The purpose of the Rasmuson Foundation Tuition Assistance Reimbursement Program is to support the professional development and growth of our staff. This program is designed to assist eligible staff members in furthering their education, thereby enhancing their skills, knowledge and contributions to the Foundation’s mission.

POLICY:

The Foundation acknowledges the value of continued education and is committed to providing financial support to eligible staff members pursuing approved courses of study.

Eligibility

Full-time regular staff members are eligible to apply for tuition assistance reimbursement for courses that have been approved by the Foundation.

Approved Educational Programs

Tuition assistance will be provided for education through an accredited program that either offers growth in an area related to the staff member’s current position or will prepare them for future roles within the Foundation. This education may include college credit courses, seminars and certification tests and preparation courses that are job-related. Extracts from Internal Revenue Service (IRS) publications are appended to this policy for additional guidance.

Minimum Grade Requirement

For degree programs, a staff member must secure a passing grade of “C” or its equivalent or obtain a certification of completion for ungraded programs to receive any reimbursement. Expenses must be validated by receipts and a copy of the final grade or certification received. A pass/fail course is 100% reimbursable if passed successfully. If staff has experienced extenuating circumstances, staff may appeal to the President and Chief Executive Officer to seek reimbursement even if not obtaining a “C” or passing grade.

Procedures

To receive reimbursement for educational expenses, staff members should follow the procedures listed here:
Prior to enrolling in an educational course, the staff member must provide their supervisor with information about the course for which reimbursement is sought and discuss the job-relatedness of the continuing education.

A tuition reimbursement application should be completed by the staff member, and the appropriate signatures obtained.

A copy of the tuition reimbursement application must be submitted to the Human Resources Staff prior to commencement of the course. Applications will be reviewed by Human Resources Staff to ensure compliance with IRS program guidelines.

Human Resources staff will consult with the supervisor, and they will inform the employee if the application for reimbursement is approved or denied. If denied and the employee disagrees with the basis for the decision, the employee may appeal the decision through the supervisory chain up to the President and Chief Executive Officer.

Approved applications will be maintained in an employee’s personnel file, in accordance with the Foundation’s file retention policies.

Reimbursement Process
- Upon obtaining proof of payment to the education provider, staff must submit it for reimbursement to the Human Resources staff, which will in turn process for reimbursement if documentation is complete.
- Upon successful completion of the approved course, the staff member must submit proof of completion (e.g., official transcript, certificate) to the Human Resources staff within 30 days of completion.
- In the event an employee does not achieve at least a passing grade of “C” or its equivalent or obtain a certification of completion for ungraded programs, the Foundation may seek recovery of the tuition assistance provided. An employee may appeal a recovery of tuition assistance payments to the President and Chief Executive Officer to present extenuating circumstances.
- The Foundation will reimburse eligible staff members up to a maximum of $5,000 per year. Note, the $5,000 is cumulative for payments requested under this policy and the Professional Development Reimbursement policy.

* This policy is established in accordance with IRS Section 127, to ensure compliance with tax regulations. Note: Tuition assistance benefits may be considered taxable income. Staff members are encouraged to consult a tax advisor for guidance.

RELATED POLICIES: Professional Development

REVIEW PERIOD: This policy will be reviewed annually, or as necessary for needed revisions.
Working Condition Educational Fringe Benefit - General Guide

1. Is the education needed to meet the minimum educational requirements of the position?
   - Yes: The educational reimbursement is taxable.
   - No

2. Is the education part of a program of study that can qualify the employee for a new trade or business?
   - Yes: The educational reimbursement is taxable.
   - No

3. Is the education required by the employer, or by law, to keep the present salary, status or job?
   - Yes: The educational reimbursement is not taxable.
   - No

4. Does the education maintain or improve skills required in doing the present work?
   - Yes: The educational reimbursement is not taxable.
   - No

Qualified Educational Assistance (Section 127)

Under an educational assistance plan, an employer may exclude up to $5,250 paid or incurred on behalf of an employee from the wages of each employee, if certain requirements are met. The education may be at undergraduate or graduate level and is not required to be job-related. IRC Section 127

The following requirements apply for a qualified educational assistance plan:
- The employer must have a written plan.
- The plan may not offer other benefits that can be selected instead of education,
- Assistance does not exceed $5,250 per calendar year for all employers of the employee combined.
- The plan must not discriminate in favor of highly compensated employees (generally, for 2020, those receiving $130,000 or more). IRC Sections 127(a)(2) and 127(b)(2); Notice 2019-59 for 2020

Eligible Employees

Individuals who may qualify for the Section 127 benefit include current and laid off employees, employees retired or on disability, and certain self-employed individuals. Spouses or dependents of employees are not eligible. Treas. Reg. Section 1.127-2(h)

Educational Expenses

Educational expenses include tuition, books, supplies and equipment necessary for class.

Educational expenses do not include tools or supplies that the employee may keep after the course is completed; education involving sports, games, hobbies (unless job-related), meals, lodging or transportation. IRC Section 127(c)(1)
Comparison of Code Sections Covering Educational Assistance

The following table is for quick reference. For more information, see the relevant IRC Sections or Publication 970.

<table>
<thead>
<tr>
<th>Feature</th>
<th>Section 127 Qualified Educational Assistance</th>
<th>Section 132(d) Working Condition Fringe</th>
<th>Section 117(d) Qualified Tuition Reduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Written plan required</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Undergraduate courses covered</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Graduate courses covered</td>
<td>Yes</td>
<td>Yes</td>
<td>No*</td>
</tr>
<tr>
<td>Must be job-related</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Courses qualifying employee for new trade or business covered</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Courses needed to meet minimum job requirements covered</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Can discriminate in favor of highly compensated employees</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Dollar limitation</td>
<td>$5,250</td>
<td>No</td>
<td>No</td>
</tr>
</tbody>
</table>

**Definition of employee includes:**

| Current employees                                                      | Yes                                         | Yes                                    | Yes                                      |
| Family members                                                         | No                                          | No                                     | Yes                                      |
| Laid-off employees                                                     | Yes                                         | No                                     | No                                       |
| Employees retired or on disability                                    | Yes                                         | No                                     | Yes                                      |
| Independent contractors                                               | No                                          | Yes                                    | No                                       |

**Educational expenses covered:**

| Tuition                                                                | Yes                                         | Yes                                    | Yes                                      |
| Books, supplies, equipment                                             | Yes                                         | Yes                                    | No                                       |
| Tools or supplies employee may keep                                    | No                                          | No                                     | No                                       |
| Education involving sports, games, hobbies                             | No**                                        | No**                                   | Yes                                      |
| Meals, lodging or transportation                                       | No                                          | Yes                                    | No                                       |

* See text for exceptions
** Yes, if specifically job related

**Note:** These are general rules.
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