AGENCY PAYROLL GUIDE:
EMPLOYEE TRAINING AND EDUCATIONAL ASSISTANCE
EMPLOYEE TRAINING AND EDUCATIONAL ASSISTANCE

Table of Contents

OVERVIEW ......................................................................................................................................................... 3

   AGENCY PAYROLL FUNCTIONS .......................................................................................................................... 3
   DEADLINES .......................................................................................................................................................... 3
   PAYROLL CYCLE .................................................................................................................................................. 3

HELPFUL RESOURCES AND DOCUMENTS ....................................................................................................... 3

   POLICIES ............................................................................................................................................................ 3
   STEP BY STEP TRAINING .................................................................................................................................. 3
   FORMS .................................................................................................................................................................. 3

PROCEDURE ....................................................................................................................................................... 4

JOB-RELATED TRAINING ..................................................................................................................................... 5

NON-JOB-RELATED QUALIFIED EDUCATIONAL ASSISTANCE ........................................................................ 5

OTHER EDUCATION ............................................................................................................................................ 6

NEED ASSISTANCE? ............................................................................................................................................ 6
Overview
The objective of this quick reference guide is to provide general information on the process of reimbursing employees for Training and Education in HRIS as it relates to the Agency Payroll Specialist. The guide is not intended to be all-inclusive and may not offer step-by-step instructions.

Agency Payroll Functions
1. Ensure reimbursements are in compliance with policy
2. Process reimbursements accurately and timely

Deadlines
1. Reimbursement must be made within 30 days of the later of incurring or satisfying the requirements for reimbursement (i.e. grades).
2. Not greater than 180 days from the date of incurrance or satisfaction of requirements.

Payroll Cycle
Payroll jobs use a 10-day cycle. Use this reference chart to determine day of the week when Day Numbers are referred to in this guide.

<table>
<thead>
<tr>
<th>Week</th>
<th>Monday</th>
<th>Tuesday</th>
<th>Wednesday</th>
<th>Thursday</th>
<th>Friday</th>
</tr>
</thead>
<tbody>
<tr>
<td>Week 1 Compute</td>
<td>Day 1</td>
<td>Day 2</td>
<td>Day 3</td>
<td>Day 4</td>
<td>Day 5</td>
</tr>
<tr>
<td>Week 2 Off Compute</td>
<td>Day 6</td>
<td>Day 7</td>
<td>Day 8</td>
<td>Day 9</td>
<td>Day 10</td>
</tr>
</tbody>
</table>

Helpful Resources and Documents

Policies
SAAM
SAAM 5536 Miscellaneous Employee Reimbursements

Step by Step Training
HRIS – Training Agency Reimbursement Specialist

Forms
GAO-502 Employee Expense Reimbursement Form
**Procedure**

In order to provide proper tax treatment of educational reimbursement payments, all such reimbursements must be made through the HRIS. The expenses are recorded by Agency Reimbursements Specialists using the **Employee Reimbursements Entry Form (ZR35.2)** and the **GAO-502**. Detailed instructions are found in the Employee Reimbursements HRIS Training manual. Any instruction or staff development, such as a conference or a seminar that is paid from AFIS to the vendor directly is not addressed by this procedure.

Reimbursements must be classified at the time they are paid as either:

- **Job-Related Training**
- **Non-Job-Related Qualified Educational Assistance**
- **Non-Job-Related Other Education**

This chart can assist in the determination of the proper HRIS pay code to use for the expense reimbursement:

---

**Employee Training & Educational Assistance**

<table>
<thead>
<tr>
<th>Job-Related Training</th>
<th>Non-Job-Related Qualified Educational Assistance</th>
<th>Non-Job-Related Other Education</th>
</tr>
</thead>
<tbody>
<tr>
<td>&quot;Working-Condition Fringe Benefit&quot;</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Is the training needed to meet the minimum educational requirements of your present trade or business?</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Is the training part of a program of study that will qualify you for a new trade or business?</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Is the training required by your employer or the law to keep your present salary, status, or job?</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Does the training serve a bona fide business requirement of the State (i.e., considered an ordinary and necessary business expense)?</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Does the training maintain or improve skills needed in your present work?</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Does the training serve a bona fide business requirement of the State (i.e., considered an ordinary and necessary business expense)?</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>The entire amount of the training qualifies as a non-taxable Working-Condition Fringe. Use HRIS Pay Code 660</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Is the education covered in your Agency's Educational Assistance Benefit Program?</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Was the education approved to be taken in advance?</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Was the education satisfactorily completed?</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Does the agency have sufficient funding available?</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>This is a taxable benefit. Use HRIS Pay Code 661</td>
<td></td>
<td></td>
</tr>
<tr>
<td>If qualifies under the Educational Assistance Program. The first $5,250 each calendar year is excluded from income, but amounts over $5,250 are taxable. Pay Code 659 will automatically become taxable once the $5,250 limit is reached.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The employee cannot be reimbursed</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

---

*Image of the chart showing the decision process for determining the proper HRIS pay code.*
Job-Related Training
Specialized instruction required in order to keep either one’s present salary, position, status or job, or to improve one’s skills in performing one's current work can generally be referred to as job-related training. This may qualify as a non-taxable “working-condition fringe” benefit described by the IRS under Section 132. To be excludable as a working-condition fringe benefit, employer-paid job-related training must (all 4 boxes below checked):

1. Not be needed to meet the minimum requirements of the present job
2. Not qualify the employee for a new trade or business
3. Be a condition of continuing employment (required to keep salary, status, or job)
   AND/OR
4. Maintain or improve skills required by an individual's employment

Reimbursable expenses must be made under an accountable plan (receipts provided) and may include:

- Registration
- Fees required and directly related to the training
- Books, supplies and similar items, if the employee must surrender them to the State
- Certain transportation and travel costs, provided they comply with State Travel Policy

Non-Job-Related Qualified Educational Assistance
Education generally includes any course of study that leads or may lead to a diploma, degree, or certificate. Education is generally considered non-job-related and not directly associated with an employee’s current work responsibilities. Although education is generally considered a taxable fringe benefit, there may be a portion that is excludable from income (currently $5,250 per year) if an employer offers an Educational Assistance Benefit Program qualified under Section 127, that is a bona fide employee benefit program that meets both of the following conditions:

1. Is designed exclusively for the purpose of providing benefits to employees
2. Provides equivalent benefits to all (i.e., does not favor highly compensated employees)

To be excluded from income for any portion of a reimbursement in accordance with a State Agency’s Educational Assistance Benefit Program, the reimbursement must meet all four of the following conditions:

1. Made in accordance with a qualified Educational Assistance Benefit Program Plan
2. Approved to be taken in advance
3. For education that has been completed
4. Made by an agency or budget unit that has sufficient funding available
Reimbursable expenses must be made under an accountable plan (receipts provided) and may include:

- Tuition
- Fees required by and directly related to a given class (such as lab fees)
- Books, supplies and similar items, if the employee must surrender them to the State

**Other Education**

Should an agency have any other basis or authority to authorize reimbursements for educational expenses that do not qualify as job-related training or non-job-related qualified educational assistance, payments would be treated as fully taxable benefits. Documentation must be reviewed by the GAO prior to reimbursement.

**Need Assistance?**

View the Central Payroll Directory [click here](#)