# Memorandum



City of Tempe

From:

City Manager

Subject:

**Tuition and Book Reimbursement Policy** 

**Effective Date:** 

March 7, 2007

#### **PURPOSE**

The City is dedicated to providing personal and professional development opportunities for all regular employees. These opportunities may be required to expand job knowledge and upgrade skills, help meet the minimum requirements for a City job, prepare the employee for another line of work within the City, or courses required to complete a college degree program. Reimbursement will be for courses and degrees related to specific City job or function.

This administrative memorandum outlines the policies and procedures related to the City's Tuition and Book Reimbursement Program and the City's Educational Partnerships Program. While these programs are not the only training and development resources available to City employees; they are essential benefits that provide additional learning opportunities for employees.

#### TAX IMPLICATIONS:

The City's Tuition Reimbursement Program complies with Section 127 of the Internal Revenue service Tax Code, which allows for tax-free exemption of employer provided educational assistance (up to \$5,250 annually) for undergraduate and graduate level courses. This means that reimbursements for coursework will not be subject to income tax and FICA tax withholding as long as Section 127 is effective and applicable.

For guidance on the tax laws related to tuition and book reimbursement, employees should contact their accountant or tax advisor.

#### **EMPLOYEE ELIGIBILITY:**

The following City employees are eligible for tuition and book reimbursement benefits:

- 1. All regular full-time employees who have fulfilled the original probationary requirements for their jobs are eligible for tuition and book reimbursement. Courses taken during the employee's original six-month probationary period may be eligible for tuition and book reimbursement upon successful completion of probation. Courses may be eligible for tuition and book reimbursement for employees who have probationary periods longer than six (6) months, providing the employees have worked for thirteen (13) complete biweekly pay periods.
- 2. Regular part-time employees are eligible for tuition and book reimbursement at a prorated amount.
- 3. All non-regular employees (i.e. temporary, contract, etc.) are not eligible for tuition and book reimbursement.

#### **MAXIMUM ANNUAL REIMBURSEMENT:**

The total maximum reimbursable amount, including tuition, required books, reimbursable supplies, and related fees, is \$5,000 per calendar year for regular, full-time employees.

Regular part-time employees receive a prorated reimbursement amount based on his or her assigned benefit program (PT twenty (20) = \$2,500; PT thirty (30) = \$3,750).

#### REPAYMENT REQUIREMENT:

Employees who voluntarily elect to terminate their employment with the City of Tempe (including the decision to retire) must re-pay the City for all tuition benefits paid out to the employee up to 12 months prior to their termination date. The total tuition repayment will be calculated by the Financial Services Department and deducted from the employee's final paycheck. The greater of the last 12 months' tuition benefits paid or eligible earnings will be deducted from the final paycheck. The tuition repayment for retiring employees will be deducted from the employee's last regular paycheck and subsequent paychecks for those employees who elected to use accrued leave prior to retirement.

#### PROGRAM ELIGIBILITY:

## **Accreditation Requirement**

Reimbursement for course work at an accredited college or university shall be preapproved by the employee's immediate supervisor and Tempe Learning Center (TLC) prior to registration.

An accredited college or university is one that is recognized by the North Central Association of Colleges and Secondary Schools, or one of five other regional accrediting associations including Northwest Association, Middle States Association, New England Association, Southern Association, or Western Association. Accreditation information is available directly from the school.

# College Courses and Degree Program Requirements:

Associates level classes and degree programs
Under graduate level classes and degree programs
Graduate level classes and degree programs

# Not Eligible:

Doctoral or PhD level classes and degree programs are not eligible for reimbursement.

# Obtaining a Professional and / or Vocational License or Certification:

The cost of obtaining a job-related professional and vocational license or certification from recognized and accepted governing associations shall be reimbursed up to 100% of the annual maximum reimbursable sum. The license or certification shall assist the employee in becoming more eligible for promotions within the City and identified as "required" or "preferred" on a current City job description. The only exceptions are programs approved by the City Manager, such as the Certified Public Manager program through Arizona State University.

All professional and vocational certification and license courses shall be pre-approved by the employee's immediate supervisor and the Tempe Learning Center prior to registration. The successful completion of a professional or vocational program requires demonstration and documentation of proficiency in a specific skill that results in a certificate or license. Workshops, seminars and conferences that provide "certificates of attendance" or "continuing education units" (CEU's) are not eligible for reimbursement.

# **Examples of Acceptable Licenses and Certifications:**

- CDL: Commercial Driver's License
- CPA: Certified Public Accountant
- Direct Digital Controls Certificate
- Horticulture Certificate
- MCSC: Microsoft Certified Systems Engineer

**Note:** If certification requires taking and passing a test only, preparatory or study materials (including DVD's, etc.) that assist in preparing for a certification or license exam are not eligible for reimbursement.

## Renewal of Job-Related Licenses and Certifications:

Employees are not allowed to use their tuition benefit for the renewal of licenses and certifications.

# Renewal of Required/Preferred, Job-Related Licenses and Certifications:

Retention or renewal of required or preferred certifications or licenses should be funded by the individual departments managing those positions. Employees who must hold a specific license or certification which is required for their current position is defined as "required" or "preferred".

# **Examples:**

- CLE hours (Continuing Legal Education)
- State of Arizona Professional Engineer Certificate of Registration
- State of Arizona Grade II Wastewater Collection Certification
- Arizona Board of Behavioral Health Examiners Certificate of Mental Health Professional

## **Course Eligibility:**

In order to be approved for reimbursement, in addition to the aforementioned criteria, the course shall meet one of the following criteria:

- 1. The course is directly related to the employee's current job; or
- 2. The course shall assist the employee in becoming more eligible for promotions within the City, and
- 3. Is related to a current City position, which is realistically within the employee's career path; or the coursework is required in a curriculum program leading to a

degree that is identified as "required" or "preferred" on a current City job description.

## **Covered Expenses**

Reimbursement includes the cost of tuition and required books, supplies (see Note below), and related fees. Related fees include standard expenses like financial aid fees and lab fees. Costs not covered include, but are not limited to, parking, transportation, recreation fees, meals, books and materials that are not required for the course.

# Examples of non-reimbursed tools and supplies:

- Calculators
- Computer programs
- Computer applications
- Computer disks

## **Pre-Approval Process:**

In addition to the requirements previously described, the following criteria apply to tuition and book reimbursement: Employees who intend to use their tuition reimbursement benefit for college or vocational courses must submit a pre-approval request via the City's on-line ELM (Enterprise Learning Management) Application prior to enrollment. in the course(s).

The employee's immediate Supervisor and Tempe Learning Center are "Electronic Pre-Approvers to verify employee and course eligibility. Upon approval, the employee will receive an email confirmation of pre-approval. The ELM updates employees' transcripts and provides the required documentation to be submitted to the employee's Department Training Administrator upon course completion.

#### **Grades Required for Reimbursement:**

To qualify for reimbursement for a college course, the employee shall receive a grade of "C" or better for an undergraduate course and receive a grade of "B" or better for a graduate course. If a course is designated "pass" or "fail" official documentation from the school must be submitted showing that the employee "passed" the course. Official grade reports shall be submitted with the Tuition Pre-Approval Notification.

To qualify for reimbursement, the employee shall be a regular full- or part-time employee who has fulfilled his or her original probationary requirements at the time the request for reimbursement is submitted. Temporary employees are not eligible for tuition reimbursement benefits.

#### **Department Training Administrators**

When an employee has successfully completed a course, their request for tuition and book reimbursement shall be submitted to their department's Training Administrator. Training Administrators are designated employees, within each department, that review, and submit the employee tuition reimbursement requests to the Financial Services / Payroll on behalf of their department.

<u>Note:</u> Employees have twelve (12) months after the successful completion of the course to submit their tuition reimbursement requests to their department-designated Training Administrator.

Tuition and book reimbursement requests shall be received in time to be included in the last paycheck in December, in order to be processed in the current calendar year and paid from the current year's allowance. The request shall have been approved prior to enrollment in the course, and all required documentation shall be assembled, approved by the department Training Administrator, and submitted to Payroll by the pay period end date prior to the last payday in December. Requests received after this date shall be processed in the following calendar year.

The City of Tempe has the right to audit the employee's educational and financial records that may be contained in the employee's records held at the institution attended. Any right that the employee may have pursuant to the Family Educational Rights and Privacy Act of 1974 or any similar laws are waived by acceptance of the tuition and book reimbursement. If access to such records is denied, the City shall have no obligation to make reimbursement.

#### **Financial Assistance**

Employees who receive financial assistance for their education from another source must disclose the source and amount at the time they apply for course pre-approval. The City shall not provide reimbursement to employees who receive 100% funding for their education from another source which does not require re-payment.

Under certain circumstances, coordination with other funding sources is possible. In all instances, total financial assistance and tuition and book reimbursement shall not exceed the educational expenditures incurred.

## How to Apply for Tuition and Book Reimbursement

- 1. Apply for pre-approval through the online ELM (Enterprise Learning Management) Application located on your computer desktop.
- 2. Retain the electronic email notification of pre-approval and register for the approved course(s).
- 3. Within twelve (12) months after successful completion of the course(s), attach the following materials to the pre-approval notification: Tuition Approval form for specified course printed from ELM,
- Original invoice of the payment/sales receipt(s),
- · Course description,
- Course syllabus indicating all required books and/or materials, and
- An official grade report ("C" or better for undergraduate course(s) and "B" or better for graduate course(s).
- 4. Forward the tuition reimbursement documentation to the employee designated as the department's Training Administrator. The Training Administrator will review the documentation, close out course in ELM, authorize reimbursement and forward all documentation to Payroll for processing.

After receipt of the required information, reimbursement shall be made in the employee's payroll check. Employee can monitor payment receipt through PeopleSoft HRMS

#### **Educational Partnership Program:**

The City of Tempe Educational Partnership Program assists employees who wish to earn a degree by attending courses with their fellow employees. Partnerships have been formed with several metro-area colleges and universities. Contact the Tempe Learning Center (TLC) for the names of current partnerships and degree programs offered.

## Programs that Qualify as Educational Partnerships:

Programs that qualify as eligible partnerships must be considered as having a high priority and a high value to the organization and the general workforce. All Educational Partnership institutions (vendors) are selected through the City's RFP process as managed by Financial Services, Purchasing Department. All Educational Partnerships must be approved by the Mayor and City Council. Eligible programs must have a minimum number of 30 employees willing to commit to the rules and regulations set forth in the City of Tempe Educational Partnership Agreement.

#### **Not Eligible:**

Programs specific to a limited number of employees (less than 30) or of limited value to the general workforce (pertain to individual departments or workgroups) do not qualify as eligible partnerships.

Unlike the City's Tuition Reimbursement Program, the Educational Partnership Program includes the following parameters and benefits:

- Interested City employees sign an "Agreement" stating that they shall continue the Partnership Program they have entered through completion.
- The City pays all costs so there is no out-of-pocket expense to the employee. For
  information on the maximum reimbursable amount, see Subsection A.3.
   Maximum Reimbursable Amount, as mentioned above.
- Classes are usually held after 5:00 p.m. on City property (e.g. at the TLC Classroom, Fire Station Classroom, or similar City facilities).
- Employees must adhere to the class schedule (including hours in class) set by the academic institution and individual instructors.
- Partnership Program participants remain with the same group of employees throughout the course of the degree program.
- The City determines which degree programs shall be offered based on employee feedback.

#### **Educational Partnership – Repayment:**

All students enrolled in a City Educational Partnership cohort shall receive a grade of "C" or better for undergraduate courses and a grade of "B" or better for graduate-level courses. If a student falls below this specific grade requirement, the student shall reimburse the City the cost of tuition and books.

If a student exceeds their annual tuition benefit allotment they will be required to reimburse the City for the difference.

# Educational Partnership - Dropping Out of the Program:

If an employee drops out of an educational partnership program, their tuition reimbursement benefit is "frozen" until the program has concluded. During that time, the employee is not allowed to use their tuition reimbursement benefit.

Approved:

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3/7/07

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