



Tuition Remission – Sample Policies

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Our policy is fairly simple and fairly generous.

50% remission to all full time employees - faculty and staff

25% for part-time faculty and staff

The core leadership team receives 100% but the amount above 50% is treated as income to stay in compliance with IRS regulations regarding highly compensated employees.

Employees may apply for tuition assistance above this if needed.

Children of full time faculty or staff attending grades Prek4-12 are eligible for tuition remission. The amount of remission is based on date of hire. In addition to natural children, eligible children include stepchildren and adopted children who reside with the employee at least 50% of the time. If an employee is financially responsible for less than 50% of the student's tuition per a divorce decree, the employee is only entitled to remission on their portion. The remission cannot exceed the portion of tuition for which the employee is responsible.

Any direct report to headmaster (all full-time) – 100% remission on all children*.

Any other full-time employee – 50% remission on all children* (if husband and wife both work for the school and both get 50% discount, the remission for their child(ren) is effectively 100%).

Part-time employees – 25% remission on all children* (if, say, husband is PT employee eligible for 25% discount and wife is FT employee eligible for 50% discount, then family remission would be 75% on all child(ren).)

Discount naturally can't exceed 100% - thus, if a direct report to HM and her husband both are FT employees here, then the wife's 100% discount is all that would apply to each child*.

*We define "child" for this purpose as the biological or legally adopted child of a school employee, or the stepchild of such employee if such stepchild lives with such employee.

We provide full-time 10 and 12 month employees with tuition remission at the rate of 50%. Part-time employees (less than 40 hours per week) do not receive tuition remission. Our Senior level administrators receive 75% tuition remission. There is no limitation on the number of children per employee that can receive remission.



We provide 75% remission for one child. In those few instances where both parents are school employees we give them two children @ 75%. Faculty are also top of the food chain for financial aid.

Our school has one of the more generous policies around. It gives 100% remission for the first child and 50% for the second. Zero for the third. Employees may also apply for financial aid.

Currently our school (6-12th Grade) offers 100% remission (Tuition only) for full-time employees (40 hour work week) - faculty/staff

We plan to put wait periods (say, faculty-1 year & staff-3 years) as well as some other parameters, and grandfather existing FTEs. We also looked into FA process through existing TADs that is in place for regular applicants moving forward.

School Policy is 50% remission to full-time employees (if two spouses are employed, currently only one benefits). Employees may additionally apply for financial aid if need be.

The School provides tuition remission to regular full-time employees as a benefit of employment.

Tuition Remission

- Day School: Tuition remission is offered for the children of employees attending day school for all eligible employees with a hire date prior to January 1, 2004 in the amount equal to one-third of the day school tuition, exclusive of the deposit.
- Academic Summer Program: Tuition remission for an academic summer program is offered to the children of 12 month employees in the amount equal to full tuition for one academic summer session per child.
- Study Lab: Tuition remission is offered for the children of School employees attending Study Lab for all full-time employees in the amount equal to full tuition for one child per session.

Financial Aid

- Financial Aid (All Programs): All employees are eligible to apply for Financial Aid and will be given special consideration.
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All full-time school employees are eligible for tuition reduction so that their children can attend the school. For purposes of tuition reduction, the “child” relationship is defined as a child for whom the employee is a legal guardian, whether by birth, adoption, or other legal action. The child must reside with the employee and the employee can and must claim the child as a dependent on the employee’s tax return. If an employee claiming the tuition reduction benefit is married to another full-time employee of the school, only one of the employees can claim this benefit.

The maximum benefit for any school family is a 50% tuition-only scholarship for up to two children. There will be no tuition reduction for additional children.

Employees must still pay all required enrollment, re-enrollment, and other fees set forth in the enrollment contract. Employees may also choose to apply for additional financial aid through regular channels. Part-time employees are not eligible for tuition reduction.

When a full-time employee enrolls a child at the school, the child becomes eligible for tuition remission. The policy is dependent on years of service:

- Years of service one through ten: The first two children enrolled will receive a 50% remission of tuition. The third and all subsequent students from one family will be entitled to tuition remission of 25%.
- At the beginning of the eleventh year of service: The first two children enrolled will receive 100% remission of tuition. The third student from one family will be entitled to tuition remission of 50%. The fourth, and all subsequent children, will be entitled to 25%.

Teacher assistants do not qualify for this benefit.

Note on implementation:

The oldest child enrolled in the school shall be counted as the first child and, similarly, the second oldest child enrolled shall be counted as the second child. The third oldest child enrolled shall be counted as the third child, and so on. Once a child is enrolled and counted as the first, second, third, or succeeding child, that designation shall remain in effect for the duration of that employee's term of employment. If a child graduates or withdraws from school for any reason, he will still hold his assigned designation. The remaining or subsequent children enrolled in the school will be designated second, third, fourth and so on, in descending order of the age of the children from one family who have ever been enrolled in the school.

Currently, we offer 75% tuition remission to full-time employees. Employees can then apply for need-based financial aid up to 15% additional aid.



All persons employed full-time by the school as of June 30, 2008 and for so long as they remain full-time employees (“current employees”), will continue to receive full tuition remission for their children who attend the school. This remission will apply to and covers a current employee’s existing children (whether currently enrolled or not) and future children.

All persons employed full-time by the school on or after July 1, 2008, and for so long as they remain full-time employees (“new employees”), will receive tuition remission according to the following schedule:

New Employees With Less than Eleven Years Continuous Employment

First child enrolled	75% remission
Second child enrolled	50% remission
Any additional children	50% remission

New Employees with Eleven or More Years Continuous Employment

First child enrolled	75% remission
Second child enrolled	75% remission
Any additional children	50% remission

If two or more children of a new employee are newly enrolled together for the same school year and the tuition applicable to those children is different (e.g. middle school and upper school), the new employee shall designate which remission rate shall apply to which tuition. Existing and new employees will be eligible to apply for financial aid for the balance of any tuition that is due.

For purposes of this policy the term “child” or “children” shall include those children biologically born to an employee, legally adopted, step-children, and children for whom the employee is the legal guardian.

For purposes of this policy, the term “full-time” shall mean thirty (30) hours per week of work at the school.

School Tuition Remission Policy for full time faculty and administrators:

90% remission on 1st child
50% on 2nd child

Remission

The purpose of this document is to provide an overview of things to consider when creating or reviewing a school's remission policy. It does not make a recommendation for or against remission. The various contributing voices feel passion about the remission argument – pro and con. What will serve the school best is to define its community values and respond to them with an appropriate policy. The timeless question that must be applied to all strategic issues – does this allocation of resources support the school's mission?

Once a benefit that was used to fill seats in the classroom, tuition remission has gone through a variety of philosophical and pragmatic reviews. Should it be eliminated, reduced, endorsed or enhanced? Within the last 10 years alone the benefit has been scrutinized for elimination and it is just now beginning to surface again as an important recruiting tool at a time when: a) the economy is suffering, b) strong qualified teachers are a harder to find, and c) demographics of school age children are starting to decline. The controversial nature of tuition remission ensures that schools will be discussing its merits for years to come. The best solution will be an approach that best supports the schools mission within the context of its community.

Tuition remission is a policy that grants relief from tuition to specific, identifiable employee groups. In simpler terms, a remission policy of 25% relieves an employee from paying 25% of the total tuition. The benefit is a legal subsidy specifically for the education for the dependents of employees. Technically, the IRS Code section 117 (d) allows the amount of any qualified tuition reduction to employees of educational institutions to be excluded from gross income. The reduction must be for education provided to the employee, employee's spouse, or dependent child at a qualified educational organization, which normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of students.

The reduction must not discriminate in favor of highly compensated employees. In addition, if a school uses identified groups rather than all employees, the groups must not create de facto discrimination.

Benefits of Remission:

- **Recruiting the best faculty** – Remission is an important tool in recruiting, more because it is a detractor when not offered than an incentive when available. That is, it seems to be expected.
- **Retention is improved** – Employees with children at the school make a long-term investment in the school. Employee parents speak with profound appreciation of the many benefits of having their children enrolled at the school. These include: a) knowing their children's teachers personally and professionally, b) possessing intimate knowledge of the academic and extracurricular programs, and c) being able to attend their children's special performances without disruption to their workday.
- **Encourages parenting-employees** – The expertise of parenting often strengthens a teacher's abilities in the classroom to relate to the children. Especially in a time when the traditional family structure is less common (divorces, blended families, 2 wage earners) it is important

to have teachers with parenting qualities. This does not suggest that employees without children are not committed and dedicated or can't relate to children; it only suggests that parents can be very good teachers.

- **Enhancement of school program and community life** – Employee-parents add value to professional discussions within the school as informed parents, facilitate communication across traditional boundaries of divisions and departments, and encourage cross pollination of program ideas. The more involved an employee can be in student life beyond the classroom the better understanding of the total student. Employee-parents who attend their own children's after-school events are automatically providing a school presence for all the students participating.
- **Promotes socio-economic diversity** – Given the difference in income between families that can afford full tuition and families on substantial financial aid, there is often a gap that leaves schools with a reduced middle class presence. Employee families often help satisfy this goal.

Challenges of Remission:

- **Increasingly costly for schools to maintain** – The percent of remission students to total enrollment at NAIS schools has increased from 3.3% in 93-94 to 4.3% in 03-04, and the average award has increased from \$5,282 to \$9,575 during the same period of time. The cost of the remission benefit to a school gets larger as more employees are added, and is often unpredictable year to year. Remission increases (and hence cost) often outpace tuition increases. The benefit cost, unless capped, can escalate disproportionately in any given year if employee-children enrollment spikes.
- **Discriminatory benefit** – This benefit is awarded to employees with children attending the school without any compensating benefit to non-parenting/participating employees. And while remission is a benefit that is seldom criticized openly by those employees not receiving it, community perception can become resentful particularly in years when salary increases are minimal.
- **Remission places extra burden on the budget** – Remission is a benefit awarded by category not need. Therefore it is a tool that can provide subsidy to families that can afford tuition. In most remission programs, the school has no way to ensure that the automatic grants do not limit the capacity to serve others, who, without financial support, cannot pay the cost of private school education. Parents in some schools are bitter about remission as a forced subsidy.

Plan Design:

The remission benefit can be equated to an employee discount. A generous benefit encourages all of the employees to walk the walk and talk the talk and enroll their children in the school. An employee discount (say Macy's 25% discount) encourages and rewards the employees to support the store. Employees feel valued and proud to be able to speak about the products they sell. Therefore, some level of remission benefit seems to be a good idea.

Tuition remission should be funded, administered and accounted for separately from the need-based financial aid program. A financial aid program provides monetary assistance to those students who would not be able to afford the private school education. Since most of our employee parents do not complete the financial aid process if they qualify for remission funds it should not be assumed that they would meet the criteria for need-based aid.

Eligibility:

The school may provide different levels of tuition remission to different classifications of employees, provided that each level of the benefit passes the test of reasonable classification, provides benefits on substantially the same terms, and does not discriminate in favor of highly compensated employees or in any other way.

Who is eligible for remission?

If the school is using the benefit as a recruiting tool it is necessary to offer the benefit to faculty and administration, candidates may expect schools to support a remission program, particularly if other schools in the same geographic area have remission programs. However, long debates can arise about the appropriateness of the benefit as a recruiting tool for staff. Schools need to weigh the arguments of “all on the same team,” staff & faculty, against the cost of the benefit and often the staff’s motivation for applying for the job. The national market that supports faculty and administrative candidates is significantly different from the local pool of candidates for staff positions. A traditional administrative assistant position at a local organization would not offer “remission” as a benefit; therefore, if the school is paying competitive salaries with the local market, remission is an over the top cost to the school. However, if the staff is considerably more diverse ethnically or racially than teachers and administrators, the groupings may not pass discrimination tests.

When are employees eligible for remission?

A school should reflect on its own climate and culture to address the timing of the benefit. Should there be a 1, 3 or 5-year waiting period or is the benefit offered immediately? If it is common for a school to have high turnover or mismatched hiring, it is sensible to delay the benefit until the employment arrangement can be tested. Once a child begins at a school it is more challenging to dismiss an employee-parent and keep the morale at the school positive.

What is the level of the benefit?

Schools currently provide remission based on a number of different calculations:

- % of Tuition – i.e. 50% remission assumes a family is paying 50% of tuition cost
- # of Children – i.e. Remission for the 1st child at 100%, 2nd child at 50%, 3rd child at 25%, etc.
- # of Years – i.e. Remission for 12 years of education at the school
- Calculation based upon lost tuition – i. e. Remission enrollment capped at 4.5% of enrollment, lost tuition revenue shared equally among remission students
- Need based only

Schools must, in considering the policy design, include the predictability of budgeting the benefit long-term. The large number of methods employed suggests that many schools have tailored programs specifically to meet their needs.

Part-time vs. full-time employees – Schools need to consider the relative importance of offering the remission benefit to part-time employees. This classification of employees might be best addressed through a market analysis; if the candidate pool is large enough, remission may not be as critical to attracting qualified candidates.

Considering your community:

- Day vs. Boarding schools – The boarding school model creates an expectation of community participation and 24/7 involvement in the school for both the employee and their families. Therefore, tuition remission is typically at a higher rate than for day schools but at a lower percent of total enrollment (a higher benefit for a smaller population).
- Elementary vs. Secondary schools – A PreK-12 school will have greater exposure over the 14 years to potential remission students than a 4-year high school will have. Similarly, secondary schools can award a higher rate for remission than elementary/secondary schools because a smaller percent of enrollment will benefit.
- Single gender schools – Interestingly, the percent of students on tuition remission is lower for a single sex school but the trend to offer a greater benefit is higher at boys schools. Many single gender schools will partner with other schools to provide a reciprocal benefit.

Other considerations:

Nothing is simple when you are discussing remission; a benefit our communities feel entitled to. Schools need to remember to look beyond the specifics of the program and think about the other important pieces of this puzzle.

- How will the decision impact morale?
- What are the admission considerations?
- Are there funding opportunities outside of the budget?
- Is an endowment an option to consider?
- How can the policy be communicated and understood?

Remission is a hot button that never seems to cool off. Just the suggestion that the policy may change creates an eruption of debates and concerns. Grandfathering becomes the norm and schools don't recognize the relief they anticipate from a different policy until several years down the road. Budgetary planning is a hit-or-miss with projections of "potential students" still just a twinkle in an employee's eye.

In the end, the school's mission statement and philosophy of education should be the guiding principles in the creation of an appropriate remission policy. And communicating the policy or change in policy is just as critical as the design of the program.

Data and statistics from:
NAIS, NYSAIS, Ideas & Perspectives (Independent School Management) and the NBOA
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