TUITION REIMBURSEMENT PROGRAM
(JANUARY 1, 2018)

<u>Policy No.</u>:
LGS-HR-10

<u>Policy Owner</u>:
HUMAN RESOURCES

<u>Contact</u>:
AMY BEISER

SUMMARY AND HIGHLIGHTS OF POLICY

The LGS Tuition Reimbursement Program supports formal academic education taken at regionally accredited colleges and universities. Its purpose is to broaden employees' job-related academic knowledge, keep them current with business trends, enhance their abilities to compete for reasonably attainable jobs within LGS and help them meet the competitive challenges of business.

Note: LGS makes no guarantee that participation in or completion of an academic program entitles the employee to advancement, a different job assignment, or pay increase.

POLICY OWNER AND CONTACT INFORMATION

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I. SCOPE

This policy applies to all regular, full-time employees of LGS Innovations LLC and affiliated subsidiaries are covered under this Policy.

This Policy does not include LGS non-employee workers, contractors, temporary employees, outsourced workers, vendors, Interns or Co-ops or LGS part time employees. While they are also subject to various LGS policies and procedures, in this policy area they are governed by the terms of their engagements with LGS.

II. PROVISIONS OF POLICY

A. TUITION REIMBURSEMENT GENERALLY

The LGS Tuition Reimbursement Program provides for reimbursement of certain tuition expenses.

Eligible employees may participate in the LGS Tuition Reimbursement Program   for coursework that begins on or after their date of hire; and on or after their status change from part time to full time work schedule (if applicable). To maintain eligibility, employees must remain on payroll through completion of each course.

Employees on an unpaid Personal Leave of Absence, Parental Leave, qualified FMLA leave, or an approved Short Term Disability leave are eligible to continue their current participation in the tuition reimbursement program. However, they will not be reimbursed for successful course completion until they return to work as an active employee.

Full-time employees are eligible for the cost of all approved courses taken in a calendar year, up to:

- o $7,000 for undergraduate and other education (Associate's, Bachelor's, and certification programs)
- o $9,000 for graduate education (Master's, MBA and PhD programs)

For Fall Session/end of year coursework, invoices and final grades should be submitted no later than December 15th in order to allow time for processing by end of year. If you are unable to submit your final grades by December 15th, your reimbursement will be applied to the following year's tuition plan.

Note: There will be no exceptions for exceeding the dollar limits listed above.

1. *Manager's Responsibility*

When an employee applies for tuition reimbursement, it is the manager's responsibility to:

- Assess the appropriateness of utilizing the Tuition Reimbursement Program or alternative learning opportunities as a development tool for each employee.
- Review the tuition reimbursement request and approve or deny the requested class. Decisions must be based upon the applicability of the coursework to the employee's current job or career development needs.
- Plan for tuition expenses when preparing and/or revising organizational budgets. Employees may not be denied tuition assistance as a result of budget constraints.
- Verify that the employee is not on an active performance improvement plan prior to tuition reimbursement approval. **Employees on an active performance improvement plan are ineligible to participate in the Tuition Reimbursement Program until they have successfully completed the requirements of the Performance Improvement Plan. Employees who were previously approved for tuition reimbursement and subsequently were placed on a Performance Improvement Plan prior to completion of the approved coursework will lose their eligibility for reimbursement until the plan is successfully completed.**

2. *Employee's Responsibility*

- Upon application approval, the participant will pay his/her tuition directly to his/her school and will be reimbursed upon successful course completion.
- The participant is responsible for submitting proof of successful course completion (grades); an itemized invoice of tuition and fees; and proof of payment within **60 days after the course end date.**

B. OTHER SOURCES OF FINANCIAL ASSISTANCE

Employees must disclose any tuition assistance received from other sources such as fellowships, grants, scholarships, or Veterans' Educational Assistance on the course approval application.

These monies are deducted from the tuition reimbursement payment. Failure to report other sources of financial assistance is considered misconduct and may result in loss of LGS tuition reimbursement and disciplinary action up to and including termination. Employees must also inform granting agencies or institutions of LGS provided tuition reimbursement.

C. ELIGIBLE COURSES AND EDUCATIONAL PROGRAMS

Educational decisions should reflect current job and career related goals. It is recommended that managers review employee development plans and objectives in conjunction with all educational and learning opportunities available to the employee.

Eligible courses and educational programs include:

- Associate's, Bachelor's and Master's, Executive MBA, and Doctoral degree programs; eligibility includes all coursework required to complete an approved degree.
- Recognized certification programs. Certification programs must have a measurable course completion requirement beyond attendance and participation. For example, passing a certification exam or obtaining a grade.
- Courses required for admission to an approved degree or recognized certificate program; for example, a refresher or non-credit remedial courses.

D. TO QUALIFY FOR TUITION REIMBURSEMENT

- Educational programs must be related to the scope of LGS's business operations. Examples of generally accepted courses of study include, but are not limited to: Accounting, Business, Computer Science, Economics, Engineering, Finance, Human Resources, Management, Marketing, Mathematics, Systems Management/Information Systems, and Telecommunications.

- Educational programs must be in a field of study that would qualify the employee for a reasonably attainable position within LGS.
- Educational programs cannot be in a field of study designed to prepare the employee for a new profession (e.g., law, counseling, etc.) unless the degree would qualify the employee for a career move within LGS.
- Courses must be taken for college credit at a regionally accredited institution of higher education.
- Courses must be taken outside the employee's scheduled work hours. Business needs permitted, managers may give time off with or without pay, for a course that is not available outside of an employee's scheduled work hours. Similar time off may not be granted for groups of courses or an entire course of study.
- Business needs permitted, managers may adjust an employee's work schedule to accommodate course attendance.

The following courses/educational programs **do not** qualify for tuition reimbursement:

- Courses for Continuing Education Units (CEU's) are not covered.
- Skill based courses, such as PC courses, that are not related to a degree program.
- Examples of courses of study not approved under the tuition reimbursement program include, but are not limited to: Aviation, Biology, Clinical and Community, Psychology/Counseling, Contractor Licensing, Education-Elementary/Physical/Secondary, Fine Arts, Food Science, Insurance, Law/Paralegal, Medicine/Nursing, Public Administration, Real Estate Licensing, Social Services, and Theology.

E.   EXPENSES FOR REIMBURSEMENT

1.   *Expenses Allowed for Reimbursement*

- Tuition (within annual limits)
- Textbooks - The reimbursement for textbooks and other eligible course materials cannot exceed a total of $100 per course.
- Mandatory recurring fees charged to all students at the time of registration; for example, registration processing, nonresident, laboratory, library, and mandatory student health fees.
- Prior learning assessments and tests used to document knowledge for the purpose of granting credit toward an approved degree, along with fees for posting these credits, examples are College Level Examination Programs (CLEP), ACE, DANTES and portfolio preparation.

- Evaluation of Life Experience Portfolio if evaluation results in college credits
- Continuous registration fee for up to 6 semesters beyond completion of courses/program while working thesis/dissertation.
- Required prerequisite courses for admission to higher level approved courses, degrees or certificate
- Admission and application fees
- Graduation fees

2. *Expenses <u>Not Allowed</u> for Reimbursement, but are not limited to:*

- Admission tests
- Book reimbursement without tuition approval
- Calculators
- Cap, Gown, Tassel Rental or Purchase
- Change of program
- Computers
- Convenience/handling Fees
- Drafting instruments
- Dropping or adding courses
- Educationally related services
- Equipment and kit costs
- Financing or installment service charge, deferral fees
- Foreign credential fees
- Insurance
- Late registration fees/filing fees
- Meals/lodging
- Nonacademic activity fees (athletics, field trips, etc)
- Optional fees
- Orientation (could be allowed if it carries college credit)
- Parking/parking decals
- Personal student health insurance
- Physical examination/immunizations
- Postage/shipping
- Reference books
- Refundable breakage deposit
- Reinstatement
- Reschedule exams
- Review or prep classes for any program or exam
- School rings
- Seminars/boot camps/workshops
- Student Union

- Subscription to school paper
- Supplies
- Test review classes (i.e. SAT,GMAT,CPA, Bar Exam)
- Thesis publication/binding/filing
- Transcript/transcript translations
- Travel, meals or lodging
- Tutoring/directed study

F.   COURSE COMPLETION REQUIREMENTS

No reimbursement is made for classes or training taken while on a Military Leave of Absence, unless the class was approved and started prior to the beginning of the military leave. If possible, classes approved and started prior to the Military Leave of Absence should be completed online or by making special arrangements with the educational institution. However, if an online or special arrangement is not possible, the company will reimburse the employee for the balance of eligible tuition expenses as defined by this policy that are not refunded by the educational institution. Eligibility for tuition reimbursement is re-instated upon reinstatement after the military leave.

Employees in undergraduate programs must receive a grade of "C" or higher, a "pass" grade in a pass/fail course, or a certificate or official documentation indicating achievement of professional certification. Employees in graduate programs (Master's, PhD's) must receive a grade of "B" or higher to qualify for tuition reimbursement.

Proof of successful course completion must be submitted within 60 days of the course end date.

An official grade report may be in the form of an official school transcript, a report card, or a grade report from an official school web site. Course completion documentation must be attached to the Tuition Reimbursement Tool. Documentation that is illegible or altered in any way will not be accepted and the employee will be required to submit the original document via mail to meet the course completion requirement.

G.   TAX IMPLICATIONS

Taxation of employer-provided tuition assistance is governed by the Internal Revenue Service (IRS) tax code, Section 127. In compliance with IRS regulations, tuition assistance payments are exempt from taxation up to a maximum of $5,250 for each employee per calendar year.

The federal government permits non-taxable tuition assistance above this amount if:

- The course maintains or improves skills needed in the employee's current position;
- The course is required to meet the minimum educational requirements of the employee's current position; and
- The program does not qualify the employee for a career in a new trade or business.

Taxability for a given calendar year is calculated using the date the application is processed for payment. Federal and state tax on tuition reimbursement, if applicable, will be withheld in accordance with current tax laws. Please consult your tax advisor for additional information.

If an employee voluntarily terminates employment or is terminated for cause with LGS within one year of receipt of a tuition reimbursement payment, the employee will be required to reimburse the company for the full amount of the payment. If an employee is terminated due to no fault of their own (i.e. reduction in force) re-payment provisions will not apply.

H.   PROGRAM INSTRUCTIONS

Getting Started - All employees who wish to participate in the Tuition Reimbursement program should familiarize themselves with the program details by reading the LGS Tuition Reimbursement Policy located on the MyLGS Innovations HR Policies page and discuss their degree and major for applicability with their supervisor.

Step 1: Initial Approval
- Go to the Tuition Reimbursement Online application at HR Quick Links. (located on the MyLGS HR Home Page).
- Under "My Tuition Reimbursement Requests", click on "New" and "Create a New Tuition Reimbursement Request".
- Read and agree to the on-line "Repayment Agreement".
- Complete application and "save and submit" for initial approval.
- Your direct manager and the appropriate Senior Leader will review and approve.
- HR will then review and approve.

Helpful hints: Once a request has been submitted and routed for approval, there is no way to edit the request. To edit a request, the initial request must be deleted/rejected and a new request must be submitted. The employee will receive email confirmation that the request is being forwarded for approvals and will be notified once approval is complete. A separate application request must be completed for each semester or quarter.

Step 2: Getting Reimbursed (once class is completed)
- Go to Tuition Reimbursement Online Tool
- Under "My Tuition Reimbursement Requests", click on your Tuition Reimbursement Request which should be in "Initial Approval Complete" status. Fill in the fields under "Expenses" and "Payments". Attach supporting documentation for tuition, along with detailed, itemized breakdown of expenses, grades/transcripts from the educational institution and method of payment for tuition/expenses. Once you are done, click "Save & Submit". Keep a copy of the receipts for your records.
- The applicable Senior Leader will review and approve.
- Once HR reviews and approves the request, the employee will receive a confirmation email. All tuition reimbursements are made thru payroll and will be included in the regular paycheck.

Helpful Hints: Annual cumulative reimbursement maximum is $7000 for undergraduate education and $9000 for graduate degree education. Employees <u>must</u> disclose any tuition assistance received from other sources such as fellowships, stipends, scholarships, etc. Books are reimbursed at <u>$100 per course</u> maximum.