

Policy Title: Educational Opportunities**Responsible Office:** Human Resources**Policy Officer:** Human Resources**Scope:** |Faculty |Staff**Approved By:** President's Council**Approved Date:** 11/1/2011**Effective Date:** 11/1/2011**Category:** Faculty and Staff**Description/Purpose:**

Educational Opportunities

Details:

Saint Francis University encourages employees to continue their education in areas related to their careers.

Tuition Benefits for Employees

- **Full-time Employees** - Degree and non-degree seeking employees may enroll in up to two undergraduate or graduate courses per semester with a full waiver of tuition. New full-time staff must have completed their introductory period or have been employed for ninety (90) calendar days following their full time hire date, whichever comes first, before they are eligible to enroll in any courses.

Generally, degree seeking employees are limited to two courses per semester. However, degree seeking employees may receive approval for a tuition waiver for additional courses by filing a personal academic plan with their advisor and supervisor. An approved personal academic plan requires the employee have completed their introductory period or have been employed for ninety (90) calendar days following their full time hire date, whichever comes first; be enrolled strictly on a part-time basis; and be expected to continue employment for at least two years upon earning a degree.

- **Part-time Employees** - Employees working less than full-time who have completed one year of service and worked at least 1000 hours in a calendar year (in accordance with the matching contribution eligibility provision in the retirement plan) or who have completed five years of continuous service, may enroll in one undergraduate, continuing education, or graduate course per semester on a space available basis without a tuition charge. An employee will be contacted by the benefits manager when he/she becomes eligible.
- **Retirees** - University retirees may enroll in one graduate, undergraduate, or continuing education course on a space available basis per semester. (For this policy retirees are defined as those full-time employees retiring at a minimum age of 62 with 10 years of service or at any age with 25 years of service)

Conditions and Exclusions for Employees

Employees utilizing the educational benefit are expected to take courses outside of their normal work hours. Exceptions may be granted with the approval of the supervisor and department director in conjunction with the approval of a personal academic plan. The time spent in class during normal working hours must be charged to personal time or vacation or may be made up by performing work outside of normal working hours during the same pay period. Should a supervisor determine that the course(s) interfere with the employee's primary position responsibilities, the employee will be asked to withdraw from the course or courses. There is no limit to the number of degrees an employee may attain utilizing the tuition benefit. Generally, any course where there are less than five full paying students will be cancelled. However, should a course with less than five full paying students be held it will be covered under the tuition benefit. Internships, tutorials, student teaching, and independent studies are also covered under the tuition benefit. The tuition benefit also includes tuition only for Saint Francis University study abroad programs, but does not include program fees or travel costs. Special interest courses of a non-credit nature are not eligible for tuition remission. Any additional fees, including books, supplies, lab fee, comprehensive fee, technology fee, graduation fee, music fees, or any other special fees are the responsibility of the employee.

Separation from Employment

The tuition benefit will be carried through the end of the semester in which the employee separates from employment. However, a full-time employee who separates from employment due to disability, and who is receiving long-term disability benefits, may enroll in one course per semester.

Tuition Benefits for a Spouse and Dependent Children of Full-time Employees (Revised 3/29/17)

A spouse and unmarried dependent children of full-time employees, and siblings of Franciscans may enroll in undergraduate or continuing education courses. To qualify as a spouse - Saint Francis University recognizes a person as the Employee's spouse under a legally valid existing marriage that is pursuant to law at the time of the marriage in the state where the marriage occurred. Domestic partners do not qualify as a spouse for the purposes of benefits. To qualify as a dependent - dependent child is defined as a naturally born or legally adopted dependent child or stepchild, or another child for whom the employee has legal custody, who is deemed to be financially dependent on his or her parent(s) to age 19; or as a full-time student to age 25. One must be claimed as a dependent on the employee's federal tax return during the year preceding enrollment and during each year of enrollment. The University reserves the right to request a copy of an employee's federal tax return. Any exceptions to the tuition benefits policy must seek approval from the Vice President for Finance and Administration.

Terms and Conditions of Tuition Remission Benefits

- The tuition benefit is available for the number of equivalent credits needed to fulfill his/her first Saint Francis University bachelor undergraduate degree requirements or equivalent to eight full-time semesters.
- Students may only receive tuition remission for Saint Francis University OR tuition exchange benefits.
- Non-degree seeking students that want to earn credits for transfer to another institution are limited to 9 credits per academic year (Fall, Spring and Summer all modules).
- Students are not eligible for tuition remission benefits if they are a full-time tuition exchange recipient beginning with all full-time hires after June 30, 2016.
- Students are not eligible for studying abroad until they have successfully completed at least one semester of full time coursework.
- Remission benefits are calculated on an academic year basis (Fall, Spring and Summer all modules).
- Tuition benefits commence with the semester immediately following an employee's hire date.
- The benefit excludes any course where there are less than five full-paying students. Certain course work for a spouse or dependents in an undergraduate degree program will be covered (i.e. student teaching) providing such coursework is required for the major.

- Tuition is defined as the per-credit charge or flat-rate charge for credits scheduled per semester at Saint Francis University only.
- Billing for tuition is based upon the student's program of study (i.e., undergraduate, graduate) and not necessarily the specific courses a student is enrolled in.
- Special interest courses of a non-credit nature are not eligible for tuition remission.
- College in High School courses are available for dependents of full-time employees who are also eligible for full tuition remission, less any registration fees.
- Any additional tuition or fees, including books, supplies, lab fee, comprehensive fee, technology fee, graduation fee, travel costs for study abroad programs, or any other special fees are the responsibility of the eligible spouse or eligible dependent child.
- All repeat courses will be paid for in full by the eligible spouse or eligible dependent children.
- Post-baccalaureate or graduate courses for a spouse and dependents are not covered.
- All full-time employees who by their years of service to the University have earned undergraduate tuition benefits for their spouse and dependent children will have those benefits honored in case of their death, total disability, or upon their retirement. However, if separation of employment occurs for other reasons, the tuition benefit for a spouse or a dependent will be carried through the end of the semester in which the employee separates from employment.

Years of Service

Human resources is responsible for determining and managing years of service for employees. Employees hired with years of service from another institution or previously accumulated years of service will generally be credited no more than 2 years of tuition remission.

Allocation of Years of Service Chart:

After 1 year of service	20% reduction
After 2 years of service	40% reduction
After 3 years of service	60% reduction
After 4 years of service	80% reduction
After 5 years of service and beyond	100% reduction

Steps to Receive Tuition Benefits for Spouse/Dependents

1. Employees with dependents seeking tuition benefits must first complete a Student Dependency Verification form available in the Human Resources Office. This form must be completed annually by October 31st of the year preceding enrollment.
2. Employees hired after July 1, 2011 are required to complete the Free Application for Federal Student Aid (FAFSA) and list Saint Francis University (title code 003366) annually. The FAFSA must be filed prior to the Pennsylvania State Grant application deadline.
3. The Office of Financial Aid will review students' records to ensure obligations are met. This review is performed annually. All students are expected to maintain good academic and behavioral standing to retain their tuition remission benefit as well as follow all rules and regulations (including the University's Commuter Policy) cited in the Saint Francis University Student Handbook and University

Catalog. The University reserves the right to revoke the tuition remission benefit should policies be violated.

4. Dependents interested in taking courses should register in accordance with University enrollment policies.
5. Human Resources will review and approve dependents for tuition remission from information received from registration. Human Resources will notify employees for their dependent if remission benefits cannot be applied.
6. Human Resources will notify the Office of Financial Aid and the Business Office to apply tuition remission benefits accordingly.

Tuition Remission Awarding Chart

The chart below serves as an example of how tuition remission is applied to a student's account. Merit amounts are awarded by the Office of Admissions according to published guidelines. Federal and State aid is dictated by agency awarding guidelines. Tuition charges are approved by the University annually and are subject to increase. The example provided is based on full-time enrollment (12 or more credits per semester). Less than full-time students will be billed per credit and are not eligible for merit awards.

Pre July 1, 2011	20%	40%	60%	80%	100%
Tuition	\$31,078	\$31,078	\$31,078	\$31,078	\$31,078
Merit	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Remission	\$4,216	\$8,431	\$12,647	\$16,862	\$21,078
Federal and State Grants	\$10,115	\$10,115	\$10,115	\$10,115	\$10,115
Loans	-----	-----	-----	-----	-----
Balance/(Refund)	\$6,747	\$2,532	(\$1,684)	(\$5,899)	(\$10,115)
Post July 1, 2011	20%	40%	60%	80%	100%
Tuition	\$31,078	\$31,078	\$31,078	\$31,078	\$31,078
Federal and State Grants	\$10,115	\$10,115	\$10,115	\$10,115	\$10,115
Merit	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000

Remission	\$2,193	\$4,385	\$6,578	\$8,770	\$10,963
Loans	-----	-----	-----	-----	-----
Balance/(Refund)	\$8,770	\$6,578	\$4,385	\$2,193	\$0

Taxability of Graduate Tuition Remission for Employees (Effective January 2011)

Under section 117(d) of the Internal Revenue Code, educational institutions offering a full reduction of tuition charges to employees, their spouse and dependent children for undergraduate coursework may exclude the value of this education from their employee's taxable wages. This exclusion does not extend to graduate coursework. Section 127 of the Code allows the university to provide each employee with up to \$5,250 of educational assistance per year on a tax-free basis for both undergraduate and graduate coursework.

For employees who are at a graduate level, any remission in excess of \$5,250 must be added to the employees taxable wages as a taxable fringe benefit, and employment taxes, including federal income tax, Social Security, and Medicare taxes must be withheld. If an employee is enrolled in a graduate-level program, the cost of all courses taken (including any at an undergraduate-level) counts toward the annual exemption limit.

Procedure

The Human Resources Office will track the credits and cost of graduate courses and any undergraduate-level courses an employee has enrolled in as a graduate-level student on a monthly basis. Once the total cost of these courses exceeds \$5,250 in the calendar year, that amount will be reported to the Payroll Office, and will be added to the employee's taxable wage and taxed over the calendar quarter in which the limit is exceeded. For example, if the limit is exceeded in August, your tax will be withheld over any remaining pays in August and September. IRS rules require that the additional tax must be recorded and collected by the end of the calendar quarter in which the benefit is received. Employees are encouraged to track their own tuition remission benefit and plan accordingly, as the increase in taxable wages will increase the amount of tax owed. Employees should also be aware that annual tuition costs, and therefore cost per credit for graduate programs and undergraduate courses, are likely to increase in the future and should plan accordingly. For the current cost per credit amounts, please contact the Bursar's Office. To minimize the impact of this additional income tax withholding, the additional income will be spread out evenly across the number of paychecks received during the applicable paydates of the semester.

Frequently Asked Questions

- **Who should I contact with questions regarding tuition remission?** Questions regarding your eligibility for and approval of tuition remission benefits should be directed to the Director of Human Resources at ext. 3931. Questions regarding the timing and amount of tuition remission credits applied to your student account should be directed to the Financial Aid Office at ext. 3010. Questions regarding the inclusion of graduate-level tuition remission benefits in your taxable wages should be directed to the Payroll Accountant at ext. 3267.
- **What classes and charges make up the amount of graduate-level tuition remission reported to Payroll? I do not agree with the amount reported to Payroll.** As a matter of confidentiality and privacy, Human Resources and the Payroll Office do not have access to the details of your student records or your student account. Please contact the Bursar's Office for details of your student

account. Any changes or corrections to your tuition remission credits must be processed by the Financial Aid Office.

- **Are undergraduate-level courses counted toward the \$5,250 annual exclusion?** Yes. Graduate tuition remission is not covered under section 117(d) of the Internal Revenue Code, which fully excludes undergraduate coursework. Graduate tuition remission is, instead, covered under section 127 of the Code, which sets an annual limit of \$5,250 for the exclusion of employer-paid tuition expenses for both undergraduate and graduate coursework. Therefore, all coursework taken by a graduate student, regardless of the level, counts toward the annual exclusion.
- **I believe the graduate-level courses I am taking are related to my job and, therefore, qualify as a working-condition fringe benefit. Why can't I be exempt from tax withholding on my graduate courses?** While there may be instances where the graduate level courses may qualify for exemption from tax withholding, the University is not in a position to make that determination or assist you in making that determination. If you believe you may be exempt, please consult a tax professional.
- **If I add or drop a course, how will an adjustment to the amount of graduate tuition remission affect my paycheck?** The adjustment will be reflected in your paycheck in the month after it occurs. Although the tax withholding per pay may increase or decrease, the total amount required must still be withheld by the end of the calendar quarter. Please see the schedule above for details of which months paychecks will be affected by the change.
- **Can I spread the collection of the additional tax withholding out beyond the scheduled timeframe?** All income is considered taxable when the benefit is received by the employee. The Payroll Office is required to withhold the taxes in the calendar quarter in which the benefit is received.
- **Can I delay the start of the additional tax withholding to a future paycheck?** Unfortunately, we cannot accommodate this request. Taxes on your graduate tuition benefit must be recorded and collected by the end of the calendar quarter in which the benefit is reported. Tracking the amount of your graduate tuition benefit in excess of \$5,250 will enable you to plan in advance for the taxes to be withheld.
- **Can I pay these taxes directly to the University rather than have them withheld from my paychecks?** The IRS does not permit the University to accept direct payments from an employee toward the employees income tax withholding. Income taxes required to be withheld must be withheld from the employees paychecks.
- **Can the University record the additional taxable income on my W-2 but not withhold any additional taxes? I will pay them myself when I file my return.** While the IRS does allow employers to record the taxable income associated with certain benefits without requiring additional income taxes to be withheld, educational assistance is not one of these benefits. The University is required to withhold taxes for this additional income.
- **Why is the federal tax withholding rate so high? Can I change the withholding rate?** Income earned in addition to (supplemental) your regular salary is subject to the highest tax rate that you pay. The IRS defines a flat supplemental tax withholding rate, to be used for income over and above an employees regular salary, which is pegged to the middle tax rate of the IRS graduated tax tables. This is currently set at 25%. We cannot change the rate of withholding on this additional income. If you feel that your total federal income tax withholding for the year will exceed your tax liability, you may submit a new W-4 Form to Payroll changing the number of exemptions you claim. Please see IRS Publication 919, available on the IRS website, for instructions on how to estimate your income tax liability and update your W-4 Form. A copy of the W-4 Form is available on the Business Office page on the local web.
- **Why can't Payroll estimate the amount of additional income I will incur and spread it across all of my paychecks for the entire year, reducing the amount of additional tax withheld from each check?** Graduate tuition remission becomes taxable to the employee when the benefit is received.

Until that happens, no taxable event has been triggered. No additional income can be reported for you until a taxable event has been triggered.

- **Why are the withholding amounts always higher at the end of the year, when I need money the most?** Tuition remission you receive at the beginning of the year is not taxed under the \$5,250 exclusion. Once you exceed that amount, every dollar of the graduate level tuition remission benefit is taxable. If you are taking graduate courses throughout the year, this means that the additional income and additional taxes will always occur in the latter part of the year. Employees receiving this taxable benefit should plan accordingly for the decrease in net pay that will occur when the additional taxes are withheld.
- **Can I claim the Hope Scholarship Credit, Lifetime Learning Credit or take a tuition deduction on my federal tax return (Form 1040) for my graduate courses? Will I receive a Form 1098-T, Tuition Statement for my graduate courses at year-end?** The University reports all student billing account information to the IRS as well as to students, so you will receive Form 1098-T at year-end. The University is unable to determine or assist you in determining what, if any credits or deductions you may be able to take on your federal tax return (Form 1040). Please consult a tax professional if you believe you may be able to claim credits or take deductions.

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