

# Amazon Dangles Free Bachelor's Degrees as New Perk in Fight for U.S. Workers; E-commerce giant will expand college education benefit as it battles to hire hourly workers in tight U.S. labor market

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**FULL TEXT**



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Amazon is looking to bring on tens of thousands of additional hourly staffers to work in its fulfillment centers and delivery network. PHOTO: Jeremy M. Lange for The Wall Street Journal

Amazon.com Inc. is offering to pay college tuition for more than 750,000 U.S. employees, as the battle for hourly workers escalates beyond minimum wages.

The e-commerce giant joins other retailers, restaurant chains, garbage haulers and meat processors dangling the prospect of a free college education as a way to lure and retain staff in a tight U.S. job market .

Amazon said Thursday that it will cover the cost of tuition and books for staff pursuing bachelor's degrees at various universities nationwide. Hourly employees will be eligible for the new perk after 90 days on the job. It didn't identify the schools.

The company has hired 400,000 employees during the pandemic, but it is looking to reduce turnover and bring on tens of thousands of additional hourly staffers to work in its fulfillment centers and delivery network over the coming months. Employees working as little as 20 hours a week will be eligible for the college benefit, though Amazon will pay 50% of the college costs for part-time staffers.

"Career progression is the new minimum wage," said Ardine Williams, a vice president of workforce development at Amazon, who notes employer-funded training can help people prepare for a career that interests them. "Most adult learners don't have the luxury of quitting their jobs and going to school full-time."

The stepped-up perks also reflect what executives say is a reality across the corporate sphere: Even \$15 an hour, Amazon's base wage, is no longer enough to attract many workers . As more employers and cities have raised minimum wages, large companies have aimed to differentiate themselves through additional benefits, such as greater time off, more reliable scheduling, access to emergency child care and, increasingly, a path to a broader education and new skills.

Many of America's biggest companies strengthened educational initiatives this year, or rolled out programs essentially matching the benefits offered by their competitors.

Walmart Inc., one of Amazon's chief rivals, in July said it would fully subsidize college tuition and books for 1.5 million part-time and full-time employees in the U.S., dropping an earlier requirement that employees pay a \$1 daily fee toward their education. Walmart employees can enroll in the program on their first day of employment. The retailer has expanded the number of educational partners over time, adding Johnson &Wales University and the University of Arizona, among others, this summer.

Last month, Target Corp. said it would offer its 340,000 U.S. workers no-cost college education, including books and course fees, for a number of programs.

Among restaurant chains, Chipotle Mexican Grill Inc. offers free college tuition to employees who work at least 15 hours a week after four months on the job. In 2015, Starbucks Corp. said it would cover the full cost for employees who work an average of at least 20 hours a week to get a degree online through Arizona State University.

As more companies offer such benefits, they can become an expectation among hourly workers, which pressures more employers to offer similar perks, economists say. For companies that are willing to go only so far on pay, training and educational opportunities can represent another form of compensation, said Chris O'Leary, a senior economist at the W.E. Upjohn Institute for Employment Research, a nonprofit research center.

Educational initiatives can also help companies in attracting a more aspirational worker, one who may be persuaded to stay in a difficult job until they complete their education, he added. "They might be able to get enough productive months or years out of somebody to make it worth the investment," Mr. O'Leary said.

Some elements of Amazon's four-year degree benefit are still being ironed out. When the program launches in January, employees will likely be able to attend in-person or online courses, depending on their preference, Ms. Williams said.

Amazon will also cover the cost of an associate degree, high-school completion program, English as a second language certification or other programs. Previously, it paid 95% of the costs for an associate degree or other certification programs and didn't offer four-year degrees.

Amazon will pay tuition and fees upfront, instead of reimbursing employees later. The specific fields of study offered could vary by community based on the in-demand jobs in the area, though Ms. Williams said it is likely that Amazon would support degrees in technology, engineering and healthcare, among others. Amazon doesn't require

employees to pay back tuition or fees if they leave the company in the middle of a course or shortly after completing a program.

The company on Thursday also said it was expanding other upskilling training programs offered to employees, including launching programs focused on areas such as user-experience design and research. Amazon said its overall education and upskilling efforts will likely cost the company \$1.2 billion by 2025.

In hopes of retaining workers, a number of companies are now extending education benefits to the children of employees, too.

Meat processor JBS USA Holdings Inc. launched a program earlier this year that provides full-time employees and their dependents access to tuition-free associate degrees and trade certificates. So far, 1,835 people have enrolled in the program, including nearly 600 dependents of employees. Programs in animal sciences, business administration, liberal arts and general education and nursing have been among the most popular so far, the company says.

The program has become a point of pride for some employees, said Chris Gaddis, the head of human resources for JBS USA. "They don't want their kids to have to work in a meat plant—they take great pride in it, but they also realize that the world extends beyond the boundaries of that particular beef plant," Mr. Gaddis said.

Waste Management Inc., which announced its own free college-degree program for employees earlier this year, will expand its program to dependents who are eligible for benefits later this year.

Meanwhile, California legislators advanced this week a bill to regulate companies like Amazon that employ quotas and other algorithm-driven work practices at their warehouses. The bill would bar companies from enforcing productivity quotas and penalties that affect employees' health and safety, including the ability to take breaks or use the bathroom.

The bill, which was backed by a coalition of labor groups, passed the state Senate with a 26-11 vote Wednesday. The measure was opposed by business groups including the California Chamber of Commerce and the California Retailers Association. Amazon belongs to both groups but hasn't taken its own position. The bill is expected to soon go to Gov. Gavin Newsom, who is facing a recall vote. A spokesman declined to comment on whether he would sign it.

Christine Mai-Duc contributed to this article.

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Credit: By Chip Cutter

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