Texas A&M University System
Employee and Dependents 50% Tuition and Fee Reduction Program

Purpose
The purpose of the tuition benefits provided under this program is to encourage and assist eligible employees and their immediate family members (spouse and dependent children) in obtaining a university-level education. As an institution of higher education, encouraging and supporting higher learning for and among its employees and their dependents is essential.

How to Apply
West Texas A&M University offers a 50% reduction on all assessed tuition and fees for eligible employees and their dependent family members (see section on Applicable Tuition and Fees below). If you are an eligible employee, you may apply for tuition and fee reduction benefits for you or your dependent by completing the tuition assistance application at least two weeks before the start of each enrollment term (fall, spring, or summer). An employee’s supervisor must first approve the tuition assistance application, which will be routed to Human Resources for validation and approval before transitioning to the University Registrar’s Office for residency coding and verification of good academic standing and then to the University Business Office for the billing adjustment.
Program Considerations and Limitations at the Institutional Level

- The tuition reduction is applicable to the pursuit of a first baccalaureate degree by the employee or employee’s eligible dependent(s).
- The tuition reduction is applicable to the pursuit of a graduate degree program by the employee or employee’s eligible dependent(s). Note, pursuit of a graduate program by the employee or dependent(s) has taxable benefit implications that are not applicable to an undergraduate degree (see section on Tax Considerations and Limitations below).
- Employees and dependents are not eligible to apply for the tuition reduction for certificate programs, non-degree applicable courses, and a second bachelor’s degree.

Eligibility Considerations

- The employee must work full-time in a budgeted and benefit eligible position with the University.
- Employees may begin classes three months after the employee’s employment start date.
- Dependents (i.e., spouse and dependent children) reported on the employee’s tax return in the year of benefit received may use this benefit after the employee has completed three months of service. Children must be biological, legally adopted, stepchild (children under your legal guardianship are not eligible), or a foster child of the eligible employee who has lived with the employee for at least two years. Verification will be completed at time of application.
- The program does not cover tuition charges incurred before an eligible employee or dependent receives affirmative admission status as a degree-seeking student.
- Retroactive applications for previous terms are not permissible.

- In all cases, employees and families are responsible for all other expenses, including housing and meal costs, books, school supplies, etc.
- In the event of an eligible employee’s military leave of absence, the employee and employee’s eligible dependent(s) will remain eligible until no longer reported as a dependent on the employee’s tax return. Dependent’s eligibility will also terminate if the employee does not return to work after the military leave of absence.
- In general, an employee and dependent may not receive tuition assistance benefits (e.g., WT Merit Scholarship Awards) under any other university tuition assistance benefit while receiving tuition assistance benefits under this tuition reduction plan.

Exceptions include the following:
1. Need-based scholarship and related funding (e.g., Pell Grant) can augment the tuition reduction plan without limitation.
2. Scholarship funds directly from the academic department or college of the major of the employee or dependent(s) can augment the tuition reduction plan at a maximum limit of $1,000 per term (fall, spring, and summer).
3. Talent scholarships (e.g., athletics, distinguished scholar, etc.) at levels approved by the Vice President of the awarding division.
4. In some cases, the tuition assistance amount may affect the student’s amount of federal or state aid (except for Pell) awarded. Waivers are counted as a student’s financial aid package. PLEASE CHECK WITH STUDENT FINANCIAL AID FOR FURTHER DETAILS.

- In the event of any change in employment status under which an employee no longer meets the eligibility criteria under the tuition reduction plan protocols, the employee and employee’s eligible dependent(s) will remain eligible to receive the dependent tuition reduction benefit through the end of the most recent enrolled academic term.
- Doctorate students working at 0.5 FTE or higher as an Instructor, Graduate Teaching Assistant (GA), or Research Assistant (RA) are eligible at the graduate degree program maximum level (i.e., $5,250 waiver benefit per year). Doctorate students with explicit teaching or research appointments of 0.5 or higher are considered employees, making their dependents eligible for the tuition reduction benefit program.
- Students must be in good academic standing to obtain tuition reduction benefits (i.e., cannot be on academic probation, must maintain GPA requirements, etc.).

Applicable Tuition and Fees

- Eligible tuition and fee categories include, but are not limited to, the following:
  - Statutory Tuition
  - Designated Tuition
  - Differential Tuition
  - Graduate Tuition
  - Graduate Designated Tuition
  - University Services Fee
  - Declared Major Enhancement Fees
  - Undergraduate Academic Enhancement Fee
  - Any applicable lab fees
  - Health Fee
  - Student Services Fee
  - Student Center Complex Fee
  - Rec Sports Fee
  - Intercollegiate Athletic Fee
  - Distance Education Fee
  - Deferred Maintenance Fee

- In some cases, fees associated with applications, insurance, memberships, travel, and related may not be eligible for the waiver. The Vice President for Business & Finance is authorized to determine waiver eligibility of specific tuition and fee categories.
Dispute resolution over tuition and fee waiver issues will go to the designee of the President of the University, in consultation with the Vice President for Business & Finance.

**Tax Considerations and Limitations**
- The University does not provide individual tax advice to participants in the tuition reduction plan; however, a summary of general information regarding the federal tax treatment of benefits under the program is below. Individuals with questions about the tax treatment of benefits provided under the plan should contact a personal tax consultant or advisor.
- Section 132(h) of the IRS Code provides that the following individuals are considered employees for the purposes of qualified tuition reductions in the form of remission, waivers, or grants:
  - A current employee
  - A former employee who retired or left on disability
  - A widow or widower of an individual who died while an employee
  - A widow or widower of a former employee who retired or left on disability
  - A dependent child or spouse of one of the above
- Section 117(d)(1) of the Internal Revenue Code allows employees of certain educational institutions, including nonprofit universities and colleges, to exclude from gross income qualified undergraduate tuition reduction they, their spouse, or their dependent children receive from the employee’s employer.
  - Undergraduate-level tuition assistance benefits for an eligible employee are exempt from federal taxation.
  - Undergraduate-level tuition assistance benefits for an eligible employee’s legal spouse are exempt from federal taxation.
- Undergraduate-level tuition assistance benefits for an eligible employee’s child are exempt from federal taxation if the child is eligible to be claimed as a tax dependent on the employee’s federal income tax return for the calendar year to which the benefits apply.
- Graduate tuition remission is 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. For any eligible graduate student, the value of the reduction that exceeds $5,250 will have a tax withholding the same rate as the applicable federal W-4 withholding.
  - What happens to the taxes that are withheld? The taxes that the University withholds are forwarded to the respective governmental agencies and credited to the employee income tax withholding. The amount of taxable income reported from the waiver and the taxes withheld by the University are reported on Form W-2.
  - The tuition reduction does not come in the form of payment, so how will the withholding be made? When the value of the tuition reduction exceeds $5,250 in a calendar year, the excess is includable as taxable income as a non-cash earning. This means you will not see a pay increase in your check, but rather the excess amount is added to your regular earnings. When the earnings are added to your pay, the University must calculate and withhold the appropriate income taxes.
- A general summary of the West Texas A&M University tax implications includes the following:
  - Undergraduate:
    - An employee and their dependent(s) can earn their first undergraduate degree without incurring any taxable benefit liability as per Section 117 of the Internal Revenue Code.
  - Graduate:
    - An employee can take coursework to complete a graduate program up to a limit of $5,250 without incurring any taxable benefit liability. Any waiver amount in a calendar year that exceeds the federal limit of $5,250 is considered a taxable benefit.
    - An employee dependent(s) can obtain the WT employee waiver, but the federal government considers all dependent waivers a taxable benefit.

**Dispute Resolution**
The Office of Human Resources has the authority to administer the plan, interpret its provisions, and decide, among other things, the satisfaction of eligibility requirements and claims for benefits. All decisions of the Office of Human Resources will be final and binding on all persons. The University reserves the right to modify, amend or terminate the Employee Tuition Waiver Benefit at any time. This document provides only a summary of the main features of the plan.
Direct questions on eligibility and other operational questions to:

Warren Pitt
Assistant Vice President
Human Resources
wpitt@wtamu.edu