

CSUSB Fee Waiver and Reduction Program – Hardship Request

As a participant in the CSU Fee Waiver and Reduction Program, you may be subjected to tax implications if you:

- 1) transfer the benefit to your spouse or dependent child taking graduate and/or doctorate-level+ course(s);
- 2) transfer the benefit to your domestic partner taking undergraduate/graduate/doctorate-level course(s); and
- 3) take graduate and/or doctoral level course(s) that exceed the educational tax assistance, currently established at \$5,250 per calendar year (unless job-related).

If the tax implication is for the Winter, Spring, or Summer term, the tax implication will be deducted out of the employee's pay warrant in one lump sum. Timing of deduction impacting the employee's pay warrant (paycheck) may vary depending on the processing time at the State Controller's Office (SCO). The Fall term taxation deduction is currently deducted in one lump sum and not eligible for the hardship request.

Example of a "one-time" Hardship Request:

Employee A began an MBA program in Winter 2014. Employee A may request a "one-time" Hardship Request (two deductions instead of one) i.e. alternative payment plan for the Winter 2014 term, thus resulting in the tax deduction occurring from two successive pay warrants. Thus, the taxable fee waiver benefit is divided in half and deducted from two successive pay warrants, as noted.

Employee A would only receive a "one-time" Hardship Request, **once** during the duration of the MBA program. Thus, after a "one-time" Hardship Request is made, per academic program, the employee's fee waiver benefit would be subjected to taxation pursuant to constructive receipt IRS guidelines.¹

Fall term taxation deduction is currently deducted in one lump sum and not eligible for the hardship request. To request a "one-time" alternative payment plan, please select the term and year you wish this to apply to:

Winter, Year: _____ Spring, Year: _____ Summer, Year: _____

I understand this Financial Hardship request is a "one-time" request for the duration of my academic program. I've been provided an opportunity to ask questions and receive information about this one-time "Hardship Request."

Employee Name: _____

Employee Signature: _____ Date: _____

¹Prior to 1/1/02, graduate courses were taxable under IRC Section 127. The federal law called the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA) changed IRC 127 to allow graduate courses to be tax free up to the \$5,250 annual limit.