

APPENDIX R1 – Template for School Board Resolution for an Employee Qualified Tuition Reduction Plan

WHEREAS Internal Revenue Code Section 117(d) provides that a qualified tuition reduction provided to an employee of an educational institution is excluded from the employee's gross income for federal income tax and unemployment purposes, and

WHEREAS (name of school) is an educational institution as defined in the IRS Code Section 170(b)(1)(A)(ii), and

WHEREAS (name of school) desires to adopt a qualified tuition reduction plan under the Code Section 117(d) for the benefit of its employees,

NOW, THEREFORE, (name of school) adopts the following Qualified Tuition Reduction Plan:

- (1) Tuition for dependent children of employees enrolled in the school will be reduced in an amount equal to: (insert specific tuition discount detail per school – see below for an example).
 - (a) 15% of all School tuition for employees working 35 or more hours as per their regular job assignment or contract
 - (b) 10% of all School tuition for employees working 34.99-20 hours as per their regular job assignment or contract
 - (c) 5% of all School tuition for employees working less than 20 hours as per their regular job assignment or contract
- (2) Tuition reduction is only available for education provided by the school to dependent children of eligible employees. Eligible employees are:
 - (a) All current employees of the school,
 - (b) Employees of school who currently have retired or left on disability,
 - (c) Spouses of employees who died while an employee of the school, or who have retired or left on disability.
- (3) Classification with the Tuition Reduction Program is determined using job assignment status at the beginning of the school year.
- (4) Temporary increases or decreases in hours do not effect classification for Tuition Reduction program.
- (5) Substitute or Temporary Teaching Positions are not eligible for Tuition Reduction program, regardless of hours worked.
- (6) Tuition Reduction ends the 1st of the month following employment Termination, for either voluntary or non-voluntary terminations (excluding retirement or disability).
- (7) Under IRS rules, tuition discounts cannot discriminate in favor of highly compensated employees (HCE's). The same benefits must be offered to all employees equally. Determination as an HCE is made using the current IRS earning limits. (NOTE: The earning limit for 2017 and 2018 is more than \$120,000 per year per employee).

The Qualified Tuition Reduction Plan will be effective on (insert date). At such time, the value of the tuition reduction plan will not be included in an employee's salary for either federal income tax or federal unemployment tax purposes.