



POLICY & PROCEDURE DOCUMENT

NUMBER: 4.6602

DIVISION: Finance and Administration

TITLE: Tuition Discount Program for Dependent Children of Employees, Spouses and Other Qualified Dependents

DATE: August 1, 2016

REVISED: December 5, 2016, August 15, 2017

Policy for: All Employees

Authorized by: Director, Human Resources

I. Purpose and Scope

This policy is intended to encourage and support higher education attainment for eligible dependent children of faculty and staff through tuition discounts for defined academic coursework taken through Western Kentucky University. The policy also describes tuition benefits available to spouses and other qualified dependents (OQDs) of employees. The benefits awarded under this policy also provide a meaningful compensation element for faculty and staff.

II. Policy

Dependent children of full-time employees are eligible for a 50% discount on tuition and mandatory fees applied to undergraduate courses until the degree requirements for one (1) baccalaureate degree are met. On-Demand courses are included under this policy. Special fees associated with designated courses or programs of study are not covered by the 50% discount.

The dependent *child's/student's classification*—and not the classification of the course—determines whether or not the course is covered under this discount program. Benefits under this policy are not awarded to students with a graduate classification.

In cases where a participating dependent child/student is taking an undergraduate course, but is officially classified as a graduate student, the course fee will be billed at the graduate rate.

Spouses or OQDs of regular full-time employees are eligible for a 50 percent discount of tuition and mandatory fees for up to six (6) credit hours per semester (fall and spring) and up to six (6) credit hours during the Winter and Summer (May included) terms combined (total of 18 credit hours per academic year). Undergraduate and graduate courses are eligible.

Tuition benefits are also available to dependent children and spouses or OQDs of retirees similar to those of active employees.

A. Definitions

For the purpose of this policy, the following definitions shall be used to determine eligibility:

1. A *dependent child* is defined as one who is unmarried, natural child, adopted child, step-child, legal ward or dependent child of an employee who meets all requirements as set forth in the IRS guidelines for a Qualifying Child, and who (a) is claimed as a dependent by the employee on the most recently filed federal income tax return and who (b) is eligible to be claimed as a dependent for the tax year in which classes are taken. In the case of a legal separation or divorce, a dependent child may participate in this program regardless of which parent declares the child as a dependent for income tax purposes.
2. The *dependent child* definition includes eligible dependent children of an employee's Other Qualified Dependent (OQD) spouse/partner. In the case of an OQD's dependent child, the child may participate in this program provided the child (a) is claimed as a dependent by the employee's OQD on the most recently filed federal income tax return and who (b) is eligible to be claimed as a dependent for the tax year in which classes are taken. In the case where the OQD's dependent child may be claimed as a dependent for tax purposes under his or her other biological parent, the dependent child may participate.
3. The *dependent child* definition includes eligible dependent children of WKU retirees. Retirees are defined as: 1) individuals who have gained official retirement status with the Kentucky Teachers' Retirement System (KTRS) or the Kentucky Employees' Retirement System (KERS), or 2) individuals who participate in the Optional Retirement Plan (ORP) whose age and years of full-time employment equal 60 or greater, with a minimum of ten (10) years of full-time employment.
4. The *dependent child* definition also includes children of a deceased employee who were qualified and enrolled at WKU at the time of the active employee's death. Such dependent children will remain eligible for benefits under this policy until degree requirements for one (1) baccalaureate degree are met.
5. Benefits under this policy are also available to dependent children of an active employee whose death occurs after having achieved five (5) years of full-time employment and whose death occurs while in an active full-time status. This provision only applies to dependent children having completed the 9th grade at the time of the applicable employee's death. All other student eligibility requirements of this policy must be met.
6. A *spouse* is defined as anyone recognized to be a legal spouse under federal and state regulations, or anyone who is considered the surviving spouse at the time of an employee's death.

7. *Other Qualified Dependent (OQD)* means an individual (partner) with whom an employee is financially interdependent and sharing a primary residence with the employee over the immediate past twelve (12) months.
8. A *retiree* is defined as an individual who has gained official retirement status with the Teachers' Retirement System (TRS) or the Kentucky Employees' Retirement System (KERS). For individuals who participate in the Optional Retirement Plan (ORP), a retiree is defined as an individual whose age and years of full-time employment equal 60 or greater, with a minimum of ten (10) years of full-time employment.

B. Student Eligibility Criteria

1. The student must meet general University admission requirements and any applicable specific program requirements.
2. The student must maintain a WKU grade point average (GPA) of 2.0; if the GPA falls below 2.0, the student will be ineligible for the 50% tuition discount until his/her GPA improves to the 2.0 minimum.
3. The tuition discount benefit for a dependent child is immediately available after the full-time employee with whom the dependent child is associated is employed in a full-time regular position.

C. Employee Status

1. The associated employee (of the dependent child or spouse or OQD) must be employed in a full-time regular status. For employment purposes August 15th shall be used as the beginning date of the Fall semester and January 15th shall be used as the beginning date of the Spring semester. For the May and Summer terms, May 1st shall be used as a beginning date. December 15th shall be used for the Winter term. Employment *must begin before or on the referenced dates* for this benefit to be awarded for a given semester/term.
2. Benefits awarded to dependent children under this policy continue without interruption.
3. If the associated employee terminates full-time employment (voluntary or involuntary) with WKU during a period in which benefits have been awarded, the eligible dependent child or spouse or OQD will be allowed to complete the current semester (period) and continue to receive the previously approved tuition discount. The participant will cease to be eligible for future benefits under this policy.
4. If both parents are employed at WKU, the benefits awarded for dependent children under this policy are not multiplied; they are limited to the benefit provided to one (1) employee.

III. Procedure

The employee/dependent student must be determined eligible each semester. The following procedures are applicable:

1. Following course registration, an on-line tuition discount form must be completed each semester and submitted to the Department of Human Resources by the prescribed deadlines:
 - a. Fall Term—August 15th
 - b. Winter Term—December 15th of the preceding year
 - c. Spring Term—January 15th
 - d. Summer Term (May Term included)—May 1st
2. On determination of eligibility for the discount, the 50% tuition credit will be posted to the student's account.

IV. Scholarships Paired With Discounts

The tuition discounts awarded under this policy shall be applied to the dependent child's account prior to the awarding of any *institutional* tuition scholarship. The sum of the scholarship and discount shall not exceed the total cost of tuition and mandatory student fees.

The limits imposed by this provision do not affect institutional scholarships awarded for charges other than tuition and mandatory fees (i.e., room, board meals, books). Similarly, the limits imposed do not affect those students who receive scholarships external to WKU.

V. Course Exclusions

The following categories of courses are ineligible under this policy:

- Study away programs
- Study abroad
- Dual credit (courses offering high school and college credit)
- Continuing and community education courses

VI. Tax Reporting and Withholding Requirements

1. Under U.S. Internal Revenue Code (IRS), all undergraduate coursework awarded to dependent children is allowed to be considered tax-free and is excluded from an employee's taxable wages, except as noted in item B below.
2. Tuition discounts awarded to a dependent child(ren) of an employee's OQD are subject to tax implications and will be included in the associated employee's taxable wages.
 - a. The taxable value of tuition discounts will be added to the applicable employee's taxable wages in February, May, September, and November for the Winter, Spring, Summer and Fall terms respectively.

- b. Any taxable benefits provided to eligible retirees beyond the retiree's last year of employment, will be reported on IRS Form 1099.

VII. Related Policies

See also: University Policy; 4.6501 *Tuition Waiver Program for Employees*

VII. Reason for Revision

In its original form, this policy awarded tuition discount benefits to Other Qualified Dependents (spouses/partners) of eligible WKU employees. Effective Fall semester 2016, and by a policy decision of the Administrative Council, tuition discounts are no longer awarded to spouses/partners of employees.

The revision clarifies that On-Demand courses are covered under this policy.

The revision clarifies that the tuition discount is not multiplied in situations where both parents are employed by WKU.

Effective August 15, 2017, the previously eliminated benefit provisions related to spouses and OQDs were reinstated.

Appendices: