

CORPORATE POLICY

This policy applies to PNM Resources and its wholly owned subsidiaries.

**POLICY 131
EDUCATIONAL ASSISTANCE**

POLICY OWNER	VERSION #/PUBLISH DATE	APPROVAL
HR MANAGER	Version 4 / TBD	VP Council

PURPOSE

The Company encourages its employees to participate in educational programs and to continue their education. The Educational Assistance Plan (the “Plan”) provides financial assistance to employees who, on their own initiative, want to expand their knowledge and skills.

In anticipation of the closure of the San Juan plant in 2022, the Company has decided to provide enhanced benefits to San Juan Employees as described below.

SCOPE

Active Full-Time, Part-Time, and Job-Share Employees, upon completion of six (6) months of employment with the Company and with supervisor’s approval, are eligible to participate in the Plan at different levels of reimbursement, minus any applicable Financial Aid. Employees must disclose to the Company all forms and amounts of Financial Aid received and failure to do so may result in the denial of benefits under the Plan.

The Plan reimburses for degree-related courses from any Nationally Accredited Institution, and for non-degree related courses, certification courses, conferences, correspondence courses, and training courses. Courses are eligible for reimbursement under the Plan if they are beneficial or necessary to the needs of the Company, enhance a skill the Company needs, or relate to the employee’s position or profession within the Company. Courses must not pertain to sports, games, hobbies, recreation, non-work-related self-improvement or similar subjects with no reasonable relationship to the employee’s duties or responsibilities with the Company. The Company has the sole discretion in deciding whether a course qualifies under the Plan.

Employees must provide proof of successful completion of course work to receive Plan benefits. Where letter grades are given, only courses with grades of “C” or above for undergraduate work and “B” or above for graduate work will be eligible for reimbursement. Course Expenses for employees who are Impacted may be eligible for reimbursement if Plan requirements are met.

Degree-Related Courses

Active Full-Time Employees who are pursuing an undergraduate or graduate degree from a Nationally Accredited Institution are eligible to receive up to \$5,250 per calendar year (minus any applicable Financial Aid) to be used for Course Expenses.

Active Part-Time and Job-Share Employees who are pursuing an undergraduate or graduate degree are eligible for fifty percent (50%) reimbursement (up to \$2,625) per calendar year (minus any applicable Financial Aid) to be used for Course Expenses.

Non-Degree Related Courses, Certification Courses, Conferences, Correspondence Courses, and Training Courses

The Company will assist active, Full-Time Employees with Course Expenses for non-degree related courses, certification courses, conferences, correspondence courses, and training courses up to \$1,100 per calendar year (minus any applicable Financial Aid) to be used for Course Expenses. Active Part-Time and Job-Share Employees are eligible for fifty percent (50%) of this benefit and can receive up to \$550 per calendar year (minus any applicable Financial Aid) to be used for Course Expenses.

Executive MBA Programs

Executive MBA programs may be approved for employees in key positions where an Executive MBA would be beneficial, based on their position, their educational background, and the benefit to the Company. Employees who pursue Executive MBA degrees may be approved for additional reimbursement amounts, as approved by the business unit. Employees who are approved for Executive MBA tuition must agree in writing to reimburse the Company for all related costs and expenses if employee terminates employment within three (3) years of program completion.

Executive MBA program eligibility is determined by the area SVP, with input from the business unit leader and the vice president of Human Resources. In addition, candidates for Executive MBA reimbursement must meet the minimum eligibility requirements outlined in Educational Assistance Procedures 131.1.

Enhanced Benefits for San Juan Employees

To assist San Juan Employees in transitioning to new jobs either within the Company or with new employers when the San Juan plant closes, the Company will provide the following enhanced benefits for Courses taken by San Juan Employees for which required approval is obtained on or after May 16, 2019.

- San Juan Employees may receive educational assistance benefits up to \$10,000 per calendar year (minus any applicable Financial Aid) to be used for Course Expenses rather than the \$5,250, \$2,625, \$1,100 and \$550 maximum benefits noted above for other Employees. Any benefits in excess of \$5,250 in a calendar year are subject to tax, and the Company will add a tax gross-up in accordance with the terms of the Plan.
- Such Courses taken by San Juan Employees do not need to be beneficial or necessary to the needs of the Company, enhance a skill the Company needs, or relate to the employee's position or profession within the Company. The foregoing and any similar requirements, are waived for San Juan Employees, except for courses pertaining to sports, games, hobbies, recreation and non-work-related self-improvement.

ROLES & RESPONSIBILITIES

Role	Responsibility
Employees	Employees shall discuss educational plans with their immediate supervisor before pursuing a degree program, and before enrolling in non-degree related courses, certification courses, conferences, correspondence courses, or training courses.

	<p>Employees must complete the Educational Assistance Plan Application for submission to their supervisor, and are responsible to complete all registration activities. The employee must submit this form to the Human Resources Department (the “Administrator”) for final approval prior to the start date of the degree related course(s), non-degree related course(s), certification course(s), conference(s), correspondence course(s), or training course(s).</p> <p>If the supervisor approves the employee’s educational plans, he/she approves the Educational Assistance Plan Application. Employees shall consider their request approved only upon receipt of the approval through PeopleSoft notification.</p> <p>In addition, employees must obtain the appropriate grade reports and submit them with all receipts for reimbursement.</p>
Supervisors	Supervisors will review the employee’s educational plans by taking the following factors into consideration: 1) the expected workload and needed time away from the employee’s job; 2) the employee’s past academic performance; and, 3) the employee’s demonstrated capability to maintain good job performance while taking courses.

COMPLIANCE/CONTROLS

Under IRS regulations, any education payment made by the Company on behalf of an employee is taxable as additional personal income, if the amount exceeds \$5,250 in a calendar year.

In the event there is any conflict between this Policy and the Plan, the Plan language will control.

REFERENCES & SUPPORTING DOCUMENTS

Operating Procedures 131.1
Educational Assistance Plan

DEFINITIONS

Course Expenses – tuition, expenses incurred for required textbooks per the course syllabus, and the following academically associated fees: laboratory fees, registration fees, testing fees, some equipment fees, licensing fees, and graduation fees for any Course minus any Financial Aid applicable to that Course. All other expenses incurred (e.g., lodging, transportation, parking, postage, typing fees, tools or supplies, meals, etc.) are not reimbursable by the Company either through the Plan or a department’s budget; instead they are the personal financial responsibility of the employee. Notwithstanding the foregoing, travel-related expenses for an Executive MBA program may be approved if the program is outside the business home base, and are the responsibility of the business unit.

Educational Assistance Plan Application – this form is required to apply for Plan benefits, and can be accessed through PeopleSoft.

Financial Aid – educational assistance, in any form including, but not limited to, grants, scholarships, or fellowships from any public or private source, including aid received from the federal government under the “G.I. Bill” or an equivalent assistance or grant program. A student loan program (public or private) will not be considered Financial Aid and will not reduce the Course Expenses subject to reimbursement under the Plan.

Full-Time Employees – employees who regularly work 32 or more hours per week.

Impacted – the elimination of an employee’s position by the Company pursuant to the terms of the Company’s Severance Pay Plans. The Company will reimburse Course Expenses for participants who are Impacted during a school term, provided all other Plan requirements are met, but only for the school term in which the Impaction occurs and which are incurred prior to termination of employment.

Job Share – a position in which two employees share the duties and responsibilities of one full-time job.

Nationally Accredited Institution – educational entity classified by one of six regional accrediting institutions (i.e., North Central, Southern, Western, Northwest, New England, or Middle States Association of Schools and Colleges). For more information or to search for an institution, go to the Commission for Higher Learning’s website.

Part-Time Employees – employees who regularly work more than 20 hours per week, but fewer than 32 hours per week.

San Juan Employees – employees who regularly work a majority of time at the San Juan plant.

REQUIRED TRAINING

The changes in this policy will be communicated through electronic communications as well as through the Educational Assistance training. All Plan participants must complete the training prior to enrolling in the Plan or as periodically required by the Company.

REVISION HISTORY

Publish Date	Version	Change Summary	Policy Owner
February, 2007	0	Inception Date	Benefits Manager
October, 2013	1	Minor edits and added Executive MBA	T. Lee
September, 2017	2	Placed in new template, added conferences and updated to reflect current administrative process	M. Young
November, 2018	3	Updated reference to Executive MBA eligibility criteria	M. Young
June, 2019	4	Added enhanced benefits for San Juan Employees and updated to reflect current administrative process	M. Young

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