degree out of reach, companies and university officials said.

In the tightest labor market in decades, Disney, Discover and other companies say covering the full cost of college can help them hold on to valuable talent that has become more expensive to attract.

"We want to create upward mobility for our employees and, more than anything else, for people to be able to look ahead and see greater opportunity than they had before," said Bob Iger, chief

executive of Disney, which launched its back-to-school benefit for its 85,000 employees in August. More than 1,000 employees enrolled in a matter of months.

Disney said it would spend \$50 million on its employees' educations by mid-2019 and \$25 million a year after that. Even if those workers end up quitting their jobs at Disney, covering college costs immediately pays off in a more engaged and confident staff, Mr. Iger said.

"This program has the ability to increase the pride people have in what they do here, and what they're capable of doing," he said. "It makes people feel good about themselves."

Tour guide J'Amy Pacheco, 59, who works at Disneyland in Anaheim, Calif., is pursuing a bachelor's degree in communications from the University of Denver. It has been nearly 30 years since she dropped out of college as a working mother, she said, but with Disney footing the bill, completing her degree is finally within reach. It could be at least two more years of online course work before she'll earn enough credits to graduate, Ms. Pacheco estimated, adding that she earned straight As for her first quarter this fall.

"It's been a life-changing experience for me," she said. "This is something I never thought I would achieve, finishing a degree I set out to receive so many years ago."

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