

<b>CORPORATE PROCEDURE</b> <i>This procedure applies to PNM Resources and its wholly owned subsidiaries</i>		
<b>PROCEDURE 131.1</b> <b>EDUCATIONAL ASSISTANCE</b>		
<b>RELATED POLICY OWNER</b>	<b>VERSION #/ PUBLISH DATE</b>	<b>APPROVAL LEVEL</b>
HR Manager	Version 4 / TBD	VP Council

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## **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.

## **SCOPE**

### **Application Procedures:**

1. Prior to submitting an Application to the Human Resources Department (the "Administrator"), employees must complete the Educational Assistance training. Employees must complete this training bi- annually or as requested by the Administrator.
2. Applications must be completed in their entirety.
3. Supervisor and Administrator approval must be obtained on the Application prior to starting a class.
4. Submit only one semester of classes per Application.
5. Applications are not considered approved until the employee receives approval through PeopleSoft notification. Reimbursement denials may be appealed through the Benefits Department (see the Educational Assistance Plan for details).
6. Employees are responsible for submitting documentation to the Administrator of any Financial Aid received from sources other than the Company.
7. Within 90 days of successful completion of the approved course(s), scan the following documentation and submit for processing:
  - a. A grade report (where applicable), school registrar's record, an official letter from the instructor, or a certificate of completion; and
  - b. Receipts for reimbursable expenses (i.e., tuition, fees, and books).
8. Allow three weeks for receipt of reimbursement check.
9. Upon completion of a degree, employees are required to submit a photocopy of their diploma to the Administrator.

### **Executive MBA**

Employees may submit applications for Educational Assistance up to the IRS limit of \$5,250 per calendar year for Executive MBA programs without additional approvals, using the process outlined above.

Employees applying for Educational Assistance in excess of \$5,250 per calendar year for an Executive MBA program must also obtain approval from the business unit leader and Senior Vice President of the business unit, who will review the request with any additional information provided by the Vice President of Human Resources. These leaders will have final approval for the request. In addition:

- Participation includes a cliff agreement, where the employee candidate must agree in writing to remain with the Company for three years after completion of the Executive MBA program or repay the tuition and related costs and expenses for the program.
- In addition, employee candidate must meet the following criteria in order to be eligible for reimbursement of Executive MBA Program expenses above the IRS reimbursement limit:
  - Employed by the Company for a minimum of two consecutive years prior to applying for an Executive MBA program;

- Consistent overall performance ratings of “good” or “excellent”;
  - Demonstrated commitment to self-development through consistent completion of development plan targets;
  - Identified on a formal succession plan and/or leadership development path;
  - Meets the acceptance criteria for the Executive MBA Program he/she is applying for;
  - Must maintain a GPA of 3.0 or higher as well as meet all other completion requirements of the MBA program in which the employee is enrolled.
- Business unit funding should be ensured each year that the employee is in the Executive MBA program.
  - If the Executive MBA program is outside the business home base, travel-related expenses may also be covered with area VP approval.
  - Amounts over \$5,250 are considered income; both employee and Company pay applicable taxes on the income.

**EXCEPTIONS**

N/A

**ROLES & RESPONSIBILITIES**

<b>Role</b>	<b>Responsibility</b>
Employees	Submit application for educational assistance prior to the college/course registration deadlines. Complete training as requested/required. Submit evidence of course/class completion.
Supervisors	Approve applications.
Administrator	Verify and track all payments and course completions.

**COMPLIANCE/CONTROLS**

All requests for educational assistance payments must be submitted for approval through PeopleSoft to the Administrator, who will verify that all payments are being accurately tracked in order to comply with the \$5,250 IRS tax-free reimbursement limit.

The Educational Assistance Application (“Application”) must be submitted and approved prior to the college/course registration deadlines. The Application is available through PeopleSoft and must be approved by the employee’s supervisor and the Administrator.

**REFERENCES & SUPPORTING DOCUMENTS**

Policy 131 Educational Assistance  
Educational Assistance Plan

**DEFINITIONS**

N/A

**REVISION HISTORY**

<b>Publish Date</b>	<b>Version</b>	<b>Change Summary</b>	<b>Policy Owner</b>
<b>September, 2006</b>	<b>0</b>	<b>New procedure</b>	<b>Benefits Manager</b>
<b>October, 2013</b>	<b>1</b>	<b>Minor edits and added Executive MBA</b>	<b>T. Lee</b>
<b>September, 2017</b>	<b>2</b>	<b>Placed in new template; minor edits to reflect current administrative process</b>	<b>M. Young</b>
<b>November, 2018</b>	<b>3</b>	<b>Added minimum criteria for reimbursement of Executive MBA expenses above the IRS limits</b>	<b>M. Young</b>
<b>June, 2019</b>	<b>4</b>	<b>Minor edits to reflect current administrative process</b>	<b>M. Young</b>

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