



Subject: Educational Assistance Program	Revision No.: 11	Number: HR-7.02
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Approved by:  Fred Millen, HR Director
Applicable to: APSC Employees

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1.0 Purpose:

To establish guidelines and processes to provide eligible Alyeska Pipeline Service Company (APSC) employees reimbursement for the cost of approved educational courses related to developing their knowledge and skills, improving their job performance, and/or preparing themselves for higher levels of responsibility or career development.

2.0 Accountable Resources:

HR Director: may authorize exceptions to this procedure.

HR Representative: administers and interprets this procedure.

Managers/Supervisors: approve requests for educational assistance and any associated costs for graduate-level courses. Managers and supervisors assist in the establishment and endorsement of employees' development plans.

Educational Assistance Program Coordinator: ensures consistent application of this procedure, tracks annual budget, and coordinates any deadline exceptions.

APSC Employees: accountable for adhering to the provisions of this procedure and accurately preparing the Educational Assistance Reimbursement form (#7033), to include obtaining all necessary approvals.

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3.0 References:

Section 127 of the Internal Revenue Code
[AMS-013-08](#), Business Travel and Expense Procedure
[HR-2.06](#), Employee Absences/Leaves
[HR-2.10](#), Time Reporting
[HR-3.02](#), Problem Resolution
[7033](#), Educational Assistance Form

4.0 Procedure:

A. GENERAL

APSC encourages employees to develop and increase their knowledge and skills to improve their job performance and prepare themselves for higher levels of responsibility within APSC. The Educational Assistance Program is a discretionary benefit designed to provide financial support to eligible employees who voluntarily pursue professional development through qualified educational and/or training programs. The program year is a 12-month period beginning January 1 and ending December 31.

APSC's Educational Assistance Program is intended to be a qualified educational assistance program pursuant to the Internal Revenue Code [26 USC 127] and Internal Revenue Service (IRS) regulations [26 CFR 1.127-2]. APSC complies with Federal, State, and local tax laws in administering this program. As such, for certain reimbursements employees will be advised of any tax liability associated with participation in this program.

Recognizing the development opportunities through continuing education, APSC may provide educational leave of absence for an employee. Refer to HR-2.06 Employee Leaves/Absences for details.

Educational courses and/or training required by an employee's supervisor will be paid by APSC and are not covered by this procedure. For information about travel and lodging expenses associated with approved training, please refer to AMS-013-08, Business Travel and Expense Procedure and/or HR-2.10, Time Reporting Procedure, for company-directed training.

B. EMPLOYEE ELIGIBILITY

All active full-time and part-time APSC employees who are not term contract employees are eligible to apply for APSC's educational assistance program. Part-time employees are eligible on a proportional basis of their employment status. Employees with a current term contract length of 18 months or greater are also eligible to apply

Eligible employees must be actively working when the course begins and still employed when the reimbursement is requested to qualify for educational assistance.

Eligible employees must be currently meeting performance expectations in their position.

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Eligible employees must have an Individual Development Plan (IDP) in place, reviewed and agreed to by their supervisor with recognition that the educational investment is part of the employee's development.

Eligible employees must be actively working to request Educational Assistance. Employees are ineligible if they are unable to work due to illness or injury, or are on a personal, disability, military leave of absence, or a family medical leave of absence (FMLA) (if the absence or leave began prior to the application for the most recent Educational Assistance course). If a leave of absence has commenced after an application for Educational Assistance has been approved, the Educational Assistance Program Coordinator must be contacted to determine eligibility.

C. SERVICE OBLIGATION

An employee who receives Educational Assistance through this program must remain employed for at least one year following the completion of the course(s). If the employee does not remain employed for at least one year as required, the employee will be obligated to repay 100% of the assistance received inside that time-frame either through payroll deductions or other legal means.

D. COURSE/PROGRAM ELIGIBILITY

In addition to individual employee eligibility, the course/program must also be eligible. Programs or courses must maintain, improve, or provide the employee with skills, knowledge, and/or credentials to enhance or improve the current work or career development.

Additionally, to be eligible for educational assistance:

1. Undergraduate and graduate degree programs (approved course by course) must be offered by a regionally accredited university or college. This is inclusive of online degree programs.
2. Skill enhancement programs (approved course by course) must be approved by APSC.
3. Professional certification programs (to obtain a credential that is recognized as a professional standard) must be offered by an accredited college or university or an approved professional association. Certification exams will be approved on an individual exam basis.
4. Distance delivery programs/institutions or challenge exams (e.g., College Level Examination Program) must be offered by regionally accredited or supervisor-approved distance delivery programs/institutions.
5. Admission tests (e.g., GRE, MCAT, LSAT) are not eligible for reimbursement on a completion basis. However, if the admission test or preparatory course was pre-approved and the employee was admitted to the program (within 180 days of completing the course), it may be considered for reimbursement.
6. Education involving sports, games, or hobbies, unless such education involves APSC's business or is required as part of a degree program is not eligible for reimbursement. The phrase "sports, games, or hobbies" does not include education that instructs employees how to maintain and improve health as long as such education does not involve the use of athletic facilities or equipment and is not recreational in nature [26 CFR 1.127-2(c)]. Employees interested in health and fitness should contact the Occupational Health Unit (OHU) for information on APSC's wellness education program.

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E. APPLICATION PROCESS

The eligibility of both an employee and a course (as described above) does not guarantee that requests for educational assistance will be granted. The employee’s supervisor and appropriate budgeting authority may exercise discretion in determining which applications, if any, to grant.

Applications should be submitted and approved first by the employee’s supervisor then submitted to the Educational Assistance Program Coordinator prior to the commencement of any course or program. At the discretion of the Educational Assistance Program Coordinator, additional time for submitting the application may be granted if reasonable business justification is provided or documented and verifiable educational institution enrollment practices prohibit prior approval.

1. The employee completes Section “A” of the Educational Assistance Form (#7033). Estimated costs for tuition, fees, and books should be entered, but no entry should be made in the column headed “Actual.” Likewise, no entry should be made in the column headed “Course Grade.”
2. The employee signs the form, attesting that they have read this procedure and will follow all terms then submits the form to his/her immediate supervisor for approval. If the form is not approved, it will be returned to the employee. If the employee disagrees with the supervisor’s decision, s/he may seek review under APSC’s Problem Resolution Procedure (HR-3.02).
3. The employee’s supervisor signs the form, attesting that their employee has an IDP in place, is meeting expectations in their current job, and that any master’s coursework reimbursement comes from the employee’s cost center. The supervisor then returns the approved form to the employee for submission to the Educational Assistance Program Coordinator prior to the commencement of any course or program.
4. The original approved form or a pdf of the form is returned to the employee to be resubmitted with all documentation/receipts within sixty (60) days of completing the coursework. If the form is not approved, it also will be returned to the employee.

F. REIMBURSEMENT OF EDUCATIONAL COSTS

APSC’s Human Resources Department covers reimbursement costs of undergraduate and skills enhancement courses. Reimbursement for graduate-level courses is charged to the employee’s current cost center.

Provided the course is eligible and has been pre-approved (see Section D), the following expenses may or may not be eligible for reimbursement:

Eligible for Reimbursement

The following are eligible for reimbursement under APSC’s Educational Assistance Program:

1. Tuition
2. Registration fees
3. Student ID card fees
4. Required lab fees
5. Required textbooks

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6. Required supplies that are not retained after the course is completed
7. Required student fees

Not Eligible for Reimbursement

Under the Educational Assistance Program, APSC will not reimburse or pay for:

1. Annual renewal fees for professional certifications
2. Optional fees such as parking
3. Tools or supplies (other than textbooks) that the employee may retain after completing the course
4. Internet Services
5. Meals, lodging, transportation (including mileage)

Some of the costs excluded above may be covered by a department's operating budget, if approved by the employee's supervisor, and may be subject to federal taxation (i.e., specific software, calculators, etc.).

Reimbursement Limit and Tax Implications

APSC is responsible for determining reimbursement limits under this program. IRS Code Section 1.127-2(c) establishes an annual maximum tax-exempt educational reimbursement amount. Educational reimbursements in excess of the established IRS tax-exempt limit will be reported as employee income and taxed appropriately. Information on the annual tax-exempt limit for the current calendar year is available through Payroll.

Generally, time taken off for approved courses and/or programs will not be eligible for educational leave. Employees should check with their supervisor and the *HR 2.06, Employee Leaves of Absences*.

Other Sources of Reimbursement

Reimbursement will apply only to those courses not paid for by other financial aid sources such as fellowships, scholarships, private foundation grants, and government educational assistance (e.g., GI Bill). Tuition money received from other sources must be reported on the Educational Reimbursement form. This amount will be deducted before computing the allowable reimbursement of 80% under APSC's program. Where educational expenses are paid in part, an employee may apply for 80% reimbursement for those eligible educational expenses not otherwise covered.

Reimbursement Rate

Educational assistance funds may not be used for audited courses (i.e., courses for which the employee does not receive a grade, license/certification, or units of credit). All courses must be taken for a letter grade, unless the educational institution only offers the course on a pass/fail basis. The reimbursement rate for approved courses is based on the grade or equivalence received for the course.

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Graded Courses

In order to qualify for reimbursement, a grade of “A,” “B,” or “C” must be received for the course. Any other grade will not be reimbursed. Provided the completed, approved application is submitted on time (with all receipts and documentation), APSC will reimburse full-time eligible employees for eligible education costs at 80% (see Section E.1. above). Part-time eligible employees will be reimbursed proportional to the basis of their employment status.

If an “I” or “Incomplete” is given, the employee has until the end of the following quarter/semester in which to complete the course. Withdrawal from a course prior to completion will result in the denial of reimbursement.

Pass/Fail Courses

For courses, licensures, or specialized training programs offered only on a course completion or pass/fail basis, the course must be successfully completed within 180 days (i.e., a grade of “Pass,” receipt of the licensure/certification, etc.) to qualify for reimbursement. Any other outcome (i.e., a grade of “Fail,” incomplete, withdrawal, or failure to obtain the licensure/certification, etc.) will not be reimbursed.

Provided the completed, approved application is submitted on time (with all receipts and documentation), APSC will reimburse full-time eligible employees for 80% of eligible education costs (see Section E.1. above) associated with the successfully completed course(s). Part-time eligible employees will be reimbursed proportional to the basis of their employment status.

G. REIMBURSEMENT PROCESS

Within sixty (60) days of completing the coursework, the employee’s approved reimbursement paperwork must be submitted to the Educational Assistance Program Coordinator.

1. The employee completes the “Course Grade” and “Actual” columns in Section A and signature and date in Section B of the original, approved Educational Assistance form.
2. The employee re-submits the Educational Reimbursement form and all original receipts, transcripts showing grade(s), and/or other necessary documentation to the Educational Assistance Program Coordinator for evaluation and processing.
3. The employee is responsible for ensuring that the Educational Assistance Program Coordinator receives the approved application and all supporting documentation within sixty (60) days of completing the coursework.

Non-taxable eligible education costs are reimbursed to the employee through Accounts Payable. Taxable eligible education costs are reimbursed to the employee through Payroll.

End of Procedure

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5.0 Records:

Form 7033	<p>Form 7033 and any back up documentation maintained online (G:\General).</p> <p>All records generated as a result of this document will be retained in accordance with <u>CW-200</u>, <i>Records Retention Schedule</i>.</p>
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6.0 Revision History:

Revision	Date	Revision Summary
11	10/30/17	Updated title change for AMS-013-08 , Business Travel and Expense Procedure and the location of applicable records (Form 7033 and backup documentation).
10	03/13/14	Procedure updated to clarify process. Added eligibility constraints for part-time and term contract employees. Updated process to match changes on Form 7033.
1-9	On File	Hard copy procedures and on file with HR.