

Tuition Grant Program (TGP) Frequently Asked Questions

Overview of TGP

Q. What is the Tuition Grant Program?

A. Stanford's Tuition Grant Program assists employees to pay for their dependent children's undergraduate college education. The program provides tax-exempt payments directly to accredited colleges and universities toward the cost of the child(ren)'s tuition.

Q. What amount of tuition does the program pay?

A. The maximum benefit is the lesser of:

- The cost of tuition (or fees) for your child's school, **or**
- Up to one-half of Stanford University's tuition (Half of the current 2007/08 Stanford tuition is \$17,400)
 - The benefit payable on your behalf will be calculated each semester, quarter, or each time you apply for TGP benefits and seek an authorization letter.
 - There is a maximum TGP benefit per semester of \$8,700.
 - There is a maximum TGP benefit per quarter of \$5,800.

Q. What is the process to receive TGP for my child?

A. Each academic year, you must submit a complete TGP application form. Your application is then reviewed, and eligibility for you and your child is confirmed. An authorization letter is then issued, which you in turn, forward to your child's college or university, as it includes billing instructions. You must apply between April 1 and July 1 for all semesters or quarters, including summer term.

Q. Why can't I receive the Tuition Grant Program benefit for myself?

A. For employees in staff positions, the Staff Tuition Grant Program (STRP) supports employee development by providing partial or full reimbursement of tuition costs for courses meeting requirements of undergraduate or graduate degree programs related to current performance or planned career development. Individuals must be enrolled in a degree program to qualify for assistance. See the STRP guidelines at <http://stanford.edu/dept/ld/forms/TGP%20Guidelines-rev0207.pdf>.

Q. Why are tuition payments sent directly to my child's institution instead of to me?

A. If payments were made directly to you, they would be considered taxable income. If you must pay tuition prior to receiving your TGP authorization letter, your child's school will still be sent the tuition payment and that institution then becomes responsible to reimburse you.

Q. What types of fees are NOT included in TGP benefits?

A. The following items are on the exclusion list; the complete listing of excluded items is included in the comprehensive TGP Guidelines available here: <http://stanford.edu/dept/ld/tuition.html>:

- Room and board
- Books and course materials
- Transportation and parking
- Laboratory fees
- Expenses at any United States or foreign institution that are not normally included in the basic tuition and fees by Stanford University, the University of California, or the California State Universities
- Other costs or expenses that Stanford, in its discretion, decides are not tuition within the meaning of this Program

Annual TGP Benefits

Q. How much can I receive toward my child's college education?

- A. The maximum full-time benefit for the 2007-2008 academic year – including summer term – is:
- \$17,400.00 for the full academic year
 - \$ 8,700.00 for each semester
 - \$ 5,800.00 for each quarter

The amount changes each year, based on the current Stanford tuition. If you work less than full time, the amount is prorated (see Eligibility for Employees section below).

Q. Why can't I get the full amount of Stanford's annual tuition?

A. If you have satisfied the eligibility requirements, *and* your child's college or university is the same as Stanford's, TGP can pay the full amount. In most cases, however, your child's college or university tuition is less than Stanford's annual tuition, so that amount is what TGP will pay, assuming you have satisfied all eligibility requirements.

Q. Why are the TGP benefits restricted to undergraduate education only?

A. When the program was established to support the children of long-time employees attaining an undergraduate degree. Because graduate degree effort typically includes financial support for the student, such as a teaching assistantship or a research grant, graduate education is not included in TGP. Additionally, the tax laws differ based on the age of the child.

Tax Issues

Q. Are tuition payments taxable?

A. Payments made on behalf of your eligible child(ren) (except your domestic partner's children whom you have not adopted) are made directly to the child's college or university. This means that they are excluded from your gross income for federal income tax purposes and are thus tax-exempt.

Q. What about tuition payments for my domestic partner's child?

A. If the child is your domestic partner's child whom you have not adopted, or is otherwise not your dependent for federal income tax purposes, the benefit payments do not qualify for tax-exempt treatment.

- In this case, you make tuition payments directly to the child's institution.
 - When your application is reviewed, you will be issued a taxable compensation letter.
 - Next, when you receive the invoice from your child's institution, you are responsible to pay it.
 - Next, provide a copy of the invoice and proof of your tuition payment to the Educational Assistance Programs office in Human Resources.
 - Reimbursements for current employees will be processed within two pay periods on either the 7th or 22nd, depending on the receipt date for proof of payment. Reimbursements for official retirees will be sent to your home address approximately 15 days after receipt of proof of payment. That reimbursement will be classified as taxable supplemental compensation subject to withholding. The University will not help pay any taxes due on such compensation.
 - This supplemental compensation will not change your base salary; such other benefits will continue to be calculated on your regular salary. The following examples describe three situations in which questions could arise about the taxability of the Program funds.

Q. What about tuition payments for my child when the parents are separated or divorced?

A. In some situations involving parents who are divorced, or married parents who are legally separated or live apart, the Stanford parent can receive program benefits without taxation as long as one of the

parents claims the child as a dependent for federal income tax purposes. If this situation applies, consult your tax advisor about the taxability of these benefits.

Q. What about a situation where my ex-spouse provides more than 50% of my child's support?

A. If someone else (including the child) provides over 50% of the financial support of the child, tuition payments made on behalf of the child will be treated as taxable compensation to you.

Q. My child is 24 but still working on an undergraduate degree part-time. Is TGP taxed at that point?

A. If the child has attained age 24 (19 if not a full-time student) and has gross income equal to or exceeding the exemptions amount, the child will not qualify as a dependent and Program benefits will be treated as taxable compensation to you.

Q. What do I do if my child gets financial aid?

A. Participation in Tuition Grant Program could affect other financial aid benefits for your child's education. Contact your child's Financial Aid Office for more information. If your child will attend Stanford University, BenefitSU notifies the Financial Aid Office and you after the application is processed. When registering, the student receives the applicable credit toward Stanford's tuition through the process specified in the University's registration procedures.

Q. How do I indicate TGP payments to my child's college on my tax return?

A. Please consult with your tax advisor. Remember, if the payments were made directly to your child's college or university and not to you, they are considered tax exempt.

Eligibility of Employees

Q. When am I eligible for TGP?

A. For staff, you must complete five years of continuous service in a benefits-eligible position; a benefits-eligible position is one that lasts for at least six months (four months for bargaining unit) and is 50% FTE or greater. Faculty and senior administrative staff are eligible upon the start of your appointment.

Q. If both parents are employed by Stanford, do we get twice the benefit?

A. No, if both parents of an eligible child are Stanford employees, only one four-year benefit period is allowed for each eligible child regardless of which parent applies. The same limits and conditions apply as if Stanford employed only one parent.

Q. I worked several years in a part-time position before moving to a full-time position. How can I determine when I'm eligible for TGP?

A. If you worked at least 50% FTE (full time equivalent) in a benefits eligible position for five years, those years count toward your five year eligibility. When you apply for TGP, if your FTE has not increased, then the benefit is prorated to your FTE. If your job FTE increases to 100% before the payment is due, the benefit is paid at 100%.

Q. If I work in a part-time benefits eligible staff position, am I eligible for TGP?

A. Yes, if you have satisfied the five years of continuous service requirement, your TGP benefits are prorated based on the percent of time you work; e.g., 50%, 75%, etc. The position must be at least 50% FTE to qualify for TGP.

Q. What if I have to go out on a leave when my child is in college and receiving TGP benefits?

A. If it is a paid leave, TGP benefits continue without interruption. For unpaid leaves, if the service requirement is met, TGP benefits continue without interruption. For long-term disability, if the service requirement is met, TGP benefits continue during the disability time period. For a sabbatical, TGP benefits continue without interruption.

Q. If I've met my service requirement and then retire prior to my child going to college, will my child get TGP benefits when he/she is eligible and goes to college?

A. Yes, assuming the service requirement has been met and you are an official retiree (meeting the criteria set forth by the Benefits Office for official retirees). Your TGP benefit will be paid at the full-time rate only if you worked in 100% full-time service positions for more than half of the years you were a Stanford employee. If your service was not full time, your TGP benefit will be based on the average percent of your full-time equivalency during your last 12 months of active service.

Q. If I leave Stanford but then get rehired later, am I still eligible for TGP?

A. If you are rehired as a faculty member or senior administrative staff, you are immediately eligible for TGP upon rehire. If you are rehired as a staff member, you must complete another five-year period of continuous benefits-eligible service to reestablish eligibility for the Program's benefits, unless any of the provisions of Administrative Guide Memo 22.1(d)(1) apply to you.

- The provisions in that memo include:
 - If your employment is ended by a layoff and your employment is reinstated within 24 months of the date of that layoff, your prior service is bridged (i.e., counted as continuous through the layoff period), **or**
 - If your employment otherwise ends, you return to work within one year, **and** your department classifies your re-employment as a "reinstatement" per Guide Memo 22.1(d)(1), your prior service is bridged.

If, in these two circumstances, you have already met the service requirement, your participation can begin immediately, as long as you and your child meet all other Program requirements. If your service is not bridged, your term of service is counted from your new hire date.

Eligibility of Children

Q. I have a foster child whom I will be adopting, but the adoption won't be finalized before he heads off to college. Can I still use TGP benefits for his tuition?

A. Yes, if a foster child has lived with you for at least 24 months immediately before you request benefits under the Program, AND if one or more of these statements is true (see below), you are eligible for TGP benefits.

- The child is your dependent for federal income tax purposes, **or**
- You contribute at least 50% of the child's financial support, **or**
- The child lives primarily with you when he/she is not away at school

Q. I have a stepchild that is not legally my child, but who has lived with me for years. Can I use TGP benefits for her tuition?

A. Yes, if a stepchild has lived with you for at least 12 months immediately before you request benefits under the Program, AND if one or more of these statements is true (see below), you are eligible for TGP benefits.

- The child is your dependent for federal income tax purposes, **or**
- You contribute at least 50% of the child's financial support, **or**
- The child lives primarily with you when he/she is not away at school

Q. My domestic partner has a child that I'd like to use TGP benefits for. Is that allowed?

A. Yes, if a child of your domestic partner (as defined by the Domestic Partner Benefits Policy, available through BenefitSU) has lived with you for at least the 12 months immediately before you request benefits under the Program, AND if one or more of these statements is true (see below), you are eligible for TGP benefits.

- The child is your dependent for federal income tax purposes, **or**
- You contribute at least 50% of the child's financial support, **or**
- The child lives primarily with you when he/she is not away at school

Q. My child is not the typical age of a college student. Does that matter for TGP benefits?

A. No, age is not a factor in the eligibility of children for TGP benefits (the child might be 16, 25, 32, etc.), unless the eligible employee has died and the child has not yet used TGP for college. In that case, if the service requirement was met before the employee's death, benefit payments for your eligible children already receiving benefits will continue; other children become eligible when they qualify, up to age 40. Also, if the child is over the age of 24 (19 if not a full-time student) and has gross income equal to or exceeding the exemptions amount, the child will not qualify as a dependent and Program benefits will be treated as taxable compensation to you.

Q. What if my child stops out of college for a while and then returns at a later date? Can I still apply for TGP?

A. Yes, as long as the maximum amount of semesters or quarters has not been reached.

Q. My child is attending college on a part-time basis. Can I still apply for TGP?

A. Yes, if your eligible child takes eight or fewer units in a term, then TGP will pay only half of the equivalent full-time academic term of eligibility. The amount payable to the institution cannot exceed one half of the amount available for that term, or the balance of the annual benefit amount available.

Q. Does summer school count toward the maximum amount TGP will pay?

A. Yes, if your eligible child attends summer session and the Program pays for summer attendance, a term of eligibility will be deducted from your remaining eligibility.

Eligibility of Institutions

Q. Why are accredited institutions the only colleges and universities included in TGP?

A. The accreditation process is a rigorous one, and one that Stanford University must adhere to, so the program does not provide payment to institutions that have not completed the accreditation process. Additionally, accredited institutions have to meet quality standards for their educational curricula, helping to ensure a high quality academic program.

Q. If the institution my child wants to attend is not listed in the "Accredited Institutions of Postsecondary Education" published by the American Council on Education, but I know it just got accreditation, what should I do?

A. In that case, get backup information from the institution that proves it is accredited, and include that with your application for TGP benefits so it can be confirmed.

How and When to Apply

Q. When should I apply for TGP?

A. As soon as you know the college or university the child will attend, complete and submit the application to the Educational Assistance Programs office in Human Resources. Applications are accepted during the academic year. The time to apply for the upcoming academic year is between April 1 and July 1.

Q. Where can I find the TGP application?

A. On the Human Resources Educational Assistance Programs web site, click on the link to Tuition Grant Program (TGP) to print the pdf application form (Adobe Reader software is required; it is free from Adobe at: www.adobe.com). The web site is: <http://hrep.stanford.edu>. Submit completed applications to: Educational Assistance Programs, 655 Serra Street, Stanford, CA 94305-6110. (SLAC employees must submit completed applications to: SLAC, Mail Bin 11, 2575 Sand Hill Road, Menlo Park, CA 94025.)

Q. What is the timing for the application each year?

A. To ensure timely payments directly to your child's school, **you must submit applications between April 1 and July 1** for the upcoming academic year beginning in the following September. Failure to do so may result in a required deposit or other administrative delays.

- Faculty and staff located at SLAC should submit applications directly to the SLAC Benefits Office.

Q. Do I have to apply every year or every separate term (e.g., summer term)?

A. Yes! Apply every academic year or separate term:

- **For all semesters and quarters (including summer)–apply between April 1 and July 1**

How to Get More Information

Q. Can I talk to someone directly?

A. Yes, call the main Benefits number: Locally: (650) 736-2985 or Toll-free: (877) 905-2985. TGP is option 5 on the menu.

Q. Does TGP have a web site?

A. Yes, it's <http://www.stanford.edu/dept/hr/tgp.html>. There are FAQs, a PowerPoint Overview, the application form, and the comprehensive TGP Guidelines that you can review and/or print.

Q. Are there forms available in Human Resources if I can't download and print the form posted online?

A. Yes, visit the Human Resources lobby at 320 Panama Street (Bambi Modular). (SLAC employees can come get the same form, but will need to submit it to the SLAC Human Resources Office, Mail Bin 11.)