

THE UNIVERSITY OF NORTH CAROLINA AT CHAPEL HILL EDUCATIONAL ASSISTANCE PROGRAM FOR KENAN-FLAGLER BUSINESS SCHOOL EPA NON-FACULTY STAFF

INTRODUCTION: The Kenan-Flagler Business School (KFBS) seeks approval of an educational assistance program for selected EPA Non-Faculty Staff employees within the School who demonstrate outstanding job performance and demonstrate significant future leadership potential. This program reimburses tuition for a masters-level degree program offered by the School with the intention of attracting and/or retaining staff who demonstrate the potential to assume increasingly responsible leadership roles within KFBS, and to make substantial contributions to the School's mission. The offering of this benefit is highly selective and has been provided to only four highly deserving staff members over the past five (5) years. This program is being submitted for Board of Trustees (BOT) approval to ensure its continued availability in compliance with recent revisions to the University's Policy on Non-Salary and Deferred Compensation for Faculty and EPA Non-Faculty Employees, which were effective on June 1, 2013. Specifically, Section V.13. of this Policy requires BOT approval for employer-provided benefits in excess of current IRS limits for qualified educational assistance, which as of calendar year 2013 is \$5,250. Above this level, educational benefits are treated as taxable income to the employee and therefore subject to BOT approval as non-salary compensation under the aforementioned Policy.

BACKGROUND: KFBS competes for high quality non-faculty employee talent both with the private sector as well as with peer institutions, some of which offer generous employee educational assistance or tuition waiver benefits. The University's basic tuition assistance program would pay only a fraction of the tuition expense for participation in one of the School's master's level degree programs. The KFBS educational assistance program is intended to provide a mechanism by which the School has the option to offer highly deserving non-faculty staff members with the opportunity to attain a KFBS master's degree at a minimum of cost. This benefit would operate under the following guidelines:

1. The benefit would be in the form of a tuition waiver in the amount of \$20,000 for any two (2) year KFBS traditional master's degree program (e.g., MAC, MBA) or reimbursement of full tuition cost for participation in any KFBS executive degree program such as the Executive MBA (EMBA) or MBA@UNC. The current total tuition cost for the EMBA program and the MBA@UNC program is \$93,500.
2. Employees must be nominated for this benefit by their KFBS manager and this nomination must be considered and approved by a standing Selection Committee composed of the Dean, the Associate Dean for Academic Affairs, and the Associate Dean for Business and Operations.
3. An employee is eligible to receive this benefit only if their nomination demonstrates high leadership potential, consistently outstanding performance in their KFBS position, and the ability to substantially influence or directly impact the accomplishment of KFBS academic and/or business objectives. Approval for this benefit may only be granted with the unanimous approval of the Selection Committee.
4. Eligibility requires full-time employment at KFBS for a period of no less than one (1) year and at least fifty-percent (50%) of the employee's effort must be devoted to KFBS in the case of employees who may have work assignments that also involve other Schools or Divisions of the University.
5. This benefit may not be supported with State appropriated funds; KFBS must reimburse any

waived tuition with non-State appropriated funds.

6. KFBS may not approve new participation in this benefit by more than two (2) staff members in any single fiscal year; any exceptions to this limit must receive the approval of the Chancellor.
7. The employee must agree to personally fund (or obtain a personal or student loan that funds) covered tuition and be reimbursed for this tuition by KFBS on a semi-annual basis over a four-year period, even though completion of the degree program itself is typically of a shorter duration.
8. The payment of any reimbursements under this program shall immediately cease upon the employee or the University terminating their appointment with KFBS, for any reason. In the event the employee is terminated solely for loss of funds, the Dean shall have the option to continue this benefit through the end of the calendar year in which the individual's employment with KFBS terminated.
9. The employee is solely responsible for any personal tax liability as a result of this benefit.
10. Ongoing payment of this benefit is subject to any changes in University or State Policy that govern non-salary compensation of this nature, and this specific provision must be communicated in writing to any employee receiving this benefit and acknowledged by their signature.

Any employee proposed by KFBS for this benefit must receive pre-approval from the Senior Director, Benefits and Work/Life Programs in the University's Office of Human Resources (OHR) in accord with the University's procedures for employee educational assistance. The documentation provided to OHR must demonstrate satisfaction of the criteria established under this plan and also disclose personal relationships, if any, between the subject employee and any current KFBS faculty or staff member to ensure compliance with University nepotism policies.

RECOMMENDED ACTION

Authorize the Dean of KFBS to provide non-salary compensation in the form of a supplementary educational assistance benefit to selected employees of the School, in accordance with the specific program provisions described herein and Section V.13. of the University's Policy on Non-Salary and Deferred Compensation for Faculty and EPA Non-Faculty Employees.