

## Intel Cuts 100 Colleges From Its Tuition-Reimbursement Program for Employees

By STU WOO

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In an unusual move late last year, the Intel Corporation restricted the number of colleges its employees could attend if they wanted to get their tuition reimbursed.

Under the policy, started in November, employees at the computer-chip giant can be reimbursed only for attending institutions accredited by two selective business and engineering accrediting boards. As a result, about 100 colleges and universities, including several for-profit institutions like the University of Phoenix, no longer qualify to participate in the company's reimbursement program. About 200 institutions remain eligible.

An Intel spokeswoman, Gail Dundas, said the company decided last year to examine the effectiveness of the education program because of its \$25-million annual price tag. She said Intel instituted the new policy after finding that employees were attending institutions "that were not of the highest value to the company," and that many employees left the company after completing their educations because their new degrees did not improve their prospects at Intel.

About 5 percent of Intel's roughly 100,000 employees participate in the tuition-reimbursement program, Ms. Dundas said.

The Apollo Group, which owns the University of Phoenix, said in a written statement that it had traditionally had a good relationship with Intel, educating hundreds of its employees. Apollo said that Intel was not concerned about the quality of Phoenix's programs, but that "Intel would prefer that their employees earn degrees in areas that are more suited to the work they perform, such as engineering."

Robert Ubell, dean of the School of Professional Education at the Stevens Institute of Technology, which meets Intel's new requirements, said the company's new policy was unlike any he had seen.

"This is the first time that we see a global policy from a Fortune 500 company with certain schools eliminated from the tuition pool," he said.

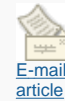
Intel employees can now receive tuition reimbursement only for attending business classes at institutions accredited by the Association to Advance Collegiate Schools of Business and engineering classes taken at institutions accredited by ABET, formerly the Accreditation Board for Engineering and Technology.

In addition to the University of Phoenix, Capella University, Chicago State University, and Xavier University of Louisiana are among the institutions that will no longer be

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options for Intel employees who want their tuition reimbursed by the company.

### **More-Restrictive Policies**

While Intel's policy appears to be the first of its kind, university administrators and corporate tuition-aid program advisers say more companies have been tightening their tuition-aid policies in recent years.

Edward G. Borbely, director of the Center for Professional Development at the University of Michigan at Ann Arbor's College of Engineering, says that over the past five years, he has seen companies, most notably in the automotive industry, cut or reduce education subsidies. But he says most companies have tried to reduce spending only on tuition-aid programs that are intended as a work benefit, rather than on programs that are intended to give employees job-related skills.

The dot-com bust may have also been a factor, says Mark Novak, associate vice president and dean of the international- and extended-studies program at San Jose State University.

He says the bust caused some companies to cut tuition-aid programs and many have not been reinstated.

E. Faith Ivery, president of Educational Advisory Services, which manages corporate tuition-aid programs, says she does not believe that companies are becoming more reluctant to spend on tuition aid. Rather, she says, they are more conscious of getting something in return.

"There was a time when tuition aid meant you can study whatever you want to study," Ms. Ivery says. About 15 years ago or so, she says, companies started saying: "Wait a minute. We want you to learn something to make the company better."

### **Changes in Certain Industries**

Pamela J. Tate, president of the Council for Adult and Experiential Learning, says that in the past five to 10 years, companies in telecommunications, advanced technologies, and financial services have been reducing tuition-assistance programs. The council manages the tuition-aid policies of 26 companies and advises more than 100 more.

In those three industries, she says, "we see more restrictive policies that are either designed to save money or restrict participation to more business-related studies that are of a more immediate need or relevance to the business."

But she says that some employers, especially in local and state governments, health care, and the manufacturing and retail industries, are actually starting or expanding tuition-reimbursement programs in an effort to recruit new personnel. She says Starbucks and BJC HealthCare are two examples.

"We ask our employees to do a great deal for the organization, and in return, we feel we have an obligation to give the tools" to do better on the job, says JoAnn M. Shaw, vice president and chief learning officer for BJC, which is based in St. Louis. This year the company increased the amount of reimbursement an employee can receive from \$3,000 to \$4,500.

Mr. Ubell, the dean at Stevens, says other companies will examine Intel's move.

"Since Intel is a progressive and leading-edge company in many of its policies," he says,

"my guess is that [the new policy] would be closely reviewed by its competitors and other Fortune 500 companies."

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