

Associated Universities, Inc./National Radio Astronomy Observatory Employee Education Assistance Plan

Associated Universities, Inc. and the National Radio Astronomy Observatory (NRAO) encourage and support the continuing education and training of employees. The Human Resources Division is responsible for the administration of the Employee Education Assistance Plan. The educational programs supported by NRAO are those that are a part of an approved degree program and can be expected to enhance an employee's professional skills and/or contribute to the employee's career growth within the organization.

1. Plan. On January 1, 2011, the Employee Educational Assistance Plan (the Plan) was established to provide educational benefits under Section 127 of the Internal Revenue Code to all regular, full-time employees of the organization. This document sets forth the entire Plan.

2. Employment status. Full-time employees who have completed six months of continuous service at the time of request for coverage under the Plan are eligible to receive education assistance. Courses in-process at the time of eligibility or completed prior to eligibility will not be covered.

Employees may take courses of instruction during active employment, or during an approved leave of absence. Full-time employees are eligible for reimbursement of up to nine credits per semester or school session, up to four semesters or school session per 12-month period.

3. Plan benefits. The Plan will reimburse the employee up to \$5,250 per year for qualified degree programs. Amounts over \$5,250 per year will be considered on case-by-case basis but cannot exceed the average full-time resident undergraduate or graduate (as applicable) student tuition and mandatory educational and general fees as reported annually by the State Council of Higher Education for Virginia. Employee requests for tuition reimbursement pertaining to a degree program equivalent to an existing degree, regardless of a difference in major, will require the approval of the NRAO Director or Deputy Director. Should an employee cease a degree program and either begin a new degree program or continue the existing program, tuition reimbursement will be reduced by credit hours previously paid.

4. Taxes. Qualified Reimbursements up to \$5,250 are considered a tax exempt fringe benefit under Section 127 of the Internal Revenue Code. Amounts above \$5,250 are considered taxable income and approximately 40% of amounts paid above this amount must be withheld from an employee's next paycheck, following receipt of the funds. NRAO will not reimburse an employee the cost of taxes paid for any payments associated with this Plan.

Qualified Reimbursements – In situations where the tax exempt status of the program is in question, participants in the plan can file a request with Human Resources for determination of taxability of benefits based on “working condition fringe benefit” definitions. This request must be in writing on the proper forms, provided by Human Resources. The NRAO Fiscal Officer will review the request and final determination is made by the AUI Chief Financial Officer. Participants will be notified of the taxability of their reimbursements upon final determination.

5. Funding. Educational assistance payments are funded out of the fringe benefits pool. A special fund is not maintained to cover these benefits. Further, participants are not required to make contributions as a condition of receiving benefits.

6. Qualified (covered) educational expenses. This Plan reimburses costs for tuition for accredited college and university classes as part of an approved degree program. The Plan does not reimburse costs for taxes, fees, books, tools, supplies, meals, lodging, or transportation. Further, the Plan does not reimburse costs for any education that involves sports, games, or hobbies. Employees may be referred to an alternate institution should the program the employee requests be determined too expensive when compared to similar programs offered by other accredited colleges and universities.

An approved degree program and related course(s) under the Plan must be pertinent to the work that the employee is doing or may be expected to do within the organization or must be required for a degree in a field of study pertinent to the employee's field of work or profession within the organization. All PhD programs are deemed appropriate for scientific staff career progression and require the additional review and approval of the NRAO Director.

Associated Universities, Inc.\National Radio Astronomy Observatory
Employee Education Assistance Plan

The Plan is intended to provide reimbursement for credit courses as part of a degree program, offered by an accredited institution, and includes job relevant vocational courses. The Plan is not intended to cover individual courses, workshops, or seminars, for which continuing education units may be earned. Such training is covered within the employee's division budget. The decision on whether or not to grant coverage for training is at the discretion of the employee's division head. Requests to attend training courses will normally be evaluated based on such factors as the degree of job relevance of the seminar or workshop; the expenses involved such as fees, travel, and lodging; the impact on the employee's work schedule; and the availability of division funding to support course attendance.

Participation in a degree program must first be reviewed and approved by Human Resources using the Degree Program Application form. Once Human Resources approval is received, the employee must obtain the approval of his or her supervisor and division head in accordance with the Plan and using the Employee Education Assistance Plan form.

Should an employee's employment with the organization be terminated as the result of a reduction in force (layoff), coverage will continue through the completion of the current courses. Should an employee voluntarily terminate employment with the organization, coverage under this Plan ceases on the last day of employment. If the employee's last day of employment (voluntary termination only) falls on or before the last day of a course(s), the employee is deemed to have failed to complete the course(s) while employed and loses coverage for these courses. Under this circumstance, the employee's outstanding tuition advancement (if any) would be owed to the organization and the amount deducted from the employee's final paycheck up to the legal limit. The employee would need to reimburse the organization for any additional advance amount outstanding on or before their final day of employment.

7. Notification to Employer. Using the Degree Program Application form, an employee who wishes to take advantage of the Plan shall notify Human Resources of their desired course of study, and expected reimbursement amounts and dates as outlined below:

Beginning a Degree Program

At least two weeks prior to the institution's enrollment deadline for a new degree program, the employee seeking tuition assistance must complete a "Degree Program Application" form and obtain approvals from Human Resources and then his or her supervisor and division head. Employees must receive advance approval by Human Resources in order for courses to be covered under the program. No reimbursements or advances will be made for classes that have not been approved by HR prior to beginning the program. Should an employee enroll and begin a class without prior HR review and approval, an exception to this rule may be made if the employee's AD approves coverage under the Plan, but such an exception will require the approval of the NRAO Director or Deputy Director. Such an exception will not include a tuition advance. The employee would have to pay the tuition costs and file for reimbursement coverage after satisfactory completing the courses(s).

The employee must disclose all forms of loans and grants related to the enrolled degree program in order to maintain eligibility in the Plan. Failure to disclose other funding sources that would have impacted the employee's coverage under the plan will result in a nine month suspension from the Plan and/or other action depending on the financial severity of the omission. Seeking reimbursement for tuition costs that were paid for through a grant or other source where the employee does not have to repay the funds will be deemed a fraudulent act.

Course Enrollment

At least two weeks prior to the course start date, the employee seeking tuition assistance should complete a "Tuition Refund Application" and obtain his/her immediate supervisor's endorsement of the intended course work. This form must then be submitted to Human Resources for approval. All classes must pertain to the pre-approved degree program. The employee will be informed by HR of the application status within five (5) business days of receipt.

Associated Universities, Inc.\National Radio Astronomy Observatory
Employee Education Assistance Plan

Appeals

Appeals of decisions to disapprove applications made through the Degree Program Application form must be made in writing to the attention of the Human Resource Manager.

Advances (Tuition Refund Application)

Employees who have submitted passing grades, invoices and proof of payment for all outstanding classes and have no outstanding advance or debt to NRAO may request an advance to cover the cost of tuition at the beginning of an upcoming semester or session. All advance checks must be paid directly to the school "for the benefit of the employee". The advance request must include the school address and applicable student information for tuition payment. Tuition advances will be considered "advances" until an official final grade report is submitted to the Benefits Office. When documentation is submitted, the advance will become a closed reimbursement and the employee may request an advance for continuing courses. Further course coverage and advances will only be made after all prior courses and advances are closed out (final grades confirmed and the receipt of full payment of any advance amounts due) by Human Resources. There are no exceptions to this process.

As described under number 6 above, should the employee terminate employment before the advance account is reconciled, the amount of outstanding advance will be applied against the employee's final paycheck up to the legal limit. The employee would be required to reimburse the organization for any additional advance amount outstanding on or before their final day of employment.

8. Reimbursements. Upon satisfactory completion of the course (grade C or better), the employee must forward an official grade report on school letterhead to the Human Resources Division. Grade reports must be submitted within sixty (60) days of course completion. Reimbursement or advances are bounded by section 3, "Plan Benefits", and will be made as follows:

(a) An employee taking courses at the undergraduate level, or on a vocation level, will be reimbursed for 75% of the total tuition.

(b) Upon receipt of an associate or baccalaureate degree, an employee may be reimbursed for the 25% difference between the previously reimbursed 75% and 100% of tuition costs. This reimbursement will be made only for courses required for the degree and taken within a five-year period before receipt of the degree.

(c) An employee who has completed a baccalaureate degree will be reimbursed for 100% of tuition costs for all approved graduate level courses.

(d) Special tuition programs such as state and federal employee work skills improvement, i.e., the Arizona H1-B Technical Skills Training Program, may be paid in advance and directly to the learning institution. Special provisions may apply these types of programs.

Employees will not be reimbursed for any amounts already reimbursed by any financial assistance, scholarship, or any other financial benefit derived from public or private programs. These additional reimbursement sources must be disclosed if full on the Tuition Refund Application.

Failure to Complete Courses

If the employee does not complete the course(s) or fails to turn in the required documentation within 60 days after the completion date of the course(s), he/she must repay the amount of any advance made on their behalf. Employees who have received an advance and drop or withdraw from a class must repay the advance immediately. Employees who

Associated Universities, Inc.\National Radio Astronomy Observatory
Employee Education Assistance Plan

receive an "incomplete" grade will be allowed one term to complete the class and submit documentation. However, advances remaining open longer than two semesters or sessions must be repaid immediately. If not, the amount of any outstanding advance will be applied against the employee's paycheck up to the legal limit.

9. Prohibited payments. No more than 5 percent of the amounts paid or incurred by NRAO for educational assistance during the year may be paid to or on behalf of for the class of individuals who are shareholders or owners (or their spouses or dependents), each of whom (on any day of the calendar year) owns more than 5 percent of the stock, capital, or profits interest in AUI.

10. Prohibited choices. This Plan prohibits NRAO from offering eligible employees a choice between educational assistance and other compensation.

11. Plan termination. NRAO reserves the right to change or terminate the Plan without prior notice. If NRAO does end the Plan, NRAO will reimburse all courses in process prior to termination, but it will not reimburse any classes that begin after Plan termination and notification.

12. Acknowledgement. A representative of Human Resources has explained this Plan to me, an eligible employee, and I have read this Plan document. With this signature, I verify that I have read this Plan document and understand the Plan.

By the Employee:

Printed Name _____ Signature _____ Date _____

On behalf of AUI/NRAO, I explained this Plan to the employee above. Further, I furnished the employee with a copy of the Plan and observed as he or she read the Plan. I hereby affix my signature in verification of these facts.

For the Employer:

Printed Name _____ Title _____

Signature _____ Date _____