TO: Employee Supervisor

FROM: Fred Cratty, Chief Human Resources Officer

RE: Graduate Tuition Waivers

As you are most likely aware, the following employee categories are eligible for tuition waiver benefits for themselves, their spouse, and any dependent children under the age of 25.

- Management & Confidential Professional Personnel
- American Association of University Professors (AAUP)
- State University Organization of Administrative Faculty (SUOAF)

In accordance with section 127 of the internal revenue code, graduate level courses for spouses and dependent children are to be treated as a taxable benefit on the employee’s W-2. However, with regard to the employee, we are permitted to exclude from an employee’s gross wages $5,250 of educational assistance each year, whether the courses are job related or non-job related. If the value of the educational assistance exceeds the annual $5,250 limit, the excess value attributable to graduate level courses is excludible only if the courses are considered to be job related. Below are the tests that are to be used in order to determine the eligibility.

**Job-Related Tests**

The job-related tests are not satisfied unless BOTH of the following tests are met.

**FIRST**, the education assistance MUST MEET ONE of the following requirements. Please initial next to all of the statements that apply.

- The education must maintain or improve skills required by the employee in his/her job.
- The education must meet the express requirements of the CSCU System imposed as a condition of retaining the job. Please note, the requirement must have a bona fide business purpose, and only the minimum education necessary for retention of employment, status or salary may be considered as undertaken to meet the employer’s requirement.

**SECOND**, the educational assistance MUST MEET BOTH of the following requirements:

- The education cannot constitute a minimum educational requirement to qualify for obtaining employment.
- The education cannot lead to qualifying the individual for a new trade or business. Please note, a change in duties does not constitute a new trade or business if the new duties involve the same general work as is involved in the employee’s present work.

Please sign below, attesting to the fact that the lines you initialed above are true and accurate statements.

________________________________
Employee’s Name

________________________________
Supervisor’s Signature

__________________________
Print Name

________     ______
Date