

BAYLOR UNIVERSITY
EDUCATIONAL ASSISTANCE PLAN

Effective January 1, 2002

BAYLOR UNIVERSITY EDUCATIONAL ASSISTANCE PLAN

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**ARTICLE 1
INTRODUCTION**

1.01 Establishment and Name of Plan.

Effective January 1, 2002, Baylor University hereby establishes an educational assistance plan entitled the “Baylor University Educational Assistance Plan.”

1.02 Purpose of Plan.

The purpose of this Plan is to provide qualified educational assistance for the exclusive benefit of eligible Employees of the University.

1.03 Educational Assistance Plan Status.

This Plan is intended to qualify as an “educational assistance plan” under Section 127 of the Code and any regulations promulgated thereunder and is to be interpreted in a manner consistent with the requirements of Section 127 of the Code and any regulations promulgated thereunder and further it is intended that the educational assistance under the Plan be eligible for exclusion from the Employees’ income.

ARTICLE 2 DEFINITIONS

Each following word, term, and phrase shall have the following meanings whenever such word, term or phrase is capitalized and used in any Article of this Plan unless the context clearly indicates otherwise:

- 2.01 **“Accredited Institution”** is limited to Baylor University.
- 2.02 **“Administrative Committee”** means the committee, if any, appointed pursuant to Section 7.01 to administer the day-to-day operation of the Plan.
- 2.03 **“Code”** means the Internal Revenue Code of 1986, as amended, or replaced, from time to time. Reference to any section or subsection of the Code includes reference to any corresponding or succeeding provisions of any legislation which amends, supplements or replaces such section or subsection.
- 2.04 **“Education”** means any form of instruction or training provided by an Accredited Institution that improves or develops the capabilities of the Employee. The University will determine whether a course or courses of instruction or training improves or develops the capabilities of the Employee pursuant to Section 4.03 herein. Education, for purposes of this Plan, is not limited to instruction or training that is job related.
- 2.05 **“Educational Assistance”** means the University’s payment of tuition costs incurred by or on behalf of an Employee for education, or the University’s provision of education, to an Employee. Educational Assistance does not include the University’s payment for or provision of application and/or registration fees, books, tools or supplies that the Employee retains after the completion of the course of instruction, meals, lodging or transportation, or education involving sports, games, or hobbies unless the course is required as part of a degree program. The phrase sports, games, and hobbies does not include education that instructs Employees how to maintain and improve health so long as such education does not involve the use of athletic facilities or equipment and is not recreational in nature. In addition, doctoral courses are not covered under this program.
- 2.06 **“Effective Date”** means January 1, 2002, the date the Plan is established.
- 2.07 **“Employee”** means any full-time employee of the University who is receiving remuneration for personal services rendered to the University, or would be receiving such remuneration except for an authorized leave of absence. An employee of the University shall be considered “full-time” if the employee is scheduled for $\frac{3}{4}$ time or more (at least 30 hours per week where the employee is paid on an hourly basis) and is employed for at least a four-month assignment as a staff member, a lecturer, a faculty member, an executive, or a professional.
- 2.08 **“Participant”** means any Employee who participates in the Plan pursuant to the provisions of Article 3 hereof.
- 2.09 **“Plan”** means this Baylor University Educational Assistance Plan, as established effective January 1, 2002, and as amended from time to time.
- 2.10 **“Plan Administrator”** means the Administrative Committee appointed by the University to administer the Plan pursuant to Section 7.01 hereof. If the University does not appoint such an

Administrative Committee as Plan Administrator, then the University will function as the Plan Administrator and the term “Plan Administrator” whenever it is used in the Plan shall mean the University or its designee in that event.

- 2.11** “**University**” shall mean Baylor University, a Texas non-profit corporation, which is affiliated with the Baptist denomination of the State of Texas as represented by the Baptist General Convention of Texas.

ARTICLE 3
ELIGIBILITY AND PARTICIPATION

3.01 Eligibility.

Each Employee shall be eligible to participate immediately upon employment with the University.

3.02 Commencement of Participation.

Each Employee shall automatically become a Participant in the Plan after the Employee has satisfied the requirements of Section 3.01 and shall be immediately eligible to enroll for Educational Assistance pursuant to Article 4.

3.03 Cessation of Participation.

A Participant shall cease to be a Participant as of the earliest of:

- (a) the date on which the Participant ceases to be an Employee; or
- (b) the date on which the Plan terminates.

However, a Participant who terminates employment with the University shall continue to participate in the Plan to the extent that the Participant shall be reimbursed for a course or courses of instruction approved pursuant to Section 4.03 herein prior to such termination of employment.

ARTICLE 4
EDUCATIONAL ASSISTANCE AND ENROLLMENT

4.01 In General.

Subject to the limitations in Article 5, every Participant shall be eligible to receive Educational Assistance.

4.02 Employee Notification Prior to Enrollment.

A Participant applying for Educational Assistance shall complete and sign an application form and submit it, with department head permission, to the Compensation and Benefits Office no later than 30 days prior to the beginning of a term. A new application must be submitted for each academic year. Such request shall provide the following information:

- (a) The Accredited Institution providing the course or courses of instruction in which the Participant wishes to enroll.
- (b) The course or courses in which such Participant wishes to enroll.
- (c) The proposed schedule for the course of instruction requested by the Employee.

Educational Assistance application forms can be obtained from the Compensation and Benefits Office or Student Financial Aid Office. The Student Financial Aid Office will make final approval and award of Educational Assistance.

4.03 Notification of Entitlement and Payment of Benefit.

After the request for Educational Assistance is submitted to the Compensation and Benefits Office, the Student Financial Aid Office shall notify the Participant whether the Participant will be entitled to Educational Assistance under the Plan for the course or courses of instruction the Participant wishes to take. The University may deny a request for Educational Assistance if, in the sole discretion of the University, the requested course or courses of instruction will not maintain or improve the skills required by the Employee in the Employee's current employment or be part of the required curriculum leading to a degree program.

4.04 Maximum Educational Assistance and Taxation.

An Employee is entitled to Educational Assistance during each 12 month period beginning on each January 1 and ending on each December 31 (each calendar year). The Educational Assistance utilized by any Employee during any applicable 12 month period will be determined based on tuition incurred for courses beginning during the calendar year. Any Educational Assistance provided in excess of \$5,250 may be subject to federal income tax.

4.05 Nondiscrimination.

In no event shall the Plan discriminate in favor of highly compensated employees as defined in Section 414(q) of the Code as to eligibility to participate in the Plan.

4.06 Other Benefits as an Alternative.

The Plan may not offer an Employee a choice between Educational Assistance and other remuneration includible in gross income.

4.07 Maximum Educational Assistance for Rehired Participants.

The maximum Educational Assistance for an Employee who was a former Participant prior to being rehired by the University shall equal the amount the Employee would otherwise be entitled to had the Employee not ceased employment.

4.08 Programs of Study.

The Educational Assistance program extends to courses taken in the following degree programs:

- Master's degree
- Special certification programs
- Employee development (additional conditions of enrollment apply; see Section 5.05)

Doctoral programs are not eligible under this program for benefits.

**ARTICLE 5
LIMITATIONS OF BENEFITS**

5.01 Financial Assistance, Fellowship or Scholarship.

Any Participant receiving financial assistance or a fellowship or scholarship from any public or private source shall only be entitled to Educational Assistance under this Plan to the extent the tuition of the course of instruction taken exceeds the amount of such financial assistance, fellowship or scholarship.

5.02 Minimum Standards for Admission

An Employee applying for Educational Assistance for courses toward a degree or special certification program with the University must meet all applicable standards and conditions for admission to the University, including, but not limited to:

- Entrance requirements stated in the applicable catalog
- Maintenance of academic eligibility as administered in accordance with the University's Academic Probation and Suspension Policies and Procedures
- Maintenance of personal conduct as administered in accordance with the University's Standards of Personal Conduct and the Student Disciplinary Policy

5.03 Restriction on Other Compensation.

In no event shall a Participant be entitled to receive Educational Assistance under this Plan in lieu of any other compensation he or she might otherwise be entitled to from the University.

5.04 Limitations on Course Scheduling.

The requested course or courses of instruction must meet on a regularly scheduled basis after normal working hours as established by the standard policies and procedures of the Employee's location of employment in order to be approved by the University. It is preferred that any courses be taken outside the regular work schedule of the Employee. The Employee's department head may grant permission to allow the Employee to be absent during the regular work schedule for a maximum of 4 hours per week. The Employee shall make up any such absences during the same workweek.

5.05 Additional Conditions of Enrollment for University Courses in Employee Development.

Enrollment in courses taught at the University for the purpose of Employee development must first meet the following conditions:

- Space must be available in the course(s) without displacing a regularly enrolled student;
- A sufficient number of regular students must be enrolled in the course(s) to justify the course(s) being taught;

- In the case of applied courses, such as those offered in the School of Music or the Department of Art, and in the case of courses in the School of Nursing, the Dean of the college or school in question will determine whether space is available and whether the course has sufficient enrollment.

5.06 Course Limit.

Educational Assistance shall be limited to a maximum of two (2) courses, no more than eight (8) hours, during any semester or quarter or in the combined summer session, except that up to fourteen (14) hours are allowed in the combined summer session for the purpose of taking an intensive foreign language course.

ARTICLE 6
FUNDING

6.01 Funding Not Required.

The University shall contribute the amount required to provide Educational Assistance under this Plan out of the general assets of the University at the time such Educational Assistance is to be provided. Educational Assistance shall be provided to or for Participants upon the submission and approval of a request for Educational Assistance. There shall be no special fund out of which Educational Assistance shall be provided.

ARTICLE 7
ADMINISTRATION OF PLAN

7.01 Appointment of Committee.

The University may appoint an Administrative Committee to perform the day-to-day administrative functions of the Plan. Any person, including, but not limited to the Employees of the University, shall be eligible to serve on such Administrative Committee. Any member of the Administrative Committee may at any time be removed, with or without cause, by the University by delivery of a written notice of removal, to take effect at a date specified therein, or upon delivery if no date is specified therein.

The University, upon any vacancy caused by an Administrative Committee member's resignation, removal, death, or otherwise, shall promptly designate in writing a successor. If the University does not appoint an Administrative Committee, then the University will perform the functions specified herein for the Administrative Committee.

Unless otherwise agreed to by the University, members of the Administrative Committee shall serve without compensation as such, but the reasonable expenses of the members of the Administrative Committee incurred in discharging their responsibilities as such shall be paid by the University.

7.02 Committee Procedures.

If the University has appointed an Administrative Committee, then the provisions of Article 5 shall apply to such Administrative Committee. A majority of the members of the Administrative Committee at the time in office shall constitute a quorum for the transaction of the business at any meeting. Any determination or action of the Administrative Committee may be made or taken by a majority of the members present at any meeting thereof, or without a meeting by resolution or written memorandum in which a majority of the members then in office concur. The Administrative Committee shall select one of its members as Chairman and may select a Secretary (who may, but need not, be a member of the Administrative Committee) to keep its records or to assist it in the doing of any act or thing to be done or performed by the Administrative Committee. The Administrative Committee may adopt such bylaws and regulations as it deems desirable for the conduct of its affairs.

7.03 Powers, Duties and Responsibilities of the Plan Administrator.

The Plan Administrator shall administer and supervise the day-to-day operation of the Plan in accordance with its terms and provisions. The primary responsibility of the Plan Administrator is to administer the Plan for the exclusive benefit of Employees entitled to participate in the Plan (without discrimination among them), subject to the specific terms of the Plan. The Plan Administrator will have full power to administer the Plan in all of its details, subject to applicable legal requirements. For this purpose, the Plan Administrator's powers will include, but will not be limited to, the following authority, in addition to other powers provided by this Plan:

- (a) to make and enforce such rules and regulations and prescribe the use of such forms as it deems necessary, desirable, or proper for the efficient administration of the Plan, including the establishment of any procedures that may be required by applicable provisions of law;

- (b) to interpret the Plan, its interpretation thereof in good faith to be final and conclusive on all persons claiming benefits under the Plan;
- (c) to decide all questions concerning the Plan and the eligibility of any person to participate in the Plan;
- (d) to require any person to furnish such information as it may request or require for the purpose of the proper or efficient administration of the Plan as a condition to receiving any benefits under the Plan;
- (e) to engage such agents, legal counsel, actuaries, accountants, consultants, experts, specialists, advisers, and other persons as may be required to assist in administering the Plan; and
- (f) to allocate and delegate its responsibilities under the Plan and to designate other persons to carry out any of its responsibilities under the Plan, any such allocation, delegation or designation to be in writing.

7.04 Records and Reports.

The Plan Administrator shall keep a record of all actions taken and shall keep all other books of account, records and other data that may be necessary for proper administration of the Plan and shall be responsible for supplying all information and reports to governmental agencies or departments, Participants, eligible dependents, beneficiaries, and others as required by law. The Plan Administrator shall make available to each Participant such of his records under the Plan as pertain to him, for examination at reasonable times during normal business hours.

7.05 Reliance on Tables, Etc.

In administering the Plan, the Plan Administrator shall be entitled to the extent permitted by law to rely conclusively on all tables, valuations, certificates, opinions, and reports which are furnished by, or in accordance with the instruction of, the University, or by legal counsel, accountants, actuaries, consultants, experts, specialists, advisers, or other persons employed or engaged by the Plan Administrator or the University.

7.06 Nondiscriminatory Exercise of Authority.

Whenever, in the administration of the Plan, any discretionary action by the Plan Administrator is required, the Plan Administrator shall exercise its authority in a nondiscriminatory manner so that all persons similarly situated will receive substantially the same treatment.

7.07 Indemnification of Plan Administrator.

The University agrees to indemnify and to defend to the fullest extent permitted by law any Employee serving as a member of the Administrative Committee (including any Employee or former Employee who formerly served as a member of such Administrative Committee) against all liabilities, damages, costs, and expenses (including attorneys' fees and amounts paid in settlement of any claims approved by the University) occasioned by any act or omission to act in connection with the Plan, if such act or omission is in good faith.

7.08 Expenses of Administration.

All expenses incurred prior to the termination of the Plan that shall arise in connection with the administration of the Plan, including but not limited to administrative expenses and compensation and other expenses and charges of any legal counsel, accountants, actuaries, consultants, experts, specialists, advisers, or other persons employed or engaged by the Plan Administrator in connection with the administration of the Plan, shall be paid by the University.

ARTICLE 8
AMENDMENT AND TERMINATION OF PLAN

8.01 Amendment of Plan.

The Administrative Committee shall have the right at any time, and from time to time, to modify, alter or amend the Plan in whole or in part by written instrument identified as an amendment effective as of a specified date or dates. Alternatively, the University may authorize an officer of the University or a member of the Administrative Committee to act on their behalf. Any amendment to the Plan shall be effective and documented in writing in a manner which satisfies the requirements of the Code prior to the effective date of such amendment, except as otherwise allowed by the Code and the regulations thereunder. However, an amendment may not modify, alter or amend the Plan to eliminate a Participant's right to claims which have been incurred as of the date of adoption of such a modification, alteration or amendment.

8.02 Termination of Plan.

The Administrative Committee reserves the right to terminate the Plan at any time, except with respect to claims which have been incurred as of the date of such termination.

**ARTICLE 9
MISCELLANEOUS PROVISIONS**

9.01 Information to be Furnished.

Each Participant shall provide the University and the Plan Administrator with such information and evidence, and shall sign such documents, as may reasonably be requested from time to time for the purpose of administration of the Plan.

9.02 Limitation of Rights.

Neither the establishment of this Plan nor any amendment thereof, nor the payment of any benefits, will be construed as giving to any Participant or other person any legal or equitable right against the University, or the Plan Administrator, except as provided herein. Neither the establishment of this Plan nor any amendment thereof, nor the payment of any benefits, or any action taken with respect to this Plan shall confer upon any person the right to be continued in the employment of the University. Nothing contained in this Plan shall give a Participant or any other person any right, title or interest in any property of the University.

9.03 Applicable Law.

Except to the extent Federal law is controlling, the provisions of this Plan shall be interpreted, construed, administered and enforced according to the laws of the State of Texas. The Plan is intended to be an Educational Assistance Plan under section 127 of the Code and shall be construed accordingly.

9.04 Communications.

All communications in connection with the Plan made by a Participant or Employee shall become effective only when duly executed on forms provided by the Plan Administrator or the University and filed with the Plan Administrator.

9.05 Headings.

The headings and subheadings of articles and sections are included solely for convenience of reference, and if there be any conflict between such headings and the text of the Plan, then the text of the Plan shall control.

9.06 Gender and Number.

Whenever any words are used herein in the masculine, feminine, or neutral gender, they shall be construed as though they were also used in another gender in all cases where they would so apply, and whenever any words are used herein in the singular or plural form, they shall be construed as though they were also used in the other form in all cases where they would so apply.

9.07 Severability of Provisions.

The provisions of this Plan are severable, and should any provision be ruled illegal, unenforceable, or void, all other provisions not so ruled shall remain in full force and effect.

IN WITNESS WHEREOF, the Plan is approved and adopted effective January 1, 2002 by the execution of this Plan by the duly authorized undersigned officer of the University.

BAYLOR UNIVERSITY

By: _____
Marilyn A. Crone
Vice President for Human Resources

ATTEST:

By: _____
Marsha J. Duckworth
Assistant Secretary