



Subject/Title  
**Educational Assistance Policy**

Date Effective  
December 18, 1978

Revision Date Effective  
January 1, 2006

Code Number  
HR18

City Manager

HR-Org. Development & Learning  
**Responsible Key Business**

**Objective:**

By promoting a climate of lifelong learning, the City of Charlotte seeks to develop an educated and highly skilled workforce that will move the City toward accomplishment of its mission and goals.

**Policy:**

City employees who enroll in coursework at an educational institution accredited by an agency recognized as reliable by the US Department of Education and have the approval of their Key Business Executive or designee will be reimbursed for tuition, required fees and texts upon successful completion of the coursework and in accordance with the City guidelines for educational assistance.

All regular full-time and regular part-time employees of the City of Charlotte are eligible for educational assistance.

The program applies only to courses taken for academic credit and does not cover regular training provided by the Key Business Units.

Expenses eligible for reimbursement are:

- Tuition not to exceed the rates of the North Carolina University system or the North Carolina Community College system (See *Responsibilities* below).
- Lab fees and other required fees
- Required texts (may be books, cd-ROM or other)

Expenses not eligible for reimbursement are:

- Tools and supplies (other than texts) retained by the student
- Meals, lodging, parking and transportation.
- Pre-enrollment testing, graduation fees, transcripts
- Computers and internet access fees

To be reimbursed, the employee must receive academic credit and a grade of C or higher in undergraduate courses, B or higher in graduate courses and pass in pass/fail courses.

Employees may not claim reimbursement for costs covered by other sources. This includes grants, scholarships and any other program where the employee receives money for education that does not have to be repaid.

Coursework eligible for reimbursement enhances the employee's knowledge, skills or abilities to perform his/her job or contributes to the business goals of the organization. Key Business Executives or their designees will determine eligibility.

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Coursework not directly related to the employee's current job is subject to the following guidelines:

The Key Business Executive or designee should determine that the coursework enhances the business goals of the organization and that the City will receive benefit from the employee's attending.

The reimbursements may be considered as taxable income by the IRS (See Responsibilities below).

Reimbursement is subject to the amount of funds available in each key business's budget.

**Responsibilities:**

Employees will get pre-approval for each course and complete all required paperwork in accordance with the procedures listed below.

The Key Business Executives or designee will ensure courses and reimbursement rates are approved in accordance with this policy and guidelines.

The Human Resources Key Business Unit will notify key businesses annually of the reimbursement rates of the North Carolina University system and the North Carolina Community College system.

The Human Resources Key Business Unit will inform key businesses of changes in the IRS tax laws that affect the policy.

The Key Business Executive or designee will notify employees in writing of any tax liabilities.

The Key Business Executive or designee will notify Human Resources Payroll of any taxable reimbursements.

**Procedures:**

1. The employee gets pre-approval for the course by filling out the Application for Educational Reimbursement and submitting it in accordance with the procedures for his/her key business.

The employee successfully completes the coursework with a grade of C or higher in undergraduate courses, B or higher in graduate courses and pass in pass/fail courses.

2. The employee submits the following documentation in accordance with the procedures of his/her key business:
  - A. An official grade report or certified transcript showing successful completion of each course. Certified transcripts are required after every \$2,000 of reimbursements.
  - B. Receipts for all costs to be reimbursed.
  - C. The completed Application for Educational Reimbursement form.

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3. The Key Business Executive or designee reviews the documentation to ensure courses and reimbursement rates adhere to the policy and guidelines, and signs it authorizing payment.
4. The key business forwards the documentation to Human Resources- Payroll for payment.
5. Human Resources- Payroll processes the request and reimburses the employee.

**Forms and Exhibits** (Form located in Policies and Procedures Handbook behind HR18)

Form #1 Application for Educational Reimbursement

Form #2 Guidelines for Reimbursement

## City of Charlotte Application for Educational Reimbursement

Employee Name and Number	Key Business/Division	Date
Employee Home Address	City, State	Zip
Educational Institution	Degree Program	Semester Year
Course #1	Course #3	
Course #2	Course #4	

	Estimated Expenses	Actual Expenses for courses considered <u>non-taxable</u> /taxes not withheld (see back for guidelines)	Actual Expenses for courses considered <u>taxable</u> /taxes withheld (see back for guidelines)
1. Actual Tuition of Educational Institute			
2. Tuition Eligible for Reimbursement (if less than above)			
3. Required Fees (Lab Fees)			
4. Required Fees (Activity Fee)			
5. Books			
<b>Total Expenses</b>			

<p><b>Preapproval</b> I have determined that the courses submitted above will enhance the employee's knowledge, skills or abilities to perform his/her duties and contribute to the business goals of the City organization and I approve the courses for reimbursement pending successful completion.</p>	<p><b>Approval for Reimbursement</b> I certify a) I accrued these expenses; b) I am not receiving duplicate payments; c) the training has been successfully completed and documentation is attached; and d) I am responsible for any tax, penalty or interest.</p>		
Supervisor	Date	Employee Name and Number	Date
Key Business Exec. (or designee)	Date	Key Business Exec. (or designee)	Date

## **INSTRUCTIONS FOR DETERMINING TAXABILITY EDUCATIONAL COURSE EXPENSES**

City Policy ADM 3 (Educational Assistance Policy) regulates reimbursement of employees for educational expenses. The following instructions address the taxability of these reimbursements. There are two sections of the Internal Revenue Code (IRC) that address the taxability of educational reimbursements. The reimbursements are not taxable if the course is job related according to IRC Section 132 below. If the course is not job related, then the reimbursement may still be considered nontaxable according to IRC Section 127 below.

### **IRC SECTION 132**

To be considered non taxable, a course must meet either the requirements of A or B below and must avoid both the requirements of C and D below:

- A. Course maintains or improves skills in the current job (Skill Maintenance Test).
- B. Course meets requirements imposed by the employer as a condition of retaining employment (Employer Mandate Test).
- C. Course is required by the employer to meet minimum educational requirements (Entry Level Test).
- D. Course qualifies employee for a new trade or business (Upward Bound Test).

There is no dollar limit on the amount of reimbursement eligible for tax exemption based on these criteria.

### **IRC SECTION 127**

- A. All education provided by the employer or an external educational institution is eligible for tax exemption except education relating to sports, games or hobbies (unless it has a reasonable relationship to the business or an activity maintained by the employer or it is required as part of a degree program).
- B. Reimbursements for transportation, meals, lodging and supplies or equipment retained by the student are taxable. (The City does not reimburse for these expenses).
- C. The nontaxable reimbursement is limited to an annual dollar amount of \$5,250.
- D. IRC Section 127 is scheduled to expire December 31, 2010.

**CITY OF CHARLOTTE  
HUMAN RESOURCES BUSINESS UNIT  
MEMORANDUM**

To: Key Business Executives

From: Timothy D. Mayes  
Human Resources Director

Subject: 2006 Guidelines for Educational Reimbursement  
Educational Assistance Policy HR#18

Date: January 12, 2006

Please inform effected employees of the following guidelines.

**Reimbursement Rates**

Current tuition rates are available on UNCC's web page at the following address.

[http://www.finance.uncc.edu/Tuition\\_and\\_Fees.htm](http://www.finance.uncc.edu/Tuition_and_Fees.htm)

UNCC now has five sets of tuition rates, one for undergraduate students, one for non-MBA graduate students, one for new MBA students (enrollment after the fall of 2004) and one for returning MBA students (enrollment before the fall of 2004) and one for distance education. Employees taking MBA classes should check their date of initial enrollment to determine the correct tuition reimbursement. The following is an example of the different tuition rates for an in-state resident taking one course at UNCC:

3 hour undergraduate	\$478.40
3 hour graduate	\$838.15
3 hour returning MBA	\$1,150.65
3 hour new MBA	\$2,088.15
3 hour distance education course (on-line)	\$403.40

Employees attending colleges other than UNCC should align their reimbursement requests with UNCC's rates. The burden of verifying enrollment date for MBA courses is on the Key Business Executive or his/her designee.

Tuition rates for CPCC are available on their web page at the following address:

<http://www.cpcc.edu/admissions/Registration/tuition.htm>

**Taxability**

Nontaxable reimbursement is limited to an annual dollar amount of \$5,250. Employees who receive reimbursements over \$5,250 are responsible for listing it on the Educational Reimbursement form and on their tax returns.

*Instructions for Determining Taxability of Educational Course Expenses* can be found on the back of the application form. I have also included a copy with these guidelines.

**Accreditation**

A list of the accreditation agencies recognized as reliable by the US Department of Education can be found on the web at the following address. Employees should make sure the school they attend is appropriately accredited before enrolling.

<http://www.ed.gov/admins/finaid/accred/index.html>

Please contact Edith Blydenburgh, Organizational Development and Learning Manager, at 336-5788 with questions.

C: Training Liaisons