



Texas A&M University System

Employee and Dependents 50% Tuition and Fee Reduction Program

Purpose

West Texas A&M University encourages and assists eligible employees and their immediate family members (spouse and dependent children) in obtaining a university-level education. As an institution of higher education, we feel it is essential to support educational attainment among the WT family.

How to Apply

WT offers a 50-percent waiver on all assessed tuition and fees for eligible employees and dependent family members (see the section on Applicable Tuition and Fees). If you are an eligible employee, you may apply for tuition and fee reduction benefits by completing an online waiver application at least two weeks (but not earlier than two months) before the start of each enrollment term (fall, spring, or summer). An employee's supervisor must first approve the waiver submission online, which will automatically route to Human Resources for validation and approval. Then, the application will be reviewed by the Registrar's Office for residency coding and verification of good academic standing before forwarding to the Business Office for the billing adjustment.

Program Considerations and Limitations at the Institutional Level

- The waiver applies to the pursuit of a baccalaureate degree by the employee or employee's eligible dependent(s).
- The waiver applies to the pursuit of a graduate degree program by the employee or employee's eligible dependent(s). Pursuit of a second master's degree or doctorate after completion of a master's degree is permissible. Note, the pursuit of a graduate program by the employee or dependent(s) has taxable benefit implications that do not apply to an undergraduate degree (see the section on Tax Considerations and Limitations).

Eligibility Considerations

- The employee must work 50% FTE or higher in a benefit eligible position with the University or any Texas A&M University Agency located on the WTAMU campus. Verification of eligibility will occur at the time of application.
- Employees may begin classes immediately after the employee's employment start date.
- Dependents (i.e., spouse and dependent children, including dependent grandchildren or stepchildren) may use this benefit (see ACCEPTABLE DEPENDENT VERIFICATION DOCUMENTS below) 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 and under the age of 26.
 - o The general requirement in the tax code is a child must be claimed as a dependent on a federal income tax return in the calendar year preceding the dependent child's enrollment. In some cases, dependent status can also be established by evidence of child support, serving

as the responsible party to provide insurance for the child, or related. There may be tax implications if the child is not claimed on the employees tax return.

- 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. 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 waiver plan. Exceptions include the following:
 1. Need-based scholarship and related funding (e.g., Pell Grant) can augment the waiver 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 waiver plan.
 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 waiver amount may affect the student's amount of federal or state aid (except for Pell) awarded. Waivers impact 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 waiver plan protocols, the employee and employee's eligible dependent(s) will remain eligible to receive the dependent tuition assistance benefit through the end of the most recent enrolled academic term.
- Graduate students working at 0.5 FTE or higher are eligible at the maximum level (i.e., \$5,250 waiver benefit per year for graduate students – see section below: Tax Considerations and Limitations). Graduate students with appointments of 0.5 FTE or higher are considered employees and may begin classes immediately, making their dependents eligible for the waiver benefit program after three (3) months after employment.
- Students must be in good academic standing to obtain waiver 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:
 - o Statutory Tuition
 - o Designated Tuition
 - o Differential Tuition
 - o Graduate Tuition
 - o Graduate Designated Tuition
 - o University Services Fee
 - o Declared Major Enhancement Fees
 - o Undergraduate Academic Enhancement Fee
 - o Any applicable lab fee
 - o Health Fee
 - o Student Services Fee
 - o Student Center Complex Fee
 - o Rec Sports Fee
 - o Intercollegiate Athletic Fee

- o Distance Education Fee
- o Deferred Maintenance Fee
- In some cases, fees or costs associated with applications, insurance, memberships, travel, research 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 President or 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 waiver 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:
 - o A current employee
 - o A former employee who retired or left on disability
 - o A widow or widower of an individual who died while an employee
 - o A widow or widower of a former employee who retired or left on disability
 - o A dependent child or spouse of one of the above
- Section 117(d)(1) of the Internal Revenue Code allows employees of specific 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.

- o Undergraduate-level tuition assistance benefits for an eligible employee are exempt from federal taxation.
- o Undergraduate-level tuition assistance benefits for an eligible employee's legal spouse are exempt from federal taxation.
- o 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 waiver that exceeds \$5,250 will have a tax withholding the same rate as the applicable federal W-4 withholding.
 - o *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.
 - o *The tuition waiver does not come in the form of payment, so how will the withholding be made?* When the value of the tuition waiver 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

waiver 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:
 - o 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.
 - o Graduate:
 - An employee can take course work 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, along with consultation with the Vice President for Business and Finance, 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 Vice President of Business and Finance 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.



Employee and Dependent Waiver Application

Form is available online at WT Human Resources page.

<https://app.smartsheet.com/b/form/df04fa18333f4da7bc656ccac87a5ab6>

ACCEPTABLE DEPENDENT VERIFICATION DOCUMENTS	
<i>*Please provide HR sensitive document copies in-person or via the HR designated secure server. Private documents with social security numbers, tax information, or related personal content should not be sent via e-mail.</i>	
DEPENDENT	REQUIRED DOCUMENTS
Spouse	<p style="text-align: center;">*Registered marriage certificate or *Listed dependent on TAMUS benefits or *A copy of most recent Federal IRS tax return listing dependent spouse</p>
Children	<p style="text-align: center;">*A copy of the child’s birth certificate or adoption certificate, naming the employee or employee spouse as the child’s parent or *A copy of appropriate custody or allocation of parental responsibility document naming employee or employee spouse as the responsible party to provide child support or insurance for the child. or *Listed dependent on TAMUS benefits All benefits end at conclusion of term after child’s 26th birthday or * A copy of most recent Federal IRS tax return listing dependent child</p>

Direct questions on eligibility and other operational questions to:

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