

Santa Barbara County Behavioral Wellness Department
WET Scholarship Review Committee
315 Camino Del Remedio, Building #3
Santa Barbara, CA 93110



Santa Barbara County Behavioral Wellness Department
Staff MSW Scholarship Program
Educational Assistance Program

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*Educational Assistance PROGRAM
Staff MSW Scholarship Program*

Overview

The County of Santa Barbara Behavioral Wellness Department Educational Assistance Program (Plan) is intended to be a qualified educational assistance program under section 127 of the Internal Revenue Code. The purpose of this Plan is to provide Educational Assistance to Eligible Employees of County of Santa Barbara Behavioral Wellness Department. Section 127 of the Code provides that the gross income of an employee does not include amounts paid or expenses incurred by the employer for educational assistance to the employee (up to \$5,250 per calendar year) if the assistance is furnished pursuant to an educational assistance program under section 127 of the Code.

I. Definitions

- A. "Awardee" means Scholarship Award recipient.
- B. "Code" means the Internal Revenue Code of 1986, as amended.
- C. "Education" means education as defined in Treasury Regulation § 1.127-2(c)(4). "Education" means any form of instruction or training that improves or develops the capabilities of an individual. "Education" is not limited to courses that are job-related or part of a degree program. Education paid for or provided under this Plan may be furnished directly by the Employer, either alone or in conjunction with other employers, or through a third party such as an Educational Institution.
- D. "Educational Assistance" means educational assistance as defined in section 127(c)(1) of the Code and Treasury Regulation § 1.127-2(c). "Educational Assistance" includes the payment by the Employer of expenses incurred by or on behalf of an Eligible Employee for Education of the Eligible Employee or the provision by the Employer of Education to an Eligible Employee. Expenses for Educational Assistance include, but are not limited to, tuition, fees, and similar payments, and books, supplies, and equipment. "Educational Assistance" includes the provision, by the Employer, of courses of instruction for an Eligible Employee (including books, supplies, and equipment), but does not include payment for, or the provision of, tools or supplies (other than textbooks) that the Eligible Employee may retain after completing a course of instruction, or meals, lodging or transportation. "Educational Assistance" also does not include any payment for, or the provision of any benefits with respect to, any 1 course or other Education involving sports, games, or hobbies, unless such Education involves the business of the Employer or is required as part of a degree program. In the case of payments made before January 1, 2026, "Educational Assistance" also means the payment by the Employer, whether paid to an Eligible Employee or to a lender, of principal or interest on any Qualified Education Loan incurred by the Eligible Employee for the Education of the Eligible Employee. The types of Educational Assistance covered by this Plan are specified in Section II.B. of this Plan.
- E. "Educational Institution" means a school maintaining a regular faculty and established curriculum, and having an organized body of students in attendance as defined in Treasury Regulation § 1.151-3. It includes primary and secondary schools, colleges, universities, normal schools, technical schools, mechanical schools, and similar institutions (including some vocational schools and postsecondary educational institutions), but does not include noneducational institutions, on-the-job training, correspondence schools, and night schools.
- F. "Eligible Educational Institution" means any college, university, vocational school, or other postsecondary educational institution as defined in sections 221(d)(2) and 25A(f)(2) of the Code that is (1) described in section 481 of the Higher Education Act of 1965 (20 U.S.C. 1088) as in effect on August 5, 1997, (generally all accredited public, nonprofit, and proprietary postsecondary institutions); and (2) participating in a federal financial aid program under title IV of the Higher Education Act of 1965 or is certified by the Department of Education as eligible to participate in such a program but chooses not to participate.
- G. "Eligible Employee" means an employee who is currently employed by the Employer and may also include an employee as defined in Treasury Regulation § 1.127-2(h)(1) (a retired, disabled, or laid-off employee; a current employee who is on leave, as for example, in the Armed Forces of the United States; or an individual who is self-employed within the meaning of section 401(c)(1) of the Code). Eligible Employees covered under this Plan are specified in Section III of this Plan.
 - i. An "Eligible Education Program" is an academic program that offers a Master's Degree in Social Work.
 - ii. "Eligible Institution" is defined as an accredited educational institution offering an MSW degree.

- H. "Employer" means County of Santa Barbara Department of Behavioral Wellness.
- I. "Limitation Class" means the limitation class as defined in Treasury Regulation § 1.127-2(f)(2), which consists of:
 - i. Shareholders. Individuals who, on any day of the Program Year, own more than 5% of the total number of shares of outstanding stock of the Employer;
 - ii. Owners. In the case of an employer's trade or business that is not incorporated, individuals who, on any day of the Program Year, own more than 5% of the capital or profits interest in the Employer; and
 - iii. Spouses or dependents. Individuals who are spouses or dependents of shareholders or owners described above. For purposes of determining stock ownership, the attribution rules described in Treasury Regulation § 1.127-2(h)(4) apply.
The regulations prescribed under section 414(c) of the Code are applicable in determining an individual's interest in the capital or profits of an unincorporated trade or business.
- J. "Plan" means the County of Santa Barbara Behavioral Wellness Department Educational Assistance Program.
- K. "Plan Year" means the 12-month period beginning January 1 and ending on December 31.
- L. "Program Year" means the Plan Year and applies for purposes of Treasury Regulation § 1.127-2(f).
- M. "Qualified Education Loan" means a loan, as defined in section 221(d)(1) of the Code, that is for education at an Eligible Educational Institution.

II. Program Goal

The goal of the Program is to increase the number of BWell employees who have obtained a Master of Social Work ("MSW") degree and encourage BWell employees who have earned an MSW degree to continue their employment with BWell.

III. Educational Assistance

- A. Benefits provided under this Plan consist solely of the types of Educational Assistance specified in **Section III.B** and are limited to the maximum amount allowed under an Internal Revenue Code (IRC) Section 127, Qualified Educational Assistance Plan (which is subject to change based on the IRS taxable limits). In 2024 the maximum amount allowed under IRC § 127 is Five Thousand Two Hundred Fifty Dollars [\$5,250] per Eligible Employee per calendar year. If an Eligible Employee receives Educational Assistance under this Plan that exceeds the IRS annual limit (currently \$5,250) in a calendar year, the excess amount shall be subject to federal income tax and applicable federal employment taxes, unless the Educational Assistance qualifies as a working condition fringe benefit under section 132 of the Code or is excludable under another section of the Code.
- B. This Plan provides the following types of Educational Assistance:
 - i. Tuition, fees, and similar payments, and books, supplies, and equipment (except for those the Eligible Employee may retain after completing a course of instruction (other than textbooks) specifically excluded in the definition of "Educational Assistance" in Section I.C.) to an Eligible Employee;
 - ii. The payment by the Employer, whether paid to an Eligible Employee or to a lender, of principal or interest on any Qualified Education Loan incurred by the Eligible Employee for the Education of the Eligible Employee]; and
 - iii. The provision, by the Employer, of courses of instruction for an Eligible Employee including books, supplies, and equipment, except for those the Eligible Employee may retain after completing a course of instruction (other than textbooks) specifically excluded in the definition of "Educational Assistance" in Section I.C.

- C. The IRS annual limit (currently \$5,250) annual limit applies to amounts paid and expenses incurred by the Employer during a calendar year. If an Eligible Employee seeks reimbursement for expenses incurred, the expenses must be paid by the Eligible Employee in the same calendar year for which reimbursement is made by the Employer, and the expenses must not have been incurred prior to employment (however, the Employer may make payments of principal and interest on Qualified Education Loans that were incurred by the Eligible Employee in prior calendar years and prior to employment). “Unused” amounts of the IRS annual limit (currently \$5,250) annual limit cannot be carried forward to subsequent years.
- D. Requests from Eligible Employees to receive Educational Assistance under the Plan must be submitted in accordance with the following procedures: refer to the County of Santa Barbara Behavioral Wellness Department MSW Scholarship Program

IV. The Scholarship Award

Each scholarship award bestowed by BWell pursuant to the provisions of this Program (“**Scholarship Award**”) to a Scholarship Award recipient (“**Awardee**”) shall consist of the reimbursement to the Awardee of Eligible Costs (as defined below) incurred by the Awardee in seeking an MSW degree at an Eligible Institution (as defined below), up to a maximum reimbursement amount to be established by BWell from time to time for Eligible Costs (“**Maximum Award**”). If total Eligible Costs are less than the Maximum Award, then only the actual amount of Eligible Costs will be reimbursed. In no instance shall the total obligation of BWell exceed the Maximum Award. Notwithstanding any provisions of the Program regarding the reimbursement of Eligible Costs, each Awardee remains primarily responsible to each Eligible Institution or Awardee’s loan funder for the payment of any amounts due, and BWell does not assume any such obligations.

BWell will determine how often Scholarship Awards will be granted and how many Scholarship Awards will be granted during each scholarship award cycle. The number and timing of Scholarship Awards to be granted may vary based on funding availability, the needs of BWell, the number of eligible applicants, the quality of the applicants, and/or any other factors as are determined by BWell in its sole discretion.

V. Eligibility

- A. The Eligible Employees covered under this Plan include the following:
 - i. Employees currently employed by the Employer as a regular full-time employee, in good standing, and past the initial New Hire probationary status;
- B. This Plan includes the following additional conditions for eligibility:
 - i. An employee’s participation in the Plan begins after an application is received and the employee is selected through a competitive process;

VI. Exclusive Benefit

This Plan provides Educational Assistance for the exclusive benefit of Eligible Employees.

VII. Scholarship Award Selection Process

Awardees will be selected through a competitive application process. Applications will be reviewed and scored by the WET Scholarship Review Committee. The WET Scholarship Review Committee may

include representatives from underserved ethnic/cultural populations, consumer or family members, and/or members of BWell staff. Applications are scored using an objective scoring rubric.

Selection is based on an individual's personal background and experience, commitment to the principles of MHSA, language skills, ability to work with diverse populations, and professional goals. Emphasis is placed on supporting future clinicians from underrepresented cultural and linguistic groups.

VIII. Substantiation

An Eligible Employee receiving payments under this Plan must provide substantiation to the Employer of expenses incurred. Required documents are academic transcripts documenting completion of degree required coursework and verification of eligible expenses that have been paid either out of pocket or through acquisition of an educational loans that related to the eligible degree.

IX. Post-Graduation Employment

After all studies leading to the granting of an MSW degree have been completed and an MSW degree has been awarded to Awardee, Awardee shall be required to seek, accept and maintain full-time employment as a Practitioner Associate, or a comparable direct clinical service position, with BWell ("**Qualified Employment**"), within 180 days after the MSW degree is awarded. In the event BWell has no openings for a Practitioner Associate, or a comparable direct clinical service position, during such 180-day period, or Awardee is not selected by BWell to fill an open position, then, after Awardee's receipt of written confirmation from BWell that BWell has no openings for a Practitioner Associate, or a comparable direct clinical service position, during such 180-day period, or that Awardee has not been selected by BWell to fill an open position, Awardee shall be required to seek, accept and maintain full-time employment as a Practitioner Associate, or a comparable direct clinical service position, with an agency that has contracted with BWell to provide clinical services (a "**Service Agency**") (also, "**Qualified Employment**"), within 180 days after the MSW degree is awarded. Employment with a Service Agency where Awardee has failed to comply with the above requirements shall not be considered Qualified Employment.

Awardee shall maintain full-time Qualified Employment for a period of twenty-four (24) months after such employment begins. Should Awardee fail to obtain full-time Qualified Employment within such 180-day period and/or fail to maintain full-time Qualified Employment for a period of twenty-four (24) months after such employment begins, either due to the absence of open positions or otherwise due to circumstances outside of the control of Awardee and through no fault of Awardee, then BWell may, in its sole discretion, agree in writing to postpone, alter, partially or fully waive such employment requirement. Such employment requirement shall be waived in the event of the death or permanent disability of the Awardee during such time period.

While BWell generally offers clinical internship and traineeship opportunities, there is no guarantee that a placement will be provided within BWell's programs or clinics. Arranging internships or traineeships is the responsibility of the Awardee. Participants may be able to complete internship hours for their graduate degree within the public behavioral health system while maintaining their employment. A specific Staff Internship program will be designed to support this component of the educational program. Participants will be required to pursue employment with the Behavioral Wellness Department as a Practitioner I following graduation with the MSW and must maintain employment in a service delivery position for a minimum of 2 years within the department. This program will also be supported by the clinic team

supervisors by providing clinical internship experience, and by the Training Team in assisting with recruitment, onboarding, and liaison support services.

X. Payment Procedures and Schedule

Payment Procedures:

Eligible Costs reimbursement payments shall be made by BWell directly to the Awardee through Payroll once Awardee has complied with the procedures set forth below, with the other provisions of the Participation Agreement, and BWell has confirmed that Awardee is entitled to reimbursement under the terms of such Agreement (reimbursements incurred by the Awardee up to a maximum reimbursement amount). No payment shall be due in the event Awardee has not complied with the procedures set forth herein and with the other provisions of the Participation Agreement. Each Awardee agrees to comply with the following fund disbursement procedures for the reimbursement of Eligible Costs by providing BWell with:

- a. Proof of enrollment in an MSW program at an Eligible Institution.
- b. An invoice or other proof of billing from the Eligible Institution for tuition and fees.
- c. A transcript demonstrating all courses in which Awardee was enrolled at the Eligible institution relating to the MSW program, and the grade obtained in each such course.
- d. A payment request form to be provided by BWell ("Payment Request Form") in which the Awardee requests the amount of Eligible Costs to be reimbursed and selects how payment is to be made in accordance with the provisions of the Participation Agreement i.e., a lump sum payment or recurring payments.

Payment Schedule:

Scholarship payment for Eligible Costs incurred by Awardee shall be made in one of the following two ways for each payment due Awardee based on the option selected by Awardee in the corresponding Payment Request Form which is submitted to BWell:

- a. Lump Sum Payment – If the lump sum payment option is selected in the Payment Request Form, then Scholarship payment for Eligible Costs incurred by Awardee which are referenced within the Payment Request Form and are due under the terms of the Participation Agreement (up to the Maximum Award for Eligible Costs in the aggregate) shall be made within ninety (90) days after BWell's receipt of the Payment Request Form and all supporting documentation from Awardee. Payment will be disbursed through the normal payroll process if Awardee is an employee of BWell at the time. Disbursements up to the IRS annual limit (currently \$5,250), will be non-taxable, amounts over the maximum amount is taxable. This will be processed using two different earning codes.
- b. Recurring Payments - If the recurring payments option is selected in the Payment Request Form, then Scholarship payment for Eligible Costs incurred by Awardee which are referenced within the Payment Request Form and are due under the terms of the Participation Agreement (up to the Maximum Award for Eligible Costs in the aggregate) shall be made on a recurring calendar year basis in an amount not to exceed the IRS annual

limit (currently \$5,250) and this Qualified Educational Assistance Plan (which in 2024 is \$5,250 per calendar year) for the calendar year in which the Payment Request Form is submitted, less any other educational reimbursements made to Awardee by the County of Santa Barbara during such calendar year. The initial payment shall be made within ninety (90) days after BWell's receipt of the Payment Request Form and all supporting documentation from Awardee. Thereafter, payment (subject to the limitations above) will be made annually in January of each year until full payment of any amounts due are paid. Payment may be disbursed through the employee reimbursement process if Awardee is an employee of BWell at the time or through payroll as a reimbursable expense.

- c. Upon completion of of full-time Qualified Employment for a period of twenty-four (24) months, Awardee is entitled to the maximum reimbursement of \$5,250 per calendar year. In the event that Awardee resigns from BWell, BWell may, at its sole discretion, pay the remaining balance in a lump sum payment on Awardee's final paycheck.
 - a. Please note, this option is not automatic as payroll deadlines will need to be honored. If the employee terms after the payroll deadline for their final pay period, but before the pay period is over, this cannot be accommodated. Likewise, if the department does not submit a payroll adjustment by the deadline, this cannot be honored. In addition, a lump sum final payment would likely be taxable and will need to be on the employee's W2. If for any reason, this cannot be accommodated in the employee's final paycheck, and still gets paid to the employee, payroll must be informed.

Payments will only be made directly to the Awardee and not to an institution or any person or entity other than the Awardee. BWell shall be entitled to withhold from any payment any amounts required to be withheld by applicable law. It is the responsibility of the Awardee to understand the tax implications of each payment distribution option, and if necessary, to consult with a tax professional. Awardee is responsible for any tax obligations (if any) arising from the funds dispersed by BWell pursuant to the Program. Nothing in the Program or the Participation Agreement, nor in any Payment Request Form, or other oral or written materials supplied by BWell, shall constitute legal, tax, or other professional advice. Awardee should consult with his/her/their professional advisors prior to selecting a payment option.

XI. Non-Discrimination Termination

- A. This Plan shall not discriminate in favor highly compensated employees (as defined in section 414(q) of the Code) of the Employer, and the Plan shall comply with the requirements of section 127(b)(2) and (3) of the Code and Treasury Regulation §§ 1.127-2(e) and (f).
- B. This Plan shall not be considered discriminatory under Treasury Regulation § 1.127-2(e) merely because:
 - i. Different types of Educational Assistance available under the Plan are utilized to a greater degree by Eligible Employees with respect to whom discrimination is prohibited than by other Eligible Employees, or
 - ii. Conditions are required or considered in determining the availability of benefits with respect to a course of study for which benefits are otherwise available, including, but not limited to, successful completion of the course or attaining a particular course grade.

XII. Termination

In the event an Awardee is in breach of the Participation Agreement, BWell may terminate the Agreement after giving the Awardee ten (10) days' advance written notice of its intention to so terminate

XIII. Return of Scholarship Payments

In the event the Participation Agreement is terminated by BWell, or if Awardee fails to comply with all of the terms of the Participation Agreement and no modification, postponement, waiver or other requested relief is granted by BWell as provided in the Participation Agreement, then BWell may, in its sole discretion, refuse to make any further Scholarship payments otherwise due under the Participation Agreement and, in its sole discretion, may require Awardee to refund to BWell all Scholarship Award amounts previously paid by BWell under the Participation Agreement. In that event, the Awardee must enter into a refund payment plan (the length of which shall be negotiated by the parties but shall not exceed 12 months) within thirty (30) days after Awardee's receipt of written notification from BWell of Awardee's breach of the Participation Agreement or failure to comply with the terms of the Participation Agreement, and BWell's request for reimbursement. In such instance, if Awardee fails to enter into such a refund payment plan or fails to comply with the terms of such refund payment plan, and if litigation becomes necessary to compel the return of such funds to BWell, then BWell shall be entitled to recover all of its fees, costs and expenses incurred in such litigation, including without limitation, the recovery of reasonable attorney's fees. If the post-degree work obligation has been partially completed prior to the breach of the Participation Agreement, then the amount required to be returned to BWell will be pro-rated based on the percentage of the 24 month work obligation that has been completed prior to the breach.

XIV. Tax Classification

For payments made to employees under the Plan each calendar year, an employer may exclude from the wages of such employee an amount up to the maximum amount allowed under IRC Section 127 (currently \$5,250 per calendar year), if certain requirements are met. This MSW Staff Scholarship Program Educational Assistance Plan is a qualified educational assistance program in compliance with the provisions of IRC Section 127. Accordingly, under the Plan:

- A. The Plan is subject to the written provisions herein.
- B. The Plan does not offer any other benefits that can be selected instead of the education benefits described herein.
- C. The benefits offered under the Plan do not exceed the maximum amount allowed under IRC Section 127 (The IRS annual limit which is currently \$5,250) for the calendar year in which a Payment Request Form is submitted, less any other educational reimbursements made to Awardee by the County of Santa Barbara during such calendar year.
- D. This plan does not discriminate in favor of highly compensated employees, as provided by IRC Sections 127(a)(2) and 127(b)(2).

XV. Other Provisions

- A. Subject to the terms of any existing Participation Agreements entered into with Awardees, the terms of the Program, this Plan, and any associated administrative documents (including but not limited to the terms of each Participation Agreement template and each Payment request Form) are subject to change at any time in the sole discretion of BWell.
- B. PROHIBITED CHOICES
 - i. This Plan is only applicable to Eligible Employee requesting the payment plan. This Plan does not by its terms provide, and may not be operated to provide, Eligible Employees with a choice between Educational Assistance and other remuneration includible in gross income. However, this Plan is not precluded from being part of a more comprehensive employer plan that provides a choice of nontaxable benefits to employees.
- C. NOTICE

- i. The Employer shall provide each Eligible Employee with reasonable notice of the availability and terms of this Plan. An Eligible Employee shall receive a paper copy of this Plan upon written request.
- D. FUNDING
 - i. The Employer will pay Educational Assistance benefits from its MHSA assets.
- E. MISCELLANEOUS
 - i. The Employer may or terminate this Plan at any time, provided that any amendment or termination shall not affect the right of Eligible Employees to claim Education Assistance for which they qualified prior to such amendment or termination.
 - ii. This Plan shall be construed and enforced according to the laws of the State of California, to the extent not preempted by federal law.

XVI. Effective Date

This Plan is effective as of January 1, 2024.

Employer Signature

Date

Program and Plan Administrator/Contact Information:

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