

Letter of Understanding: Section 27L Educator Compensation Distribution

BETWEEN: Rochester Community Schools (District)

AND: MGT, RAA, REA, RPEA, RSPA (Associations)

Eligibility & Exclusions

In accordance with the 2025-2026 State School Aid Act, the District and the Associations agree to distribute **Section 27L Educator Compensation** funds to support district-wide retention. Eligible recipients include all active employees in the following categories:

- **Bargaining Unit Members:** All staff represented by the five recognized labor unions.
- **Early Childhood & Ancillary:** All Pre-K /GSRP, School-Aged Care, and Adult Education staff.
- **Administration:** All Building-level and District-level Administrators.
- **Explicit Exclusion:** The Superintendent, 3rd party contractors, coaches, students, and retirees that have been rehired for short term positions are specifically excluded from receiving any portion of the Section 27L retention funds.

Financial Formula

To ensure this distribution is cost-neutral to the District's General Fund, the payment amount shall be calculated by taking the total Section 27L allocation and deducting the District's mandatory statutory employer costs.

The calculation for the Gross Pay (amount prior to federal and state payroll taxes) is:

1. **Total Section 27L State Funding Allocation**
2. **LESS:** Employer-paid FICA (Social Security & Medicare)
3. **LESS:** Employer-paid MPERS (Retirement Normal Cost and UAAL)
4. **EQUALS:** Gross Pay
5. **1.0 FTE Amount:** The Contracted Retention Amount for a full-time (1.0 FTE) employee is \$1072.50.
6. **Pro-ration:** Employees with an FTE of less than 1.0 will receive a pro-rated portion of this amount based on their current contract or assigned hours (e.g., a 0.5 FTE employee will receive 50% of the 1.0 FTE amount).

Transparency Note: The gross pay is the figure that will appear on the employee's pay stub. This amount remains subject to standard employee-paid taxes and withholdings (Federal, State, and Local) unless a pre-tax election is made.

Payment Date & Pre-Tax Election Options

The retention payment will be issued on the May 8, 2026 payroll cycle. Eligible employees may elect to receive this payment as taxable income or redirect the full amount or a portion thereof (pre-individual-income-tax) into a tax-advantaged account. The options for payment are listed below, followed by links and directions on how to make those elections.:


- **Option 1:** Standard Payroll. Funds are paid as compensation (no further action needed).
- **Option 2:** 403(b) or 457 Deposit. Funds are deposited pre-tax into a District-approved 403(b) or 457 plan (see below).
- **Option 3:** HSA Deposit. Funds are deposited pre-tax into the employee's HSA (Requires prior enrollment in a High-Deductible Health Plan / subject to contribution limits / see below).

ELECTION DEADLINE: All elections for 403(b), 457, or HSA deposits must be submitted via the links below by **Friday, April 17, 2026**. If no election is received by this date, the payment will default to a standard taxable payroll check.



- [Submit Your May 8th Payment Election Form](#)
 - The annual contribution limit for employees who participate in 403(b), or 457 plans is to \$24,500.
- [Health Savings Account \(HSA\)](#)
 - The maximum annual contributions for 2026 are \$4,400 for single coverage and \$8,750 for family coverage.

Signatures of Ratification

Date: Mar 24, 2026

For the District:  (Asst. Supt. of Human Resources)

For the Labor Unions:

1. [Steven Carpenter Jr](#) (MGT)
Steven Carpenter Jr (Mar 24, 2026 06:06:36 EDT)
2. [Linda Key](#) (RSPA)
Linda Key (Mar 24, 2026 07:09:23 EDT)
3.  (RAA)
Daniel Wood (Mar 24, 2026 07:13:54 EDT)
4.  (RPEA)
Thomas F. Collier (Mar 24, 2026 08:49:36 EDT)
5. [Elizabeth Schroeck](#) (REA)
Elizabeth Schroeck (Mar 24, 2026 09:37:20 EDT)












27L Letter of Understanding - All Labor Groups


Final Audit Report

2026-03-24

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-  Document created by David Murphy (DMurphy@rochester.k12.mi.us)
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-  Document emailed to scarpenter@rochester.k12.mi.us for signature
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-  Signer scarpenter@rochester.k12.mi.us entered name at signing as Steven Carpenter Jr
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-  Signer lkey@rochester.k12.mi.us entered name at signing as Linda Key
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-  Document e-signed by Linda Key (lkey@rochester.k12.mi.us)
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-  Document emailed to rmooney@rochester.k12.mi.us for signature
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-  Email viewed by rmooney@rochester.k12.mi.us
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 Signer rmooney@rochester.k12.mi.us entered name at signing as R. Daniel Mooney

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 Document e-signed by R. Daniel Mooney (rmooney@rochester.k12.mi.us)

Signature Date: 2026-03-24 - 11:13:54 AM GMT - Time Source: server- IP address: 216.11.139.42

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 Signer tguilmet@rochester.k12.mi.us entered name at signing as Tracie L. Guilmet

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 Document e-signed by Tracie L. Guilmet (tguilmet@rochester.k12.mi.us)


Signature Date: 2026-03-24 - 12:49:36 PM GMT - Time Source: server- IP address: 216.11.139.147

 Document emailed to eschroeck@rochester.k12.mi.us for signature

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 Email viewed by eschroeck@rochester.k12.mi.us

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 Signer eschroeck@rochester.k12.mi.us entered name at signing as Elizabeth Schroeck


2026-03-24 - 1:37:18 PM GMT- IP address: 216.11.139.76

 Document e-signed by Elizabeth Schroeck (eschroeck@rochester.k12.mi.us)

Signature Date: 2026-03-24 - 1:37:20 PM GMT - Time Source: server- IP address: 216.11.139.76

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 Agreement completed.

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