

University Corporation at Monterey Bay  
Education Benefit Program  
**Effective February 1, 2025**

University Corporation at Monterey Bay offers an education assistance program that is designed to provide qualified employees the opportunity for financial reimbursement for specific classes and courses. These specific programs must enhance the employee's skills in their current or future work related areas. These specific programs must also be approved in advance and be completed at a recognized or approved institution.

**Two Types of Education Reimbursement**

- *Job Related* – Employees may take courses specifically to improve their performance in their current job or to be ready for anticipated upcoming changes in their job duties.
- *Dependent* – An eligible staff employee may elect to participate in the dependent education reimbursement program. Dependents include a spouse, a registered domestic partner, or a dependent child. **Children must be between the ages of 17 and 25, inclusive, for whom a dependency exemption can be claimed by the Eligible Employee under federal tax law.** The program will cover up to the reimbursement of six units per academic semester. The dependent may attend California State University, Monterey Bay (CSUMB) or another accredited higher education institution. Reimbursements of tuition fees under this policy shall be limited to a maximum of ten (10) semesters per Eligible Dependent.

**\*Employees of University Corporation at Monterey Bay may only participate in one program at a time**

**\* Grant, donation, and incentive funds cannot be charged for employee or dependent reimbursement program participation**

**Employee Eligibility**

- Completion of one full year of permanent employment.
- The employee is classified as regular, full-time, or part-time (FTR or PTR).
- Notwithstanding the foregoing, a Corporation employee whose compensation is paid for in whole or in part through sponsored program funding shall only qualify as an Eligible Employee to the extent that Principal Investigator (PI), in their sole discretion, determines that funding within the grant/department is available to fully pay for the benefits provided hereunder, and that payment of such benefits by the grant is in the interest of department.

Courses taken must be for a degree program related to the employee's job function or advancement to another position within the Corporation. Courses can be taken at California State University, Monterey Bay (CSUMB) or another accredited higher education institution. The course must be approved by submitting an Educational Approval Application approved by the employee's supervisor, department director/Principal Investigator (PI), the appropriate Post Award Analyst, and the Human Resources Director prior to the beginning of the course.

### **Release Time For Class Attendance**

- Employees may receive release time to attend one course per semester or quarter with supervisory approval, provided that department operations are not adversely affected. Alternatively, a change in timebase may be approved.
- Possible outcomes of requesting release time:
  - Release time is granted and an alternative work schedule is created
  - Use of vacation is required
  - Release time is denied

### **Reimbursement Amount**

The maximum reimbursable per fiscal year (July 1 - June 30) is **\$5,250**. The reimbursement shall be tied directly to the cost of the six-unit undergraduate or graduate equivalency at **CSUMB** per semester. Reimbursement will be made for tuition, fees, and material costs, as outlined here and in accordance with IRS publication 970. Employees eligible for allowances from other sources including financial aid, military education allowances, scholarships, etc., may participate to the extent that the tuition fees exceed such allowances from those sources and are within the provisions of this policy. Payment will be made only for courses where a minimum grade point average is achieved.

- For courses taken for an undergraduate degree program, employees must maintain a 2.0 for both their term and cumulative grade point average to receive reimbursement.
- For courses taken for a graduate degree program, employees must maintain a 3.0 for both their term and cumulative grade point average to receive reimbursement.
- No reimbursement will be given for classes taken for no credit and classes in which an unsatisfactory or fail is received.

Educational refunds will be made only upon receipt of proof of payment, unofficial transcript and Request for Refund Application. Delay in transcript receipt may delay or terminate the benefit for the next term.

After the effective date of this program, and in order to maintain pace with inflation, the maximum reimbursement amount per semester allowed under this program will increase from time to time by the amount of increase in the tuition fees as compared to the immediately preceding academic semester. The University Corporation at Monterey Bay reserves the right to modify or discontinue this program at any time with or without notice.

### **Repayment Provisions**

If the employee separates their employment within one year from course completion, the employee is required to repay the entire reimbursed amount. In order to make such repayment, the employee agrees to expressly authorize University Corporation to deduct from the employee's final paycheck any amount paid to the employee for tuition reimbursement.

If the employee's final paycheck is not sufficient to repay the entire amount of the tuition reimbursement, the employee agrees to repay University Corporation within thirty (30) days of the employee's date of separation.

### **Tax Implications from Education Reimbursement**

The employee education reimbursement is not taxable if the annual (calendar) amount is below \$5,250 pursuant to IRC 117 (d) and 127 . Please check the tax status of your education reimbursement using the matrix below. If taxable, it is very important that you take this opportunity to calculate your potential taxes.

| <b>Eligible Participant</b>                             | <b>Tax Status</b>              | <b>Maximum Fiscal Year (July- June) Reimbursement</b> | <b>Reimbursement Type</b> |
|---------------------------------------------------------|--------------------------------|-------------------------------------------------------|---------------------------|
| Corporation Employee                                    | Nontaxable up to \$5,250/year* | \$5,250                                               | Paycheck                  |
| Spouse, Registered Domestic Partner, or Dependent Child | Taxable                        | \$5,250                                               | Paycheck                  |

**This is not to be construed as tax advice and employees are responsible for their tax treatment and reporting.**

To calculate a tax estimate for **dependent reimbursement**:

- Estimate the education reimbursement value (reimbursement shall be tied directly to the cost of the six-unit undergraduate or graduate equivalency at CSUMB per semester)
- Multiply the value of the reimbursement by 36.25% = Flat tax amount deducted from employees wages
  - Currently, the flat tax rate is roughly 36.25%; and may be adjusted annually. (Federal currently 22%, State 6.6% currently, and if applicable Social Security 6.2% and Medicare 1.45%).
  - The Education Reimbursement Program is a fringe benefit and as such has strict reporting requirements established by the Internal Revenue Service [Internal Revenue Code Sections 117(d), 127 and 132(d)]. The reporting requirements state that the fringe benefit must be taxed in the calendar year that the benefit was received.

\*taxes listed above are subject to change and accurate at the time of publication

### **Steps for Approval - Employee Reimbursement**

1. Prior to enrolling in an educational course, the employee must provide their manager with information about the course for which they would like to receive reimbursement and discuss the job-relatedness of the continuing education.
2. Complete *Section I and II* of the *Tuition Reimbursement Request* form completely. Forms requiring additional information will be returned to the employee and may result in delays.
3. *Tuition Reimbursement Form* must be approved by the Supervisor, Department Director/Principal Investigator (PI), the Human Resources Director, and Post Award Analyst (if applicable) prior to the beginning of the course.
4. Send the completed and signed *Tuition Reimbursement Form* for processing prior to registering for classes (when possible). Please allow at least three weeks for processing.
  - a. If you cannot enroll in a class listed on the *Tuition Reimbursement Request Form*, inform the Corporation Administration Office as soon as you register and send a copy to your supervisor. Explain the reason for not enrolling (e.g., class full, class not offered this quarter/semester) and provide the relevant information for any substituted class.
5. The approved forms will be returned to the employee and should be retained until the end of the quarter/semester.

### **Steps for Approval - Dependent Reimbursement**

1. Complete *Section I and II* of the Tuition Reimbursement Request Form completely. Forms requiring additional information will be returned to the employee and may result in delays.
2. Tuition Reimbursement Form must be approved by your Supervisor, Department Director/Principal Investigator (PI), the Human Resources Director, and Post Award Analyst (if applicable) prior to the beginning of the start of class(es).

### **Steps for Reimbursement**

1. Complete *Section III* of the *Tuition Reimbursement Request Form* within 45 days of the **completion of the course(s)**. Include a copy of your grades and the receipt(s).
  - a. If you did not receive a satisfactory grade for any course, the cost of the units or a prorated amount of the tuition will not be reimbursed.