

Educational Assistance Plan for Graduate Student Employees

Background

The Internal Revenue Code, section 127, allows any employer to establish an educational assistance program and provide tuition support to employees. Effective January 1, 2002, operating locations may allow up to \$5,250 each calendar year in income tax exempt tuition support for each eligible graduate student employee of the Research Foundation (RF).

Each operating location determines whether to establish an educational assistance program for their graduate student employees.

Eligibility

SUNY graduate students who are employed by the Research Foundation of SUNY are eligible to participate in this program, subject to the availability of funds.

Funding

Funding for this program may be provided by federal or nonfederal sponsors, when specifically budgeted for this purpose.

Program Requirements

Each operating location who chooses to participate in the Plan should have a procedure in place for the administration of the Plan, which should include these requirements:

- Subject to the availability of funds, the award may pay up to 100% of graduate level tuition charges incurred for courses begun after (a) January 1 and (b) the date the student becomes employed by the Research Foundation.
- Up to a maximum of \$5,250 (or adjusted IRS maximum if applicable in the future) per calendar year may be exempt from income tax withholding. Additional educational assistance may be provided on a taxable basis.
- Tuition support must be for graduate level courses taken at an institution of the State University of New York.
- Payment will be made directly to the SUNY institution at which course work is being taken.
- No benefits will be paid for courses that begin after a graduate student's employment with the RF has ceased for any reason. If a graduate student ceases employment before a course is completed, the RF reserves the right to obtain reimbursement of the tuition amount from the participant.

Establishing an Educational Assistance Plan

The following table describes the steps that operating locations should take to consider, establish and maintain an educational assistance program for graduate students employed by the RF:

| Step | Action |
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| 1 | <p>Determine whether the location will establish an educational assistance plan.</p> <p>The office responsible for sponsored programs as well as personnel administration staff should be involved with establishing the program.</p> |
| 2 | <p>Create a procedure to administer the Plan. The procedure should include a description of</p> <ul style="list-style-type: none"> • who will be eligible for benefits and for what period • budgeting considerations of sponsor funds • the program requirements • how tuition payments should be processed • how and when each eligible graduate student will be informed |
| 3 | <p>Provide information to graduate student employees.</p> <p>Operating location information should include the Educational Assistance Summary Plan Description, which can be found in the Forms area of the EPSS Employees: Benefits and Retirement business area.</p> |
| 4 | <p>Maintain and monitor employee information (e.g., name, SSN, tuition support amount).</p> <p>Note: Central Office Payroll Unit must be notified when a graduate student's tuition support is greater than the tax exempt amount so that appropriate steps can be taken to update the employee's tax records.</p> |
| 5 | <p>Provide information each year to the Research Foundation central office so that appropriate benefit reporting can be completed.</p> <p>Operating locations must provide central office with tuition support information by one of the following methods:</p> <ul style="list-style-type: none"> • For tuition support payments processed through the RF's Accounts Payable (AP) system, the payment description field must contain the word "TUITION," the employee's name and SSN. This will enable the central office to obtain the information through querying on this field. No additional reporting information is necessary if processing payments through AP. • For tuition payments processed outside the AP system, operating locations must develop an internal method (e.g., spreadsheet) to keep track of payments. Payment information should be forwarded to the RF Central Office Payroll Unit each November so that appropriate year-end reporting can be completed. <p>Note: Central Office Employee Services will</p> |

- complete and annually submit required Internal Revenue Service/Department of Labor reports for all operating locations that have established a tuition support program under section 127.
- update individual tax records where required.
- advise operating locations of changes to the tuition support policy or program.

Change History

- **March 11, 2002** - New document.