

Letter of Agreement

Between the Whiteford Education Association and the Whiteford Agricultural School District Board of Education *Grants Under State School Aid Act Section 27k*

In consideration of the mutual covenants below, this Letter of Agreement (LOA) is by and between the Whiteford Education Association (Association) and the Whiteford Agricultural School District (District) Board of Education (Board) and concerns State funding available under State School Aid Act Section 27k, MCL 388.1627k (Section 27k).

Background:

1. Section 27k allows the District to apply for funding to assist Association bargaining unit members who are eligible participants with student loan repayments.
2. The Michigan Department of Education (MDE) is expected to begin accepting Section 27k applications for 2023-24 funding on February 29, 2024.
3. For any unexpended 2023-24 Section 27k funds, MDE is expected to open a 2024-25 application cycle.
4. Schools are required to use Section 27k funds to implement a student loan repayment program in accordance with MDE guidelines.
5. Pursuant to such a program, the District must verify certain employee information and must obtain certain employee certifications.
6. The parties desire to establish a Section 27k program to obtain Section 27k funding for eligible participants while minimizing the District's potential legal liability in implementing the program (Program), and the provisions below reflect that Program.
7. Internal Revenue Code (IRC) Section 127 allows for Educational Assistance programs to provide exemption of gross income for amounts paid or expenses incurred by an Employer on behalf of employee eligible reimbursements. A written plan is required for this purpose under Section 127(b)(1) and current law allows for a maximum of \$5,250 of assistance including employee student loan assistance available through December 31, 2025.

The Parties Agree:

1. The District will apply for Section 27k funding during the 2023-24 application cycle and, if applicable, during the 2024-25 and/or 2025-26 application cycle.
2. A bargaining unit member (Member) will only be included in a District Section 27k funding application if (A) the District determines that the Member is an eligible participant as defined in MCL 388.1627k(8)(b) (Eligible Participant), (B) the Member provides the District

Superintendent or designee with any information and documents requested by the District to fully complete the application process and to comply with MDE guidelines, as determined by the District, and (C) the Member signs and dates and provides the District Superintendent or designee the appropriate information and documents in (B) before the start of the applicable application cycle.

3. The District will distribute Section 27k funding received from MDE to each applicable Member in equal monthly payments until Section 27k funding received by the District is exhausted or until the Member's federal student loan is paid off, whichever occurs first – up to \$200 per month.
4. The District shall have the right to discontinue Section 27k funding to a Member if it determines that the Member (A) is not an Eligible Participant, (B) fails to timely provide any information and documents requested by the District to confirm Eligible Participant status, or (C) fails to timely complete required certifications as a part of the 27k Program as determined by the State or District.
5. The parties approve the Internal Revenue Code Section 127 plan in Attachment A to avoid taxability of Section 27k funding as currently allowed through December 31, 2025.
6. Any District action related to the District's implementation of the Program shall not be subject to the collective bargaining agreement (CBA) grievance procedure, and the Association shall not file any claim (including any grievance, unfair labor practice charge, or court complaint) related to such District action. If the Association files such a claim, the Association shall reimburse the District all costs incurred by the District in defending against such a claim, including the District's attorney fees. This paragraph shall survive any LOA expiration or termination.
7. The Program and this LOA shall expire on July 1, 2025 or when the District distributes all Section 27k funds received by the District for the 2023-24 application cycle, whichever is later. Notwithstanding the preceding sentence, if there are Section 27k 2024-25 and/or 2025-26 application cycle(s), then this LOA shall expire on July 1, 2026 or when the District distributes all Section 27k funds received by the District, and certified by the State, for the applicable application cycle(s), whichever is latest.
8. This LOA is not intended to set a precedent and shall not be used as any evidence of a policy or practice.
9. This LOA is an amendment to the CBA. If at any time MDE determines and notifies the District that a Member was not eligible to receive Section 27k funding, the District may recoup an amount equal to such funding from the Member's paycheck(s) to the extent permitted by law.
10. Once signed by each party, this LOA will be effective immediately.
11. This LOA may only be amended in writing by an authorized representative of each party.

For the Board

Scott
Signature

Scott L. Hurd
Printed Name

Superintendent
Position

5/3/2024
Date

For the Association

JR
Signature

DAMES M. ROSS
Printed Name

WCA PRESIDENT
Position

5.6.24
Date

Attachment A
Educational Assistance Program

WHITEFORD AGRICULTURAL SCHOOL DISTRICT

This Educational Assistance Plan (the "Plan") is established by the Whiteford Agricultural School District (the "District/Board") to provide eligible employees with educational assistance benefits under Section 127 of the Internal Revenue Code ("Section 127") to enhance employee proficiency and opportunity for advancement, or in the case of educational assistance provided through grant-funded loan repayment programs, to recognize past academic accomplishments.

This Plan is not intended to change or alter the terms of a collective bargaining agreement between the District's Board of Education and a labor organization. Collective bargaining agreement terms supersede any inconsistencies with this Plan unless contrary to State or Federal law.

This Plan is further not intended to change or alter the terms of a District Board Policy or Employee Handbook. District Board Policy and Employee Handbook terms supersede any inconsistencies with this Policy unless contrary to State or Federal law.

1. **District-Funded Educational Assistance.** District-funded educational assistance, which consists of payment from District resources of expenses incurred by or on behalf of an employee for any form of instruction or training that improves or develops the employee's capabilities, may be available to employees who are employed by the District under contracts with educational assistance provisions.
2. **Grant-Funded Educational Assistance.** Grant-funded educational assistance consists of grant funds received by the District from a third party for repayment of eligible student loans. To the extent such grant funding is available, the District will distribute this funding in accordance with grant requirements to employees who meet the grant program's guidelines and eligibility requirements, and who complete any District-required certifications and documentation of eligibility.
3. **Plan Revision or Termination.** The District reserves the right to change the terms or terminate the Plan without prior notice. In this event, the District will reimburse employees according to the terms of this Plan for all courses or eligible loan payments in process prior to termination, but reimbursement will not be provided for any course and/or loan payment that began after termination and notification of the same.
4. **Taxation.** Section 127 provides an exemption from gross income of up to \$5,250 of educational assistance per calendar year, including employer-paid student loan payments through December 31, 2025. Once the receipt of benefits of \$5,250 is exceeded in a calendar year, or if an educational assistance benefit is no longer exempt from gross income under the Internal Revenue Code, the employee is responsible for any resulting tax consequences.