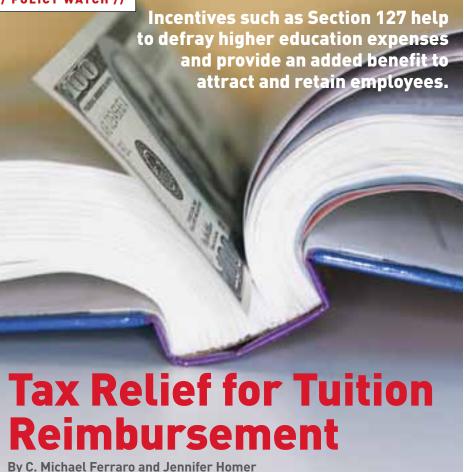
INTELLIGENCE //

// POLICY WATCH //



As part of the \$858 billion tax package passed by Congress and signed by President Obama on December 17, 2010, employers and employees will continue to receive a tax break on their tuition expenses. As part of the "Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010," Section 127 of the IRS Code—employer-provided education assistance—has been extended for two years through December 31, 2012.

Section 127 enables an employee to exclude from her income up to \$5,250 per year in employer-provided tuition assistance for any type of educational course, undergraduate or graduate. Employers who use this benefit can deduct these costs as a business expense when determining their income tax liability.

ASTD is a member of The Coalition to Preserve Employer Provided Education Assistance (CPEPEA), a group that advocates for the permanent extension of Section 127. Section 127 was

originally established in 1978 as a fiveyear provision, to give officials time to study it. It has been extended eight times since then (in some cases retroactively after it had expired) and most recently in 2001 for 10 years.

ASTD's 2010 State of the Industry Report shows that organizations' investments in tuition reimbursement dropped slightly in 2009 to 10.7 percent of total learning expenditures, down from 11.9 percent in 2008. This slight decrease is likely a result of budget tightening during the economic downturn.

Research from the Bureau of Labor Statistics (BLS) indicates that by 2015, 76 percent of U.S. jobs will require workers with special skills in the "STEM" subjects—science, technology, engineering, and math. In 2007, 45 percent of Section 127 recipients majored in business and the STEM subjects. Another 28 percent of recipients majored in education and health. Educational

Best Practice Spotlight: Qualcomm

As a global provider of wireless technology and services, innovation and education are cornerstones of Qualcomm's success. With a highly technical workforce and relatively low turnover, providing reimbursement for higher education is not only a way to attract and retain talent, but a strategic differentiator for the company. "Academic coursework exposes employees to new ideas and perspectives, which spurs innovative thinking," says Terie Scerbo, who leads academic relations within Qualcomm's Learning Center.

As Scerbo notes, engaging in academic education helps employees deepen their functional expertise and competency, which is the primary benefit to Qualcomm. The company's tuition reimbursement program—available to all eligible, full-time employees for degree programs or continuing education—is a mutual investment in and commitment to employees' career development. "This kind of program is most successful for employees who are able to commit the energy and time needed to be successful and understand the long-term career benefits it provides," she says.

attainment will continue to be a critical tool in building a skilled workforce: BLS estimates that 60 percent of the fastest-growing occupations will require an associate degree or higher.

Learn more about Section 127 at www.irs.gov or by consulting a tax advisor. Background information about the two-year extension may be found at www.cpepea.com. ASTD Public Policy will continue to advocate to make Section 127 permanent. Updates will be provided in *ASTD LINKS*.

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