



How to Structure a Tuition Assistance Program

A guide to launching a tuition assistance program for employees



Structuring a Tuition Assistance Program

If your company has decided to offer a Tuition Assistance Program, including but not limited to direct tuition scholarships, tuition grants, and employee tuition reimbursement, your next step is to create your Tuition Assistance Program structure. This will likely require high-level Human Resource involvement in addition to detailed written policies and protocols.

Here is a guide to help you map out some of the necessary groundwork when creating your company's unique tuition assistance program structure.



TAP Management

It is important to have a designated point of contact who will be responsible for managing and implementing the program, as well as develop detailed policies in writing to properly inform employees of program expectations. It is recommended to designate a personnel member who can discuss the benefit with the employee, administer the program, answer program related questions, collect data, write policy, etc.

Typically, Human Resources (HR) creates policies related to program processes, serves as the designated point of contact, and informs employees of requirement forms and documentation.

Question to answer at this step:

- Who will manage the various aspects of the TAP within your organization?

GPA Requirements

Many companies implement a TAP with academic performance regulations inclusive of Grade Point Average (GPA) requirements. In fact within higher education, many public and private scholarship/grant opportunities require a minimum GPA standard to ensure students are on-track to successfully complete their degree.

Questions to answer at this step:

- Will your organization require employees to maintain a certain GPA in order to retain tuition assistance benefits?

- If so, what will be your GPA requirement?
- Will your GPA requirements be based on term/semester or cumulative GPA?

Degree Requirements

There are various levels of post-secondary degrees available in the U.S., such as undergraduate and graduate degrees, as well as academic majors to choose from. It is at your discretion to resolve if your company will distinguish tuition benefits for certain levels of degrees and/or specific academic majors. This distinction could be based on your type of company and where you are willing to place your funds for return on investment.

Questions to answer at this step:

- Within your organization, what degree level(s) are valuable to fill work skill gaps and keep your company competitive for sustainability or growth?
- What academic majors will be beneficial today and in the future?
- Will you limit to certain levels and/or disciplines?



Employee Enrollment Eligibility

Determining who in your company is eligible for tuition assistance benefits is critical to the function of TAP. Creating parameters as to when employees can enroll in the TAP based on how long they have been employed with the company is highly recommended. Additionally, be sure to indicate what classification an employee must have to be eligible.

Questions to answer at this step:

- When creating regulations for employee eligibility and enrollment, reflect on why are you offering this benefit?
- What are the goals your company is trying to achieve?
- How will the TAP help you achieve those goals?
- What type of employee or staff member will help you attain those goals?
- Can a new employee enroll in the TAP?
- If so, is there a probationary period such as 30, 90, or 180 days?
- Is this benefit only available for employees who have demonstrated a certain number of years of service with the company?
- Are Part-time, Full-time, Contract, and interns eligible?
- Are all employees in all departments eligible or is it limited to specific groups?
- If limited, which departments/titles/etc.?
- What employment status, does an employee need to have to be eligible?
- Are employees on Leave of Absence, FMLA, Medical Leave, or Military leave eligible?

Funding a TAP

Making the decision to financially invest in a TAP program is a major consideration. If your company elects to utilize company fiscal resources to fund a TAP by providing scholarships, grants or reimbursement to participating employees, there are some considerations to predetermine.

Questions to answer at this step:

- What funding source will be utilized to provide the financial resources?
- Do you currently have the funds to start the program or do you need time to build the resources?
- Are the funds sustainable over time to ensure continued enrollment for prospective employees?
- Will available funding require an enrollment cap?
- If so, what is the cap and when will new seats become available?

Note: a TAP is tax-deductible for your company (please see Financial Benefits for more information).



Financial Commitments

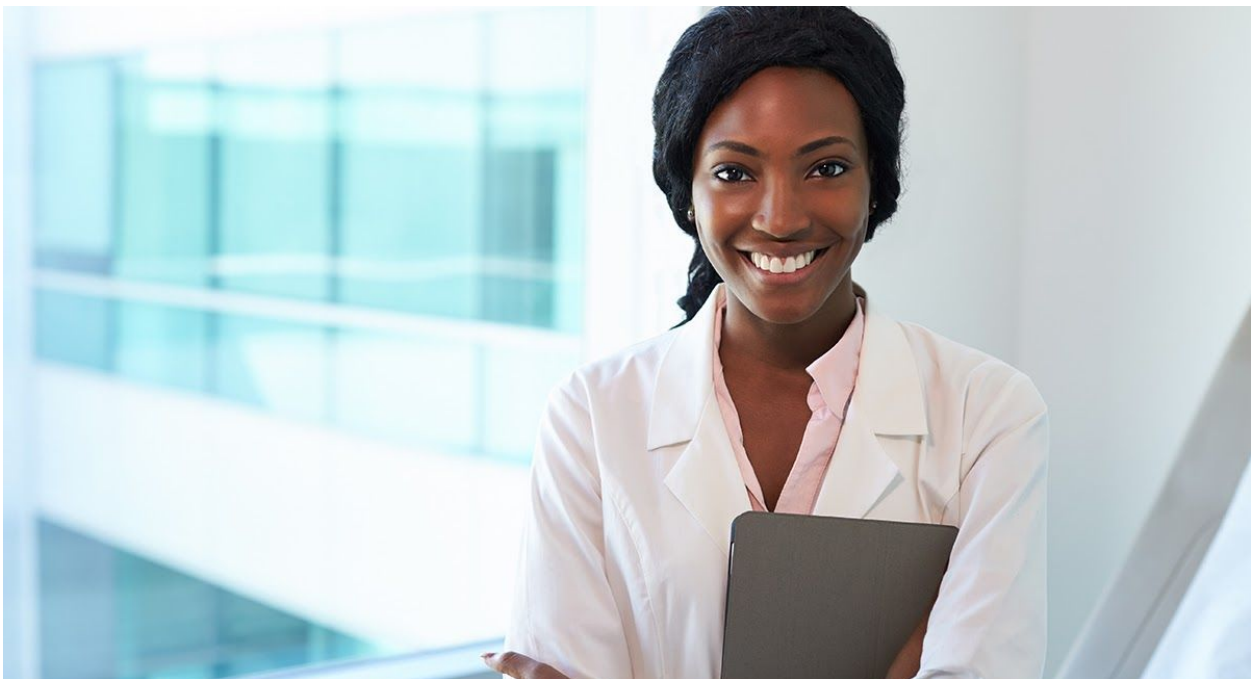
Electing to provide a tuition assistance benefit has financial policies to resolve. You will need to consider how much, when to disburse funds and to whom.

Questions to answer at this step:

- How much will you offer?
- Will you provide partial or full funding?
- Will the amount of funding be determined based on the level of degree?
- Example: For a bachelor's degree the maximum amount could be \$5,250 per academic year, a masters degree could be \$8,000 per academic year and for a doctoral degree could be \$10,000 per academic year.

- If you resolve to select a reimbursement option, when will you provide reimbursement to the employee?
- At the end of each term/semester or the end of each academic year?
- In the case that you select the scholarship or grant option, to whom will you disperse the funds, the employee or the institution?

Note: It is highly recommended to disburse funds directly to the institution to ensure funding is used in compliance with your TAP policies.



Covered Educational Expenses

Oftentimes, there are other costs associated with degree attainment outside of tuition fees. These additional costs can include; books and materials, student services fees, housing, meal plans, etc. All these fees can add up (if they apply), which may provide additional financial burdens or barriers for your employees. Your policies should outline whether or not other related fees outside of tuition will be covered by your company's TAP.

Question to answer at this step:

- Will your TAP cover additional required student fees, such as books & materials?

Financial Benefits

Whether you are a small or medium sized organization, offering tuition assistance to your workforce can be within your reach. Tuition Assistance Programs are tax-deductible up to \$5,250 per employee (as of April 23, 2020), which can provide some financial benefits to the employer. However, keep in mind a TAP award can affect an employee's gross income (regulated by the IRS). If you offer financial assistance beyond \$5,250, the tuition gift (per tax law) is considered to be taxable. Please review IRS requirements or consult with a tax advisor.

In addition to your tuition assistance, some employees may secure some extra funding to cover additional costs (if your TAP does not cover all related fees). Create a policy and educational information to help employees understand how supplemental tuition assistance from other funding sources, such as a grant, scholarship or a GI Bill, should be reported to your company and how it may affect the company's TAP award to the employee.

Questions to answer at this step:

- Does your TAP award limit fall within the IRS regulation?
- Does supplemental tuition funding impact an employee's eligibility for your TAP program?
- If not, does supplemental tuition funding impact TAP award amounts to individual employees?
- How should employees report supplemental tuition funding to your company?

Post Degree Employment

An employee has met their goal and graduated with their degree supported by your TAP, now what? Examine and prepare how degree completion will propel your company and advance performance.

Questions to answer at this step:

- Will you contractually require employees to continue to work for your company?
- If so, for how long?
- Will you implement a title promotion or salary increase?

Note: Keep in mind even though your company will benefit from a more educated employee; not all companies can guarantee automatic advancement, a salary increase, or a different job assignment. We recommend including a written policy regarding this topic in your HR policies.

Eligible Institutions for Your TAP

It is a best practice for companies to provide tuition assistance for employees that are attending accredited institutions. Accreditation from an agency recognized by the U.S. Secretary of Education and the Council for Higher Education Accreditation (CHEA) provides assurances that an institution meets or exceeds established standards and graduates students who achieved the stated learning outcomes in preparation to enter the global marketplace.

To find a list of Postsecondary Educational Institutions and Programs Accredited by Accrediting Agencies and State Approval Agencies Recognized by the U.S. Secretary of Education, [click here](#).

You can predetermine what institutions qualify to secure the TAP benefit.

Questions to answer at this step:

- Will your organization require employees to enroll in an accredited institution in order to utilize the TAP benefit?
- If so, what level or type of accreditation will be recognized?
- Who reports this information to your company and when?



Degree Completion Schedules

While there are average designated time frames to complete certain degree levels, for example, Bachelor degrees take approximately 4 years to accomplish, this may not always be the case for every individual. A full-time employee may not be able to handle a full-time credit course load and maintain performance on the job.

Therefore, it is relevant to elect if there will be a maximum timeframe in which an employee can complete their degree while receiving your company's tuition assistance. For example, a Masters degree completion timeframe is typically 2 years, however, you will grant working employees up to 3 years to complete the program.

Questions to answer at this step:

- Will you require degrees to be completed within a certain timeframe?
- If so, is it degree level specific or the same for all degree levels?
- Is there a maximum TAP benefit time limitation?

Employee Notification to Employer

Whether you are a small or large company, there are administrative processes to complete before any employee can enroll and receive the tuition assistance. One of the final items for consideration is how far in advance does an employee have to notify you if they want to pursue the benefit. Create policies related to the enrollment process and timeframe for the TAP.

Questions to answer at this step:

- How far in advance does an employee have to notify HR prior to beginning their degree program in order to receive the assistance?
- Do employees need to notify your company prior to applying for admission to a degree program where they hope to utilize TAP benefits?
- If an employee is already enrolled in a degree program upon hire at your company, are they eligible for TAP benefits and what is their timeframe for notification and award?
- How far in advance does your company need to prepare monetary funds?
- How far in advance does paperwork need to begin for administrative purposes?

Employee Breach of Contract

Sometimes situations arise in which employees may not be able to fulfill the requirements of the TAP. Plan ahead and create a policy to address what happens if an employee utilizes TAP funds to pay for tuition and doesn't comply with the program requirements.

In addition to non-compliance with TAP requirements for eligibility, create a policy that addresses how a change in employee status may affect tuition assistance benefits.

Questions to answer at this step:

- What will happen if TAP eligibility requirements state an employee must be full-time to receive the benefit, but drops to part-time?
- What happens if an employee moves from one department to another department that does not qualify for the benefit?
- What happens if an employee changes their major?
- What happens if an employee is terminated or resigns?
- What happens if an employee does not meet the academic performance expectations?

Program Termination

Unfortunately, there are circumstances that may cause the loss of certain benefits to employees. During the process of developing a TAP program, be proactive and create a policy in case precedence changes that causes your company to terminate the TAP benefit to your employees.

It is recommended to provide a policy which outlines how much time in advance employees will be notified based on scenarios and how final funding will be handled for employees currently enrolled in the program. Keep in mind how this policy will affect employees based on where they are in the degree program; have they just started the degree or are they a semester or two away from graduating?

Questions to answer at this step:

- When will TAP benefits expire if an employee is terminated?
- Are benefits impacted by the progress of a terminated employee within a degree program?



TAP Policy Examples

It can be helpful to review examples of TAP written policies while creating your own. Below is a list of policy examples you can reference for more information.

- [Bradford Tax Institute](#)
- [Marathon Petroleum](#)
- [Tuition Reimbursement Sample](#)
- [Workforce Sample Policy](#)
- [SHRM Sample Policy](#)



Summary

Creating policies and protocols for a Tuition Assistance Program prior to launch can aid your organizations in ensuring enrolled employees provide the greatest return on investment and benefit to your company. The recommendations provided in this generalized TAP guide should provide ample information to start the process; however, there may be additional policies your company may want to incorporate that are not listed here. Customize our program as you see fit

and iterate your policies and protocols as your TAP proceeds to respond to the needs of your workforce.

If you have any questions regarding Tuition Assistance Programs or if your organization is interested in exploring a tuition assistance education partnership with CGI please contact:

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We will be happy to assist you during the next steps towards solidifying a partnership in alignment with your organization's goals.



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