

Tuition Assistance

Eligibility

A benefits-eligible staff employee or full-time faculty member is eligible to receive tuition assistance, and to have his or her eligible spouse or registered domestic partner and children receive tuition assistance, for eligible course work taken at the University of Southern California (USC). A faculty or staff employee whose university employment ends or whose employment status changes after completing fifteen or more years of employment eligible for tuition assistance retains tuition assistance eligibility for his or her eligible children for eligible course work taken at the University of Southern California (USC). Part-time faculty, fellows, teaching assistants, research assistants, laboratory assistants, staff working for the Mann Institute, temporary employees or those claiming student status are not eligible for the tuition assistance benefit. In the event of a discrepancy between these policies and procedures and a collective bargaining agreement, the terms of the collective bargaining agreement will govern.

A staff employee or full-time faculty member must be employed by the university in a benefits-eligible position on or before the first day of classes in the semester for which application is made. Application for the benefit must be made on or before the first day of classes but should be made as far in advance as possible. Tuition assistance eligibility does not guarantee the student admission to the university.

Tuition assistance is limited to tuition, and does not apply to any fees, including, but not limited to, late fees, finance charges, health center fees, general fees, lab fees, dissertation fees, special educational programs, special fees for individual or small group instruction, or travel. Such fees are the responsibility of the student. To avoid late fees, a student must register for classes and settle his or her bill by the settlement deadline as established by the university and published in the Schedule of Classes.

A student who receives tuition assistance is responsible for immediate payment to the university of any prorated amount of tuition assistance if a post-registration audit reveals:

1. an employee, or a sponsoring employee, changed his or her employment status, including, but not limited to:
 - a. an employee, or a sponsoring employee, discontinued employment during the semester, or
 - b. an employee, or a sponsoring employee, changed from a benefits-eligible position to a non-benefits-eligible position, or

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- c. an employee, or a sponsoring employee, was on an unpaid leave of absence of more than thirty days during the semester in which tuition assistance was received. Specifically excluded are leaves in connection with Workers' Compensation, Medical Leave (please refer to the Medical Leave of Absence Policy for details), Family Care Leave, or Military Leave;
2. tuition assistance has been applied to any ineligible tuition or fees; or
3. the maximum allowed units of tuition assistance has been exceeded.

A student and, if different, a sponsoring employee or former employee seeking tuition assistance must submit an Application for Tuition Assistance form to either the Office of Benefits Administration on the University Park campus or Personnel Services on the Health Sciences campus. An employee or former employee is responsible for monitoring the number of units of tuition assistance disbursed. Information on the number of units for which tuition assistance has been disbursed may be obtained from either the Office of Benefits Administration on the University Park campus or Personnel Services on the Health Sciences campus.

Tax Liability

The following focuses on the federal income tax treatment of tuition assistance benefits. In many instances, the tax treatment will be the same for state income tax purposes. You are advised to contact a tax consultant for information about the state and federal tax treatment of benefits under this educational assistance program.

The tuition assistance benefit is intended to provide benefits that are, to the extent possible, excluded from taxation under Internal Revenue Code Sections 117(d) and 127, and other applicable laws. Nonetheless, many benefits provided will constitute taxable income. The employee sponsoring his or her self, child and/or spouse or registered domestic partner or a former employee sponsoring his or her child is responsible for any tax liability resulting from employer-provided tuition assistance. The university is required by law to report to the Internal Revenue Service the gross amount of the tuition assistance received that is subject to taxes on the appropriate tax forms. For current employees, taxes are withheld and the tuition assistance subject to taxation is reported as income in the same semester in which the benefit is received.

The tax liability of tuition assistance benefits is determined by whether a student is pursuing a graduate or undergraduate degree and not by the classification of the course.

Faculty or staff employees who have separated from the university's employ at or after age 55 or with 15 or more years of benefits-eligible service are treated as retired for purposes of this policy.

Graduate Courses

Tuition assistance benefits for graduate courses taken by an employee's or former employee's child or an employee's spouse or registered domestic partner are taxable income for the current or former employee and subject to taxation and reporting on the appropriate tax forms. Tuition assistance benefits in excess of \$5,250 (per calendar year) for graduate courses taken by an employee are considered taxable and are reported as income for the employee unless the graduate courses qualify as job related under Internal Revenue Code provisions.

The employee must file a Graduate Coursework Certification with Payroll Services, whether or not the courses are job-related, prior to the beginning of each semester while taking graduate courses. Tuition assistance benefits in excess of \$5,250 will be added to the employee's income and appropriate taxes withheld unless the employee and his or her supervisor certify that the coursework is job related. To qualify as job-related, both must certify that the course is required to maintain or improve skills required for the job, or is required by the university or by law as a condition of continuing employment in the employee's current job.

Graduate Coursework Certification forms are available from the Office of Benefits Administration on the University Park campus or Personnel Services on the Health Sciences campus, or from the Benefits Web page at www.usc.edu/dept/Benefits.

Undergraduate Courses

Tuition assistance benefits for undergraduate course work taken by employees or spouses are exempt from taxation and reporting for current employees. Tuition assistance benefits for the eligible children of current employees are exempt from taxes only for undergraduate coursework and only for children who qualify as dependents under applicable Internal Revenue Code provisions. Tuition assistance benefits for registered domestic partners are not exempt from federal taxation.

In addition to meeting the two requirements noted above, tuition assistance benefits for eligible children of former employees are taxable and reportable as income unless the former employee retired or left the university because of a medically certified disability. A Tax Dependent Certification Form must be filed with Payroll Services, whether or not the child is a dependent, when the

sponsoring employee or former retired or disabled employee first applies for the benefit. The certification form also must be renewed with Payroll Services at the beginning of each calendar year while the dependent child is taking undergraduate courses. Without such certification, tuition assistance benefits for undergraduate courses are considered taxable and reportable income and the appropriate tax form will be issued. Any change in a child's dependent status must be reported to University Payroll Services. Tax Dependent Certification forms are available from the Office of Benefits Administration on the University Park campus or Personnel Services on the Health Sciences campus (or from the Benefits Web page at www.usc.edu/dept/Benefits).

An employee with questions regarding the taxes withheld from his or her paycheck may contact University Payroll Services. The university does not provide tax advice. Employees are advised to contact a tax consultant for more information.

Use of the Benefit

Benefits-Eligible Staff Employee

A benefits-eligible staff employee may receive tuition assistance as follows:

1. Degree Candidate

A benefits-eligible staff employee, who is a degree candidate formally admitted to the university, may receive up to 100% tuition assistance for courses which meet the academic requirements of his or her degree program, for a maximum of six (6) units for record per semester, including one summer session, of which no more than four (4) units may be at the graduate level. These courses must be taken for grade. Any fees must be paid by the employee.

2. Limited Status

A benefits-eligible staff employee, who is not formally admitted to the university, may take one course which has been defined as "work-related" by his or her supervisor(s), for audit per semester, including one summer session, subject to the written permission of both his or her supervisor(s) and the department in which the course is offered. An instructor may set conditions on the extent to which the student may participate in class. No tuition funds are disbursed to the academic unit in which the student is taking the course. These courses may not be taken for grade. Any fees must be paid by the employee.

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A staff employee taking courses which do not meet the aforementioned restrictions will be assessed tuition and fees. A staff employee wishing to take classes for grade in preparation for admittance to a degree program may request an exception which would permit him or her to receive tuition assistance. Exceptions may also be considered for those situations where the staff employee's supervisor verifies the course relates to that staff employee's work and the class for which the staff employee wishes to register is regularly offered to non-employee students and there is not a similar course being offered through the University's Professional Development department and the school offering the course will not allow enrollment on an audit basis with no tuition disbursed. Requests for exceptions must be submitted in writing to the Director of Personnel Services on the University Park campus or the Director of Personnel Services on the Health Sciences campus no later than the first day of classes.

A staff employee who wishes to attend classes that meet during his or her scheduled workday must obtain the written permission of his or her supervisor.

Full-Time Faculty

Tuition assistance will be provided to full-time faculty members for auditing one course per semester or summer session, or for a limited number of units of coursework taken for credit in undergraduate, graduate, or professional classes per semester or summer session. However, faculty members shall not be candidates for degrees in the same school in which they have an appointment and, in addition, assistant professors on the tenure track should not simultaneously be candidates for degrees anywhere at the university. Individual exceptions may be made only with the approval of the Provost or of a special committee appointed by the President.

Children

Children of a benefits-eligible staff employee or full-time faculty member employed by the university on or before the first day of classes in any semester for which application is made may receive 100% tuition assistance for a maximum of 144 undergraduate equivalent units. (Undergraduate equivalent units are calculated by adding the number of undergraduate units multiplied by a factor of 1 to the number of graduate units multiplied by a factor of 2.) Counted toward the allowable maximum are units associated either with: 1) classes from which a student has withdrawn after the last day to register and add classes, as established by the university and published in the Schedule of Classes, or 2) courses in which he or she has received an incomplete. A student is strongly encouraged to coordinate his or her tuition assistance with other forms of

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financial aid for which he or she may be eligible, and should contact the Financial Aid Office to do so.

For the purpose of this policy, children are defined as follows: 1) biological children of a benefits-eligible staff employee or full-time faculty member or; 2) children who are legally adopted by a benefits-eligible staff employee or full-time faculty member; and 3) current stepchildren of a benefits-eligible staff employee or full-time faculty member. In order to allow his or her children to receive tuition assistance, a sponsoring employee must provide to either the Office of Benefits Administration on the University Park campus or Personnel Services on the Health Sciences campus original documentation to verify that his or her relationship with the student meets one of the above definitions.

Documents requiring translation must be provided either to the Office of Benefits Administration on the University Park campus or to Personnel Services on the Health Sciences campus along with translations of each document and a written and signed statement from the translator stating that he or she is familiar with both the foreign language and English and that the translation is accurate.

Children of a benefits-eligible staff employee or full-time faculty member with fifteen or more years of credited service who is on a military or medical leave of absence or is no longer employed by the university may receive tuition assistance in accordance with the university's tuition assistance benefit policy in effect at the time the child elects to exercise the benefit.

Children of a benefits-eligible staff employee or full-time faculty member enrolled at the time of death or permanent disability of a current sponsoring employee may continue to receive 100% tuition assistance for a maximum of 144 undergraduate or 72 graduate or professional units in order to complete their degrees. This includes children of benefits-eligible staff employees or full-time faculty on military leave.

Children of a benefits-eligible staff employee or full-time faculty member not yet enrolled at the time of death or permanent disability of a current sponsoring employee may receive tuition assistance based on the number of years of service of their sponsor in accordance with the following:

1. If a sponsoring employee with less than five years of benefits-eligible service at the university dies or becomes permanently disabled while he or she is employed in a benefits-eligible position at the university, his or her surviving children may receive tuition assistance equivalent to one year of tuition assistance for each year of the employee's benefits-eligible service to the university and divided among the

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surviving children (as designated by the surviving parent or guardian in a written, notarized statement), subject to the terms and conditions of the university's tuition assistance benefit policy in effect at the time the children elect to exercise the benefit including the maximum number of units allowed.

2. If a sponsoring employee with five or more years of benefits-eligible service at the university dies or becomes permanently disabled while he or she is employed in a benefits-eligible position at the university, his or her surviving children may receive tuition assistance equivalent to the tuition assistance received by children of current employees, subject to the terms and conditions of the university's tuition assistance benefit policy in effect at the time the children elect to exercise the benefit including the maximum number of units allowed.

Benefits-eligible staff employees or full-time faculty continue to accrue years of service while on military leave.

Spouse or Registered Domestic Partner

A legally-married spouse or registered domestic partner of a benefits-eligible staff employee or full-time faculty member may receive up to 50% tuition assistance for a maximum of 144 undergraduate equivalent units. (Undergraduate equivalent units are calculated by adding the number of undergraduate units multiplied by a factor of 1 to the number of graduate units multiplied by a factor of 2.) Counted toward the allowable maximum are units associated either: 1) with classes from which a student has either withdrawn after the last day to register and add classes, as established by the university and published in the Schedule of Classes, or 2) with courses in which he or she has received an incomplete. A student is strongly encouraged to coordinate his or her tuition assistance with other forms of financial aid for which he or she may be eligible, and should contact the Financial Aid Office to do so.

In order to allow his or her spouse or registered domestic partner to receive tuition assistance, a sponsoring employee must provide to either the Office of Benefits Administration on the University Park campus or Personnel Services on the Health Sciences campus original documentation to verify marital or registered domestic partner status. A spouse who is legally separated or a former spouse divorced from a sponsoring employee is not eligible to receive tuition assistance. A registered domestic partner whose domestic partnership with a sponsoring employee has been terminated is not eligible to receive tuition assistance.

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If a sponsoring employee dies or becomes permanently disabled while he or she is employed by the university, his or her surviving spouse or registered domestic partner may continue to receive tuition assistance to complete the semester in which he or she is enrolled, subject to the terms and conditions of this policy.

Qualifying for Tuition Assistance in More Than One Status

Under some circumstances, a student may qualify for tuition assistance in more than one status. When an additional qualifying status occurs concurrently, the student may choose the qualifying status that is most advantageous. When an additional qualifying status is sequential, the maximum number of units of tuition assistance applies only to the current qualifying status. For example, a child of a sponsoring employee may receive tuition assistance for the maximum number of units, then may later marry an employee and qualify for an additional 144 undergraduate equivalent units at 50% tuition assistance as the spouse of an employee. However, when both parents of children seeking tuition assistance are eligible for tuition assistance benefits, each child may receive tuition assistance equivalent to the maximum number of units from one sponsoring parent only.

Former Employees Affected By Outsourcing

This provision applies to a university employee who is laid off or terminated as a result of the university's outsourcing an entire department or job function to an independent contractor. If hired by the contractor for work at the university, such a former employee will continue to be eligible for tuition assistance benefits equivalent to those offered to active benefits-eligible USC staff employees (for children, spouse, registered domestic partner, self) while employed by the contractor and assigned to work at the university, in accordance with the provisions of the tuition assistance benefit program in effect at the time the child, spouse, registered domestic partner, or former employee elects to exercise the benefit.

During the time employed by the contractor and assigned to work at the university, such a former employee will continue to accumulate service credit for purposes of calculating the total number of benefits-eligible years of service required for eligibility for the tuition assistance benefit for children of terminated employees.

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Internal Revenue Code Section 127 Plan

This benefit is intended to be an educational assistance program under Internal Revenue Code section 127 with respect to benefits that are excluded from taxation under such code section.

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