

Please read carefully the attached information regarding taxation of the Employee Study Privilege (ESP) program. The ESP application begins on **page 3** of this document.

This letter serves as a courtesy reminder about how Employee Study Privilege tuition may be taxable to you as you enjoy the program benefits.

According to Internal Revenue Code 127, which governs taxability for education programs offered by Higher Education, taxation applies to graduate level tuition benefits, which exceed \$5,250 per calendar year (whether job related or not job related). The IRS defines graduate level as a student who has previously obtained an undergraduate degree and is seeking a new degree at either the undergraduate/graduate course level or taking graduate level courses without being degree seeking. Education related to games, hobbies or sports that are not directly related to seeking a degree are taxable.

The University is required to tax you on graduate level education received beyond the \$5,250 calendar year limit and games, hobbies or sports. This will reduce your net pay on your pay advice at the end of the year. Please plan accordingly as you register for classes throughout the year. You may refer to the next page for a question and answer summary as well as a taxation example. The Employee Study Privilege Program application is located on the HR website at <http://www.hrs.colostate.edu/benefits/form-employee-study-privilege-request.pdf>.

If you have questions regarding the Employee Study Privilege taxation regulations, you may contact the HR Service Center at (970) 491-MyHR (6947) or the Business and Financial Services University Tax Manager at (970) 491-5509.

Why is tuition taxable?

According to the Internal Revenue Code (IRC) 117 and 127, taxation applies to graduate level educational benefits which exceed \$5,250 per calendar year (requires taxation for the amount an employee receives beyond this limitation).

What is considered a graduate level course?

For this purpose, a graduate level course is defined as any course taken by an employee who has a bachelor’s degree or is receiving credit toward a more advanced degree, if the particular course can be taken for credit (whether or not enrolled in a degree seeking program). Any course taken for credit beyond an initial bachelor’s degree is taxable on a year-end pay advice.

What if I am obtaining an undergraduate degree for the first time?

IRC 117 allows an employer to provide undergraduate degree programs to their employees on a tax-exempt basis. It also allows an exemption to graduate students in teaching or research assistantships to receive tax-free tuition benefits.

Are courses related to games, hobbies or sports taxable?

The IRS prohibits tax-free education related to games, hobbies or sports that are not directly related to seeking a degree at both the undergraduate and graduate level (e.g., music, art, horseback riding).

Will my tuition benefit be taxed?

IRC 117 does not allow for graduate level* education benefits for employees (*exception* – graduate students in teaching or research assistantships). Under IRC 127, **Employees taking any graduate courses or employees taking post bachelor undergraduate courses are limited to \$5,250 and any amounts over that limitation will be included in taxable wages.**

Example (will vary, based upon your individual tax bracket):

Total annual tuition benefit = \$9,656 - \$5,250 (non-taxable) = \$4,406 x 22% (for example) = **\$969.32** is the amount deducted from your year-end pay advice

| Type of Course | | Tax Impact | |
|----------------|-----------|---------------------|---|
| Undergraduate | Graduate* | Subject to Taxation | Why is it Taxable |
| X | | No | Any amount provided to an existing employee to pursue their first undergraduate degree is excludable from employee wages. Pursuant to IRC 117, "Qualified Tuition Reduction". |
| | X | Yes | Benefits in excess of \$5,250 is taxable to the employee and is reportable on Form W-2 as wages, subject to applicable income tax withholding and payroll taxes. Pursuant to IRC 127. |

*Graduate Level - includes post-bachelors, any undergraduate level courses beyond the first undergraduate degree obtained, or graduate-level courses.

EMPLOYEE STUDY PRIVILEGE - APPLICATION FORM



For on-campus courses submit to:

For CSU Online courses submit to:

CSU Registrar's Office
1063 Campus Delivery, Fort Collins, CO 80523-1063
registrarsoffice@colostate.edu FAX: (970) 491-2283

CSU Online
1040 Campus Delivery, Fort Collins, CO 80523-1040
csu_online_registration@mail.colostate.edu FAX: (970) 491-7885

DEADLINE This form must be submitted on or before the first day of the term for which you are wishing to use the program.

EMPLOYEE CLASSIFICATION Academic Faculty/Administrative Professional/Post Doctoral Fellow State Classified Other _____

CLASS LEVEL

Undergraduate Level: 1-4: Freshman, Sophomore, Junior or Senior 44: Post Bachelor (graduated, but not seeking graduate credit)

Graduate Level: 51: Taking graduate courses, but not admitted 52: Admitted to a Master's program 61: Admitted to Doctoral Program

EMPLOYEE NAME _____ **CSU ID** _____
Last First MI Previous

BIRTHDATE _____ **PHONE** _____

DEPARTMENT _____ **EMAIL ADDRESS** _____

APPLICANT STATEMENT – TUITION IS TAXABLE AFTER THE FIRST UNDERGRADUATE DEGREE IS OBTAINED

By signing this form, I hereby certify that I have read and agree to the terms and conditions of the Employee Study Privilege Program and to the best of my knowledge, the information furnished here is true and complete without intent of evasion or misrepresentation. I understand that if it is found to be otherwise, it is sufficient cause for rejection of my application. I further understand that if it is determined that I am not eligible for the Employee Study Privilege Program that I will be responsible for assessed tuition and fees. I agree to fulfill my financial obligation and abide by the policies of the educational institution in which I am a student (CSU, CSU Online or reciprocal privileges through CSU Global Campus, CSU Pueblo and the University of Northern Colorado (UNC)). I understand that as a CSU employee, I am subject to the same deadlines and academic policies as other students and that it is my responsibility to register for the course(s) approved by my supervisor. I further attest that I understand the taxation of graduate level courses and undergraduate level courses beyond the first undergraduate degree obtained (see #4 on the FAQs) and the written protocols applicable to the University's drop and refund policy.

- I certify that I have obtained an undergraduate degree and I understand that education benefits from the University in excess of \$5,250 per calendar year **are taxable** to me in accordance with the Internal Revenue Code (IRC). I further understand these amounts are taxed at the end of each calendar year.
- I certify that education related to games, hobbies or sports that are not directly related to seeking a degree **are taxable**.
- I certify that I have not obtained an undergraduate degree from CSU or any other University (**non-taxable**).

Employee Signature Date

COURSE INFORMATION

COURSE TYPE On-Campus Instruction CSU Online Reciprocal Study Privilege (CSU Global Campus, CSU Pueblo, UNC)

COURSE TERM (Employee Study Privilege Program – credits applied commencing Summer session and ending Spring semester)

Summer Fall Spring **YEAR** **NUMBER OF CREDITS I WISH TO USE THIS TERM:** On-Campus CSU Online

| COURSE # | TITLE | CREDITS | SECTION # |
|----------|-------|---------|-----------|
| | | | |
| | | | |
| | | | |

SUPERVISOR APPROVAL

SUPERVISOR STATEMENT: I hereby certify the employee has my permission to take the course(s) requested.

Supervisor Signature Date Print Supervisor Name, Title and Phone Number

HR Use Only

HR Rec'd Date: _____ Enrolled Credits: _____ Appt. Type: _____ Appt. Percentage: _____ Eligible _____

Credits Paid: _____ Credits Charged to Employee: _____ HR Reviewer: _____ Date: _____

STUDENT CLASSIFICATION

I am an admitted student (e.g. seeking a degree, certificate or licensure) Yes No

If Yes, **RESIDENCY FOR TUITION CLASSIFICATION** and **SELECTIVE SERVICE REGISTRATION COMPLIANCE** sections below are not required. However, both pages must be submitted before your application will be processed.

RESIDENCY FOR TUITION CLASSIFICATION

Are you a United States citizen? Yes No **(If no, please attach a complete copy of your immigration Visa)**

Type of Visa or Alien Registration Number _____ Country of Citizenship _____

Are you claiming Colorado state residency for in-state tuition classification? Yes No

If yes, you must answer each question below completely and accurately. If not applicable, please enter N/A.

Your dates of continuous physical presence in Colorado (mo/yr): From ____ / ____ To ____ / ____ Does Not Apply

Your dates of extended absences from Colorado (mo/yr):
(If more than 2 months within the past 2 years) From ____ / ____ To ____ / ____ Does Not Apply

Your dates of employment in Colorado (mo/yr): From ____ / ____ To ____ / ____ Does Not Apply

Last 2 years you have filed Colorado income taxes (mo/yr): Year 1: _____ Year 2: _____ Does Not Apply

Have you filed Colorado state income taxes as a partial year resident/non-resident in the last 2 years? Yes No

Your current driver's license or state identification (mo/yr): License Number _____ State _____ Date Issued _____

Your previous driver's license (mo/yr): License Number _____ State _____ Date Issued _____

Your last 2 years of Colorado motor vehicle registration (mo/yr): Year 1: _____ Year 2: _____

License Plate Number: _____

Your date of Colorado voter registration (mo/yr): _____ / _____

Your date of purchase/lease of Colorado residential property: _____ / _____

Your dates of military service, if applicable (mo/yr): _____ / _____

SELECTIVE SERVICE REGISTRATION COMPLIANCE

In compliance with Colorado House Bill 1021 Selective Service registration is required of male United States citizens who wish to enroll at Colorado institutions of higher education. The information requested below must be provided by students who seek enrollment at Colorado State University. Individuals providing false information are subject to penalty of law and disenrollment. Please provide the following information:

1. I certify that I am registered with the Selective Service **OR**
2. I certify that I am not required to register with the Selective Service because: **(check one)**
 - a. I am a female.
 - b. I am in the U.S. Armed Forces on Active Duty (Reserve or National Guard not on active duty does not apply here.)
 - c. I have not reached my 18th birthday.
 - d. I was born before 1960.
 - e. I am a permanent resident of the Trust Territory of the Pacific Islands or Northern Mariana Islands.
 - f. I am not a U.S. citizen.

CSU Online Use Only

Date Received: _____ Date Processed: _____ Date Sent to HR: _____ Date Returned from HR: _____

Tuition Amount: _____ Date \$ Applied to Student Account: _____

EMPLOYEE STUDY PRIVILEGE

Frequently Asked Questions

1. What employee classifications are eligible for the Employee Study Privilege Program?

Eligibility for the Employee Study Privilege Program includes:

- Academic Faculty with Regular, Special or Senior Teaching appointments and Administrative Professionals with Regular or Special appointments of 50% or greater;
- Academic Faculty and Administrative Professionals on Temporary appointments of 50% or greater;
- Post Doctoral Fellows, Veterinary Interns and Clinical Psychology Interns with appointments of 50% or greater;
- Non-temporary State Classified employees with appointments of 50% or greater.

2. How many credits am I eligible for?

Eligible employees with full-time appointments may register for up to nine (9) credits per Employee Study Privilege Program benefit year (commencing **Summer** session and ending **Spring** semester).

Credits are prorated based on your appointment percentage:

- 100% appt. - 9 credits
- 75 - 99% appt. - 7 credits
- 50 - 74% appt. - 5 credits
- under 50% appt. - 0 credits

3. What types of courses may I take?

The Employee Study Privilege Program allows one to take the following credit courses:

- Credit courses which are part of the Colorado State University Curriculum (as defined by the Colorado State University General Catalog);
- Credit courses offered by CSU Online;
- Credit courses offered through the Reciprocal Study Privilege available at Colorado State University (CSU) Global, Colorado State University Pueblo, and the University of Northern Colorado (UNC).

Note: Non-credit courses are not eligible under the Employee Study Privilege Program.

4. Does the Internal Revenue Code (IRC) require taxation of the Employee Study Privilege Program benefits?

Yes. According to the IRC, taxation applies to graduate level educational benefits which exceed \$5,250 per calendar year (requires taxation for the amount an employee receives beyond this limitation).

For this purpose, a "graduate level course" will be treated as meaning any course taken by an employee who has a bachelor's degree or is receiving credit toward a more advanced degree, if the particular course can be taken for credit (whether or not enrolled in a degree seeking program). Any course taken for credit beyond an initial bachelor's degree is taxable.

Example:

Total annual tuition = \$9,656 - \$5,250 (tax-exempt) = \$4,406 x 22% (based on your tax bracket) = **\$969.32** (estimated amount deducted from the employee's year-end pay advice).

The IRS prohibits tax-free education related to games, hobbies or sports that are not directly related to seeking a degree at both the undergraduate and graduate level (e.g., music, art, horseback riding).

5. What are eligible expenses under the Employee Study Privilege Program?

Eligible expenses include:

- Base Tuition – up to 9 credits per year (prorated based on appointment percentage).
- Undergraduate Differential Tuition – up to 9 credits per year (prorated based on appointment percentage).
- Graduate Differential Tuition – at least one credit must be utilized each semester to allow eligibility.
- University Facility Fee – prorated according to the number of study privilege credits utilized.
- College Charges for Technology – prorated according to the study privilege credits utilized.
- University Technology Fee – credited (fee waiver) to your student account.
- General Fees – credited (fee waiver) to your student account. This waiver removes your free access to services under the [General Fees](#) including, but not limited to, the Student Recreation Center, CSU Health Network, University Counseling Center other campus services.

Note: The University Technology Fee and General Fees will still be credited (fee waiver) to your student account even if study privilege credits have been exhausted provided the Employee Study Privilege Registration Form is submitted.

Ineligible expenses include:

- Undergraduate tuition normally covered by the College Opportunity Fund (COF) – if you take a COF eligible course in a manner that COF cannot be applied (e.g., you do not apply for and authorize COF or you audit a course), the Employee Study Privilege Program will not cover the portion of tuition that would have been covered by COF.
- Special Course fees – a list of associated courses with applicable fees is available at: <http://provost.colostate.edu/students/>

After the exhaustion of available Employee Study Privilege credits, any remaining tuition, charges or fees are not eligible for coverage or the College Opportunity Fund (if applicable).

6. If my appointment percentage changes, will eligibility for the number of credits also change?

Yes. Eligibility for course credits is based on your appointment percentage at the time you apply for the Employee Study Privilege Program. For example, if your appointment is 100% during the Summer session, you are eligible for 9 credits. If you enroll in 6 credits, you have 3 credits to utilize for the next two semesters of the Employee Study Privilege Program academic year. If during the Spring semester your appointment percentage changes to 75%, total eligibility for credits would change to 7. Due to previously utilizing 6 credits in Summer session, you would have 1 credit remaining to utilize for the Spring semester.

Note: The same philosophy applies if an appointment percentage increases, the number of eligible credits would increase.

7. Is the College Opportunity Fund (COF) available to assist with the course cost?

Employees registering at an **undergraduate** level who are classified as Colorado residents for tuition purposes must apply for and authorize the use of COF. Failure to authorize COF will result in an additional charge to your student account. For more information, please visit <http://sfs.colostate.edu/cof>.

Note: Not all courses are COF eligible including placement credits (math or challenge courses), CSU Online courses and courses taken with the grading option of audit. Undergraduate students registering for 600+ level courses are not eligible.

8. Am I able to use the Employee Study Privilege Program to take courses at other institutions?

The Employee Study Privilege Program includes reciprocal provisions that allow you to take courses at Colorado State University Global, Colorado State University Pueblo, and the University of Northern Colorado. Enrollment requires your agreement to fulfill financial obligations and abide by the policies of the reciprocal educational institution in which your student status is obtained.

Program eligibility shall be defined and determined by the Employee Study Privilege Program of Colorado State University. Additional forms are required to gain pre-approval under the reciprocal provisions of the Employee Study Privilege Program and are located at www.hrs.colostate.edu/benefits/study-privilege.html and are submitted to Human Resources.

9. What is the deadline to register for courses?

On-Campus Instruction: A course may be added through the end of the Add period listed for the class. The specific date for each course is listed on the [online class schedule](#) or in RAMweb. More information about this date and other dates can be found by accessing the appropriate semester under [Important Dates](#) on the Registrar's Office website. You may register for courses through the end of the registration period. Note that after the first week of classes many students will need instructor approval to add/register for a course.

CSU Online: The last day to register varies by course, visit www.online.colostate.edu for details.

Reciprocal Study Privilege Program: Subject to the institution rules in which your student status is obtained (CSU Global, CSU Pueblo, and UNC).

10. What is the policy on adding or dropping a course after the deadline?

On-Campus Instruction: Policies vary; see below.

- Only registered for 1 course:

If you **drop your only course for the semester, you are completing a university withdrawal**. Please access University Withdrawal under the "Registration" section in RAMweb to process the withdrawal for the term. Study privilege credits **are** forfeited for the defined benefit year. However, if the University Withdrawal occurs within a term's 100% refund period, study privilege credits **are not** forfeited.

Note: No courses or grades will be listed for that term. Be aware a notation will appear on your transcript indicating a withdrawal was processed for the semester.

- Registered for 2 or more courses:

A course may be dropped through the end of the Drop period for the individual course. The specific date for each course is listed on the [online class schedule](#) or in RAMweb. More information about this date and other dates can be found by accessing the appropriate semester under [Important Dates](#) under the Students section on the Registrar's Office website. If you drop a course within the drop period **but remain** a student for the term and enrolled in at least one course, the dropped course will not be reflected in your academic record. Tuition and fees may be adjusted as a result.

Note: If you drop all courses you are completing a University Withdrawal. Please access the University Withdrawal link under the "Records" section in RAMweb to process the withdrawal for the term.

- Summer Session Drop Policies:

A course, even if it is your only course, may be dropped through the end of the Drop period for the individual course. Refer to the [Summer Session website](#) for registration information, (e.g. policies, appeals, add/drop dates).

CSU Online: Drop, withdrawal, and University withdrawal deadlines for CSU Online credit courses differ from University on-campus instruction deadlines. Any changes made to your class schedule may impact your financial obligation to the University and eligibility for financial aid. It is your responsibility to verify that the drop or withdrawal has been processed properly. Visit www.online.colostate.edu/faqs/policies/drop-policy.dot for information regarding the drop and withdrawal policy.

Reciprocal Study Privilege Program: Subject to the institution rules in which your student status is obtained (CSU Global, CSU Pueblo, and UNC).

11. If I submit the Employee Study Privilege Program application, but subsequently drop a course during the add/drop period, will these credits be forfeited?

On-Campus and CSU Online Instruction: Policies vary; see below.

- Only registered for 1 course:

If you **drop your only course for the semester, you are completing a university withdrawal**. Please access University Withdrawal under the "Registration" section in RAMweb to process the withdrawal for the term. Study privilege credits **are** forfeited for the defined benefit year. However, if the University Withdrawal occurs within a term's 100% refund period, study privilege credits **are not** forfeited.

- For summer, refer to Summer Session Drop Policies under Question 10.

- Registered for 2 or more courses:

If you drop a course **but remain** a student for the term enrolled in at least one course, the dropped credits will not be subtracted from your eligible credits available per Employee Study Privilege Program benefit year (commencing Summer session and ending Spring semester) as long as the course is dropped **before the drop period ends** for the individual course.

12. *Can I withdraw from a course once the semester has begun?*

On-Campus Instruction: Yes, you may withdraw from the course. Policies vary; see below.

- Only registered for 1 course:

Once a semester has started, withdrawing from your only course is considered a university withdrawal. Please access University Withdrawal under the “Registration” section in RAMweb to process the withdrawal for the term. Study privilege credits **are** forfeited for the defined benefit year. However, if the University Withdrawal occurs within a term’s 100% refund period, study privilege credits **are not** forfeited.

- Registered for 2 or more courses:

The course withdrawal period begins after the add/drop period and closes at the end of the eighth week of the term. A “W” (withdrawal) will be recorded on your academic record except in the case of the 60-credit English composition and mathematics requirements (see the All-University Core Curriculum section of the general catalog). No drops may be made after the add/drop period. See also Class Attendance Regulations in the All-University Core Curriculum section of the catalog.

- Tuition and fees will not be adjusted for withdrawals during the course withdrawal period. See also Tuition and Fees Adjustments in the Financial Services for Students chapter of the catalog. Credit hours for any withdrawn courses will count toward your yearly benefit maximum of nine (9) credit hours (maximum credits available are prorated based on your appointment percentage).
- After the course withdrawal deadline, you will not be permitted to withdraw from an individual course unless you have unusual circumstances and a Registration Appeal is submitted to the Registrar’s Office and approved. (Students who will not successfully complete any courses for the term should reference University Withdrawal policies and seek advising on their situation.) If a Registration Appeal is approved, you will receive a grade notation of “W” unless the approval specifies another grade. The credit hours for the withdrawn course will count toward your yearly benefit maximum of nine (9) credit hours (maximum credits available are prorated based on your appointment percentage).

CSU Online: Drop, withdrawal, and University withdrawal deadlines for CSU Online credit courses differ from University on-campus instruction deadlines. Any changes made to your class schedule may impact your financial obligation to the University and eligibility for financial aid. It is your responsibility to verify that the drop or withdrawal has been processed properly. Visit www.online.colostate.edu/faqs/policies/drop-policy.dot for information regarding the drop and withdrawal policy.

13. *Who should I contact if I have questions about my eligibility for the Employee Study Privilege Program?*

You may contact Human Resources at (970) 491-MyHR (6947) for the Employee Study Privilege Program features and eligibility rules.

If you have questions regarding your student account (tuition or associated fees) please contact the Registrar’s Office at (970) 491-4860 or CSU Online at (970) 491-5288.

14. *Am I permitted to enroll in courses that occur during my scheduled work hours?*

Your supervisor must pre-approve your enrolled courses. The ability to attend class during your normal work hours requires supervisor approval and is based on the business needs of your department.

Time off for courses you are enrolled in initiated at the direction of the department to improve job skills are generally classified as administrative leave and should be reflected as such.

15. Can I adjust my credits within the Employee Study Privilege Program benefit year once my registration form has been processed?

- Credits available under the terms of the program may not be reserved for future Employee Study Privilege Program benefit years (**commencing Summer session and ending Spring semester**). Any unused credits are forfeited from program eligibility.
- Once the Employee Study Privilege Registration Form has been processed, credits may not be adjusted or transferred. For example: 1) Credits which have been approved for use in a prior semester may not be reallocated to a future semester; 2) Credits which have been approved for use in the current semester may not be reallocated to a past semester.

16. Do I need to fulfill the same immunization requirements as students not employed by CSU?

Yes. The Colorado Statue defines a college student as any student who is enrolled for one or more classes at a college or university and who is physically present at the institution. This includes students who are auditing classes. Students must submit proof of measles/mumps/rubella (MMR) vaccinations or evidence of immunity.

- **Students born after January 1, 1957** must provide documented proof that they have received two measles, one rubella (German measles) and two mumps vaccinations OR two combination MMR vaccinations.
- **Students born before January 1, 1957** are assumed to have been exposed to disease and are exempt from this requirement. **No documentation of MMR is required.**

The above policy does not apply to students taking online courses.