

## THE UNIVERSITY OF ALABAMA IN HUNTSVILLE

### EMPLOYEE TUITION ASSISTANCE POLICY

<b><u>Number</u></b>	06.02.11
<b><u>Division</u></b>	Finance and Administration - Human Resources
<b><u>Date</u></b>	December 9, 2021
<b><u>Purpose</u></b>	To provide an educational assistance program at UAH to full-time regular employees and their eligible dependents, retired full-time regular employees and their eligible dependents, and to eligible dependents of deceased full-time regular employees.

**Policy** The University provides an educational assistance program that is available to full-time regular employees and their spouse and eligible children who wish to further their education by taking courses at UAH. Eligible persons include spouses and eligible children under the age of 26. This benefit is also available to all retired full-time regular employees and their spouse and eligible children and to the same persons of deceased full-time regular employees.

Under this program, the University provides tuition assistance to eligible employees and dependents for UAH courses which offer semester hour credit. Fees, books, supplies, and other costs of attendance are not covered by this policy and must be paid by the student.

For employees, the program covers full tuition payment for a maximum of six credit hours per semester. Courses taken by employees need not be work-related, but must be a UAH course for which semester hour credit is awarded. The program does not cover courses taken for audit. Employees are permitted to enroll in courses at UAH as long as job performance is not adversely affected. The Immediate Supervisor may authorize time off to attend a course, but this time must be made up either within the workweek or charged to available vacation or personal leave. If vacation or personal leave is not available, the time taken may be charged to leave without pay. Normally, no more than one academic course per term may be taken during normal working hours.

For dependents, the program covers one-half the tuition cost for all academic credit courses. Dependents receive one-half tuition credit whether one or more family members are employed.

**Taxation of Benefits:** Education benefits received by University employees and/or dependents may be taxable to the employee. For those educational benefits which are taxable, Federal, State, and Social Security taxes will be withheld from the employee's payroll checks during the semester in which the student was enrolled and received an educational benefit. The imputed tax is assessed over six payroll checks.

The following three (3) groups are subject to income and employment tax withholding:

- A spouse/child who is a GRADUATE student  
(\*taxation does not apply to qualified Teaching Assistants or Research Assistants)
- A child who is NOT AN IRS TAX DEPENDENT of the eligible employee, per Section 152 of the Internal Revenue Code (IRC)
- An employee who is a GRADUATE student is subject to tax withholding for tuition benefits paid in excess of the IRS limit of \$5,250 per calendar year, per IRC Section 127.  
(\*an exception may apply in limited cases if the education qualifies as a working condition fringe benefit per IRC Sections 132 and 162)

All tax-related information provided in this Policy is based upon information available as of the date of this Policy and is subject to change. The information contained in this Policy shall not be considered legal or tax advice. Please contact your tax professional with questions about the tax consequences of the educational assistance.

### **Procedures**

Applications for Tuition Assistance are submitted electronically on the UAH Human Resources website and must be completed each term for which tuition assistance is desired. The application form must be submitted online no later than five (5) days after the first day of class. Once the application is approved by Human Resources, it will be forwarded to the Office of Financial Aid where a credit will be placed on the student's bill. It is the student's responsibility to pay the Office of the Bursar for their cost of attendance by the payment deadline. Human Resources will process the taxable benefit portion on the employee's payroll check during the semester.

### **Review**

The Office of Human Resources is responsible for the review of this policy every five (5) years (or whenever circumstances require).