

BAYLOR UNIVERSITY
EDUCATIONAL ASSISTANCE PLAN

Effective January 1, 2002
And As Amended June 1, 2017

BAYLOR UNIVERSITY EDUCATIONAL ASSISTANCE PLAN

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**ARTICLE 1
INTRODUCTION**

1.01 Establishment and Name of Plan

Effective January 1, 2002, Baylor University hereby establishes an educational assistance plan entitled the “Baylor University Educational Assistance Plan.”

1.02 Purpose of Plan

The purpose of this Plan is to provide educational assistance for the exclusive benefit of eligible Employees of the University.

1.03 Educational Assistance Plan Status

This Plan is intended to qualify as an “educational assistance plan” under Section 127 of the Internal Revenue Code (hereinafter Code) and any regulations promulgated thereunder and is to be interpreted in a manner consistent with the requirements of Section 127 of the Code and any regulations promulgated thereunder and further it is intended that the educational assistance under the Plan be eligible for exclusion from the Employees’ income.

ARTICLE 2
DEFINITIONS

Each following word, term, and phrase shall have the following meanings whenever such word, term, or phrase is capitalized and used in any Article of this Plan unless the context clearly indicates otherwise:

- 2.01** **“University”** shall mean Baylor University, a Texas non-profit corporation, which is affiliated with the Baptist denomination of the State of Texas as represented by the Baptist General Convention of Texas.
- 2.02** **“Another Professional/Recognized Organization”** shall mean colleges, universities, and other professional or recognized organizations other than Baylor University.
- 2.03** **“Administrative Committee”** means the committee, if any, appointed pursuant to Section 7.01 to administer the day-to-day operation of the Plan.
- 2.04** **“Code”** means the Internal Revenue Code of 1986, as amended, or replaced, from time to time. Reference to any section or subsection of the Code includes reference to any corresponding or succeeding provisions of any legislation that amends, supplements, or replaces such section or subsection.
- 2.05** **“Education”** means both Education at the University and Education at Another Professional/Recognized Organization.
- 2.05.1** **“Education at the University”** means graduate coursework provided by the University. The University will determine whether a course or courses of instruction or training is approved pursuant to Section 4.02.01 herein. Education at the University, for purposes of this Plan, is *not* limited to instruction or training that is job-related as defined in Section 2.09. It also does not include instruction or training that is purely self-administered.
- 2.05.2** **“Education at Another Professional/Recognized Organization”** means any form of instruction or training provided by Another Professional/Recognized Organization that is job-related as defined by Section 2.09. Education at Another Professional/Recognized Organization, for purposes of this Plan, is *not* limited to instruction or training that is qualifying work-related education as defined by the IRS. It also does not include instruction or training that is purely self-administered.
- 2.06** **“Educational Assistance”** means the University’s payment of tuition for or incurred by or on behalf of a Participant for education, or the University’s provision of education, to a Participant. Such term shall not include the tuition cost for education involving sports, games, or hobbies unless the course is required as part of a degree program. The phrase sports, games, and hobbies does not include education that instructs Participants how to maintain and improve health so long as such education does not involve the use of athletic facilities or equipment and is not recreational in nature. In addition, doctoral courses are not covered under this program.
- 2.07** **“Effective Date”** means January 1, 2002, the date the Plan is established.

- 2.08** “**Employee**” means any full-time employee of the University who is receiving remuneration for personal services rendered to the University, or would be receiving such remuneration except for an authorized leave of absence. An employee of the University shall be considered “full-time” if the employee is scheduled for $\frac{3}{4}$ time or more (at least 30 hours per week where the employee is paid on an hourly basis) and is employed for at least a four-month assignment as a staff member, a lecturer, a faculty member, an executive, or a professional.
- 2.09** “**Job-Related**” means that which improves or develops the job knowledge and skills of the Employee. The purposes of this program are to encourage self-improvement for employees by providing opportunities to perform present tasks better and to enable employees to remain current in their specific areas of technology or responsibility; the program is not intended to provide reimbursement for an entire degree plan. The University will have the final determination pursuant to Section 4.02.02 herein, as to whether a course or courses of instruction or training are job-related under this definition. This University definition of Job-Related is broader than the Internal Revenue Code’s definition of work-related non-taxable educational assistance.
- 2.10** “**Participant**” means any Employee who participates in the Plan pursuant to the provisions of Article 3 herein.
- 2.11** “**Plan**” means this Baylor University Educational Assistance Plan, as established effective January 1, 2002, and as amended from time to time.
- 2.12** “**Plan Administrator**” means the Administrative Committee appointed by the University to administer the Plan pursuant to Section 7.01 hereof. If the University does not appoint such an Administrative Committee as Plan Administrator, then the University will function as the Plan Administrator and the term “Plan Administrator” whenever it is used in the Plan shall mean the University or its designee in that event.
- 2.13** “**Post-Baccalaureate Credit Hours**” means graduate coursework taken by Employee holding a degree when such coursework will not be credited toward a graduate degree or for graduate credit. This also includes coursework taken by Employee not to be credited toward any degree because the individual taking such courses has been permitted to enroll in a course(s) but either has not qualified by reason of not having met all entrance requirements for that class or who does not wish to qualify for credit towards any degree. This includes Employee development and certification courses.

**ARTICLE 3
ELIGIBILITY AND PARTICIPATION**

3.01 Eligibility

For Education at the University, each Employee hired prior to July 1, 2003 is eligible to participate immediately upon employment with the University.

For Education at the University, each Employee hired on or after July 1, 2003, will be eligible to participate immediately after completing one year of continuous full-time service.

For Education at Another Professional/Recognized Organization, each Employee will be eligible to participate immediately after completing 90 days of continuous full-time service.

3.02 Commencement of Participation

Each Employee shall automatically become a Participant in the Plan after the Employee has satisfied the requirements of Section 3.01 and shall be immediately eligible to enroll for Educational Assistance pursuant to Article 4.

3.03 Cessation of Participation

A Participant receiving Education at the University shall cease to be a Participant as of the earliest of:

- (a) the end of the semester during which the Participant ceases to be an Employee; or
- (b) the date on which the Plan terminates.

A Participant receiving Education at Another Professional/Recognized Organization must be employed by the University for the entirety of the course to be reimbursed for tuition.

ARTICLE 4
EDUCATIONAL ASSISTANCE AND ENROLLMENT

4.01 In General

The Educational Assistance received by every Participant shall be subject to the limitations in Article 5.

4.02 Employee Enrollment Process

4.02.01 Education at the University

An Employee applying for Educational Assistance shall complete the electronic Tuition Remission Application (“Application”) no later than 30 days prior to the first day of a semester. Department head permission is required before the Application is completed. A new application must be submitted for each semester or academic year in which courses are planned to be taken. The Student Financial Aid Office will make final approval and award of Educational Assistance for courses taken at the University.

If the Employee deems the graduate courses chosen meet the Job-Related qualifications (as defined under Section 2.09) and wants the courses to be considered non-taxable (for amounts that exceed \$5,250), the Employee needs to complete the Baylor University Application for Educational Assistance and submit it, with department head permission, to Human Resources no later than 30 days prior to the beginning of a course.

4.02.02 Education at Another Professional/Recognized Organization

An Employee applying for Educational Assistance shall complete and sign the Baylor University Application for Educational Assistance form and submit it, with department head permission, to Human Resources no later than 30 days prior to the beginning of a course. **A new application must be submitted for each course that is taken.** . Such request shall provide the following information:

- (a) The name of Another Professional/Recognized Organization providing the course or courses of instruction in which the Employee wishes to enroll.
- (b) The course or courses in which such Employee wishes to enroll.
- (c) The proposed schedule for the course of instruction requested by the Employee.

The Baylor University Application for Educational Assistance forms may be found online or obtained from Human Resources. Human Resources will make final approval and award of Educational Assistance for courses taken at Another Professional/Recognized Organization. The University may deny a request for Educational Assistance if, in the sole discretion of the University, the requested course or courses do not satisfy the requirements of Section 4.08.02 herein.

4.02.03 University Responsibility

The University shall notify the Participant if the application has been denied and the University’s reason for the decision.

4.03 Payment of Benefit for Education at Another Professional/Recognized Organization

Upon successful completion of a course taken outside of Baylor, the Participant will present a copy of the approved application with the following items to the Human Resources Office: (1) evidence of satisfactory completion of the course; (2) a copy of the receipt for tuition costs; and (3) a copy of the original Application for Educational Assistance. These items must be submitted within 30 days of completion of the course in order to be reimbursed.

4.04 Educational Assistance and Taxation

4.04.01 Education At the University

Educational Assistance provided to a Participant will be determined based on tuition incurred for courses beginning in a calendar year. Any Educational Assistance provided in excess of \$5,250 may be subject to federal income tax.

4.04.02 Education At Another Professional/Recognized Organization

Educational Assistance provided to a Participant will be determined based upon the date of course completion (not the date of tuition reimbursement) during the calendar year (i.e. a class completed in December xxxx, but for which paperwork is not received and reimbursement is not given until the following January xxxi, the Educational Assistance is still to be counted toward the year ending December xxxx). Educational Assistance provided in excess of \$5,250 may be subject to federal income tax.

4.05 Exception to Educational Assistance and Taxation

Educational Assistance in excess of \$5,250 may be deemed nontaxable if the Education is determined to be qualifying work-related education, as defined by the Internal Revenue Code and corresponding regulations.

4.06 Nondiscrimination

In no event shall the Plan discriminate in favor of highly compensated Employees as defined in Section 414(q) of the Code as to eligibility to participate in the Plan.

4.07 Other Benefits as an Alternative

The Plan may not offer an Employee a choice between Educational Assistance and other remuneration includible in gross income.

4.08 Programs of Study

4.08.01 Education at the University

The Educational Assistance Plan extends to graduate level courses as listed in the current Baylor catalog taken for Education at the University toward the following:

- Graduate Degree
- Post-Baccalaureate Credit Hours (as defined in Section 2.13)

4.08.02 Education at Another Professional/Recognized Organization

The Educational Assistance Plan extends to courses taken for Education at Another Professional/Recognized Organization only when the courses are determined to be Job-Related as defined by the University under Section 2.09, and the course must be a formal course provided for either academic credit, continuing education credit, or a certificate of completion. **Seminars, conferences, workshops, CPA and Bar review courses, testing fees, institutes, special programs, or any training programs that are more appropriately covered by a department's professional development and/or travel budget are not covered under this plan.**

Doctoral programs are not eligible under this program.

ARTICLE 5
LIMITATIONS OF BENEFITS

5.01 Financial Assistance, Fellowship or Scholarship

Any Participant receiving financial assistance or a fellowship or scholarship from any public or private source shall only be entitled to Educational Assistance under this Plan to the extent the tuition of the course of instruction taken exceeds the amount of such financial assistance, fellowship, or scholarship.

5.02 Minimum Standards for Admission

An Employee applying for Educational Assistance for courses taken at the University must meet all applicable standards and conditions for admission to the University, including, but not limited to the following:

- Entrance requirements stated in the applicable catalog.
- Maintenance of academic eligibility as administered in accordance with the University's Academic Probation and Suspension Policies and Procedures.
- Maintenance of personal conduct as administered in accordance with the University's Standards of Personal Conduct and the Student Disciplinary Policy.

5.03 Restriction on Other Compensation

In no event shall a Participant be entitled to receive Educational Assistance under this Plan in lieu of any other compensation he or she might otherwise be entitled to from the University.

5.04 Limitations on Course Scheduling

The requested course or courses of instruction must meet on a regularly scheduled basis after normal working hours as established by the standard policies and procedures of the Employee's location of employment in order to be approved by the University. It is preferred that any courses be taken outside the regular work schedule of the Employee. The Employee's department head may grant permission to allow the Employee to be absent during the regular work schedule for a maximum of 4 hours per week. The Employee shall make up any such absences during the same workweek.

5.05 Additional Conditions of Enrollment for University Courses in Employee Development

Enrollment in courses taught at the University for the purpose of Employee development must first meet the following conditions:

- Space must be available in the course(s) without displacing a regularly enrolled student;
- A sufficient number of regular students must be enrolled in the course(s) to justify the course(s) being taught;
- In the case of applied courses, such as those offered in the School of Music or the Department of Art, and in the case of courses in the School of Nursing, the Dean of the college or school in question will determine whether space is available and whether the course has sufficient enrollment.

5.06 Course Limit for Education at the University

Educational Assistance shall be limited to a maximum of two (2) courses, no more than eight (8) hours, during any semester or quarter or in the combined summer session, except that up to fourteen (14) hours are allowed in the combined summer session for the purpose of taking an intensive foreign language course.

Credit hours that apply to a degree are not limited. An Employee may take up to 36 hours of Post-Baccalaureate Credit Hours that do not apply to a degree.

The maximum Educational Assistance for an Employee who was a former Participant prior to being rehired by the University shall equal the amount the Employee would otherwise be entitled to, had the Employee not ceased employment.

5.07 Course Limit for Education at Another Professional/Recognized Organization

Educational Assistance shall be limited to a maximum of one (1) course/program during any semester or quarter or in the combined summer session.

An Employee may take up to 36 hours of Post-Baccalaureate Credit Hours.

ARTICLE 6
FUNDING

6.01 Funding Not Required

The University shall contribute the amount required to provide Educational Assistance under this Plan out of the general assets of the University at the time such Educational Assistance is to be provided. Educational Assistance shall be provided to or for Participants upon the submission and approval of a request for Educational Assistance. There shall be no special fund out of which Educational Assistance shall be provided.

ARTICLE 7
ADMINISTRATION OF PLAN

7.01 Appointment of Committee

The University may appoint an Administrative Committee to perform the day-to-day administrative functions of the Plan. Any person, including, but not limited to the Employees of the University, shall be eligible to serve on such Administrative Committee. Any member of the Administrative Committee may at any time be removed, with or without cause, by the University by delivery of a written notice of removal, to take effect at a date specified therein, or upon delivery if no date is specified therein.

The University, upon any vacancy caused by an Administrative Committee member's resignation, removal, death, or otherwise, shall promptly designate in writing a successor. If the University does not appoint an Administrative Committee, then the University will perform the functions specified therein for the Administrative Committee.

Unless otherwise agreed to by the University, members of the Administrative Committee shall serve without compensation as such, but the reasonable expenses of the member of the Administrative Committee incurred in discharging their responsibilities as such shall be paid by the University.

7.02 Committee Procedures

If the University has appointed an Administrative Committee, then the provisions of Article 5 shall apply to such Administrative Committee. A majority of the members of the Administrative Committee at the time in office shall constitute a quorum for the transaction of business at any meeting. Any determination or action of the Administrative Committee may be made or taken by a majority of the members present at any meeting thereof, or without a meeting by resolution or written memorandum in which a majority of the members then in office concur. The Administrative Committee shall select one of its members as Chairman and may select a Secretary (who may, but need not, be a member of the Administrative Committee) to keep its records or to assist it in the doing of any act or thing to be done or performed by the Administrative Committee. The Administrative Committee may adopt such bylaws and regulations as it deems desirable for the conduct of its affairs.

7.03 Powers, Duties, and Responsibilities of the Plan Administrator

The Plan Administrator shall administer and supervise the day-to-day operation of the Plan in accordance with its terms and provisions. The primary responsibility of the Plan Administrator is to administer the Plan for the exclusive benefit of Employees entitled to participate in the Plan (without discrimination among them), subject to the specific terms of the Plan. The Plan Administrator will have full power to administer the Plan in all of its details, subject to applicable legal requirements. For this purpose, the Plan Administrator's powers will include, but will not be limited to, the following authority, in addition to other powers provided by this Plan:

- (a) to make and enforce such rules and regulations and prescribe the use of such forms as it deems necessary, desirable, or proper for the efficient administration of the Plan, including the establishment of any procedures that may be required by applicable provisions of law;
- (b) to interpret the Plan, its interpretation thereof in good faith to be final and conclusive on all persons claiming benefits under the Plan;

- (c) to decide all questions concerning the Plan and the eligibility of any person to participate in the Plan;
- (d) to require any person to furnish such information as it may request or require for the purpose of the proper or efficient administration of the Plan as a condition to receiving any benefits under the Plan;
- (e) to engage such agents, legal counsel, actuaries, accountants, consultants, experts, specialists, advisers, and other persons as may be required to assist in administering the Plan; and
- (f) to allocate and delegate its responsibilities under the Plan and to designate other persons to carry out any of its responsibilities under the Plan, any such allocation, delegation or designation to be in writing.

7.04 Records and Reports

The Plan Administrator shall keep a record of all actions taken and shall keep all other books of account, records and other data that may be necessary for proper administration of the Plan and shall be responsible for supplying all information and reports to governmental agencies or departments, Participants, eligible dependents, beneficiaries, and others as required by law. The Plan Administrator shall make available to each Participant such of his records under the Plan as pertain to him, for examination at reasonable times during normal business hours.

7.05 Reliance on Tables, Etc.

In administering the Plan, the Plan Administrator shall be entitled to the extent permitted by law to rely conclusively on all tables, valuations, certificates, opinions, and reports which are furnished by, or in accordance with the instruction of, the University, or by legal counsel, accountants, actuaries, consultants, experts, specialists, advisers, or other persons employed or engaged by the Plan Administrator or the University.

7.06 Nondiscriminatory Exercise of Authority

Whenever, in the administration of the Plan, any discretionary action by the Plan Administrator is required, the Plan Administrator shall exercise its authority in a nondiscriminatory manner so that all persons similarly situated will receive substantially the same treatment.

7.07 Indemnification of Plan Administrator

The University agrees to indemnify and to defend to the fullest extent permitted by law any Employee serving as a member of the Administrative Committee (including any Employee or former Employee who formerly served as a member of such Administrative Committee) against all liabilities, damages, costs, and expenses (including attorneys' fees and amounts paid in settlement of any claims approved by the University) occasioned by any act or omission to act in connection with the Plan, if such act or omission is in good faith.

7.08 Expenses of Administration

All expenses incurred prior to the termination of the Plan that shall arise in connection with the administration of the Plan, including but not limited to administrative expenses and compensation and other expenses and charges of any legal counsel, accountants, actuaries, consultants, experts, specialists, advisers, or other persons employed or engaged by the Plan Administrator in connection with the administration of the Plan, shall be paid by the University.

ARTICLE 8
AMENDMENT AND TERMINATION OF PLAN

8.01 Amendment of Plan

The Administrative Committee shall have the right at any time, and from time to time, to modify, alter or amend the Plan in whole or in part by written instrument identified as an amendment effective as of a specified date or dates. Alternatively, the University may authorize an officer of the University or a member of the Administrative Committee to act on their behalf. Any amendment to the Plan shall be effective and documented in writing in a manner which satisfies the requirements of the Code prior to the effective date of such amendment, except as otherwise allowed by the Code and the regulations thereunder. However, an amendment may not modify, alter, or amend the Plan to eliminate a Participant's rights to claims which have been incurred as of the date of adoption of such a modification, alteration, or amendment.

8.02 Termination of Plan

The Administrative Committee reserves the right to terminate the Plan at any time, except with respect to claims which have been incurred as of the date of such termination.

ARTICLE 9
MISCELLANEOUS PROVISIONS

9.01 Information to be Furnished

Each Participant shall provide the University and the Plan Administrator with such information and evidence, and shall sign such documents, as may reasonably be requested from time to time for the purpose of administration of the Plan.

9.02 Limitation of Rights

Neither the establishment of this Plan nor any amendment thereof, nor the payment of any benefits, will be construed as giving to any Participant, or other person, any legal or equitable right against the University, nor the Plan Administrator, except as provided herein. Neither the establishment of this Plan, nor any amendment thereof, nor the payment of any benefits, or any action taken with respect to this Plan shall confer upon any person the right to be continued in the employment of the University. Nothing contained in this Plan shall give a Participant or any other person any right, title, or interest in any property of the University.

9.03 Applicable Law

Except to the extent Federal law is controlling, the provisions of this Plan shall be interpreted, construed, administered, and enforced according to the laws of the State of Texas. The Plan is intended to be an Educational Assistance Plan under section 127 of the Code and shall be construed accordingly.

9.04 Communications

All communications in connection with the Plan made by a Participant or Employee shall become effective only when duly executed on forms provided by the Plan Administrator or the University and filed with the Plan Administrator.

9.05 Headings

The headings and subheadings of articles and sections are included solely for convenience of reference, and if there be any conflict between such headings and the text of the Plan, then the text of the Plan shall control.

9.06 Gender and Number

Whenever any words are used herein in the masculine, feminine, or neutral gender, they shall be construed as though they were also used in another gender in all cases where they would so apply, and whenever any words are used herein in the singular or plural form, they shall be construed as though they were also used in the other form in all cases where they would so apply.

9.07 Severability of Provisions

The provisions of this Plan are severable, and should any provision be ruled illegal, unenforceable, or void, all other provisions not so ruled shall remain in full force and effect.