

Idaho Division of Human Resources
Executive Branch Statewide Policy
Section 11: Education Reimbursement

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11A. General Information

The State of Idaho supports training and educational advancement for its employees. The purpose of this policy is to outline the parameters for state agencies who wish to provide reimbursement for incurred costs by individual employees for the purposes of continued formal training or education. Appointing authorities maintain discretion when determining eligibility and applicability of education reimbursement at their respective agencies.

Education reimbursement shall be limited to the reimbursement of costs incurred for undergraduate, graduate, or training programs by state employees, based on availability of funds, who are eligible under the provisions of this section. Postsecondary certification programs, including preparatory classes and exam costs, may be considered for eligibility by the employee's appointing authority.

11B. Eligibility

An employee requesting education reimbursement must:

1. have completed at least one thousand forty (1,040) hours of credited state service¹ prior to the reimbursement payment;
2. obtained satisfactory performance with a performance evaluation of Achieves Standard Performance or higher; and
3. received preapproval from the employee's appointing authority, in writing, to participate.

Eligible costs may include the cost of tuition, fees, books, or other educational materials required by the program.

¹ Agencies may require 2,080 hours of credited state service for select positions.

Ineligible costs include tools or supplies (other than textbooks), meals, lodging, transportation, postage, shipping and handling of educational materials, financing fees, or any fees already covered by scholarships, grants, or other similar programs.

11C. Taxability and Reporting Requirements

This policy and any requirements or procedures created by state agencies under its authority are intended to qualify as an Employer Sponsored Educational Assistance Program as defined under the Internal Revenue Code [26 IRC 127] and IRS Regulations [26 CFR 1.127- 2]. As such, agencies can exclude up to \$5,250 of education-related expenses per calendar year from an employee's salary and wages as a non-taxable reimbursement. Work-related courses or courses and training that relate to the employee's position, occupation, or agency shall be given most consideration, however it may also include the employee's desire for advancement to positions of greater responsibility or to qualify for a new trade or business.

Educational reimbursement payments which exceed \$5,250 in any calendar year are generally taxable, unless the reimbursement qualifies as a non-taxable Working Condition Benefit, as outlined in 11D.

The appointing authority shall submit a report to both the Division of Human Resources and the Division of Financial Management by October 1st regarding all such awards granted during the preceding fiscal year.

11D. Working Condition Benefit

For an Education Reimbursement exceeding \$5,250 in any calendar year to qualify as non-taxable, the reimbursement must meet the criteria of being a Working Condition Benefit. Job-related education that qualifies as a Working Condition Benefit is non-taxable and is generally paid for by the appointing authority or would be allowable as a tax deduction for the employee if the employee paid for the education.

In order to qualify as a Working Condition Benefit, the education must meet one of the following tests:

- The education is required by the employing agency or by law for the employee to keep their present salary, status, or job. The required education must serve a bona fide business purpose of the employing agency; **or**
- The education maintains or improves skills needed in the job.
- In addition, the education reimbursement expense must meet the following criteria:
- The education is not necessary to meet the minimum education requirements of the employee's trade or business (not required by the employer); **and**
- The education is not part of a program of study that will qualify the employee for a new trade or business.

Reimbursements provided by this policy are intended to be supplementary to, and not a replacement for, continuing education or training necessary to maintain an already existing professional certification or license provided by state agencies (for example seminars,

conferences, and webinars for continuing CLE, legal or other professional education). This type of job-related education qualifies as a Working Condition Benefit².

11E. Reimbursement Procedure

The agency shall outline a procedure, or provide related forms, which may include, but are not limited to:

1. How to apply for education reimbursement prior to beginning courses³
2. Reporting requirements related to progress and/or final grade(s);
3. Final submission of incurred costs for reimbursement⁴;
4. Timeline of how/when reimbursement will occur, and applicable amount agency will reimburse;
5. Requirement that the education or training be directly related to the employee's current position and/or mission of the agency;
6. Provisions for attending training or classwork during working hours;
7. Expectations of repayment if certain criteria outlined in the education reimbursement agreement are not met.

11F. Reimbursement Request Process

Employees eligible for education reimbursement under the provisions of this section must complete the [Education Reimbursement Request Form](#). If approved, the employee and agency shall enter into an Education Reimbursement Agreement with the employee's appointing authority each semester or school year an education reimbursement payment is offered.

Such [agreement](#) shall include, but not be limited to, the following:

1. Disclosure of the employee's current education-related expenses;
2. Affirmation that the employee has provided at least one thousand forty (1,040)⁵ credited state service hours prior to the first reimbursement payment and that the employee has obtained satisfactory performance standards during this time; and,
3. Agreement on the schedule of any reimbursement payments and confirmation that any prior reimbursement payments made pursuant to this section were used to pay eligible education-related expenses.

Annual reimbursement limits shall be set by the agency based on agency appropriation, number of employees participating, and specific job classifications requesting reimbursement.

² See [IRS Pub. 15-B](#).

³ [Sample Education Reimbursement Request Form](#).

⁴ [Sample Education Reimbursement Submission Form](#).

⁵ Or 2,080 hours of credited state service for select positions.

11G. Repayment Remedies

Employees who receive education reimbursement may be required to maintain employment with the agency for a specified period. In the event the employee does not meet the outlined expectations, the appointing authority and the administrator of the Division of Human Resources are authorized to seek legal remedies available, including deductions from an employee's accrued vacation funds, from an employee who resigns during the designated period after receipt of a reimbursement payment set forth in the education reimbursement agreement.

11H. Processing a Reimbursement in Luma

Once approved by the appointing authority, an employee may request reimbursement in Luma. Reimbursements are done in Luma Infor XM.

1. Employee logs into Luma and selects Infor XM from the waffle.
2. Select “Create a New” and then select “Expense Report.”
3. Enter a Document Title (i.e. Employee Name Tuition Reimbursement).
4. For Purpose, select “Tuition.”
5. Enter Description such as start and end date of semester, or dates of training.
6. Click Save.
7. In next screen, next to “Add Expense” select “Out of Pocket.”
8. In Expense Type, select either “Tuition Reimbursement Non-Taxable” or “Tuition Reimbursement – Taxable Fringe⁶.”
9. Fill in all applicable information such as amount, description, payment type, and any notes.
10. Attach applicable documents such as request form, receipt(s), grades, and reimbursement form.
11. Select appropriate Cost Center.
12. Submit.

⁶ Employee should verify with agency fiscal which selection is appropriate.