VEBA Plan Memorandum of Understanding 2026-2027

Shoreline School District No. 412 ("Employer") has adopted the health reimbursement arrangement (HRA) plans offered and administered by the Voluntary Employees' Beneficiary Association Trust for Public Employees in the State of Washington ("Plan"). The Plan is designed with a variety of coverage options to allow for the maximum benefit permitted by applicable law. Employer agrees to contribute to the Plan on behalf of all employees in the ***Confidential Employee Association*** ("Group") defined as eligible to participate in the Plan, in accordance with Plan and regulatory limitations. The Plan must receive an enrollment file for each eligible employee to become a participant and become eligible for benefits under the Plan.

Contributions on behalf of each eligible employee (or former employee) shall be based on the following selected funding sources/formulas:

☒ **Sick Leave Contributions – Retirement or Separation from Service[1]:** Eligibility for contributions at retirement or separation from service is limited to employees who retire or separate from service with sick leave cash-out rights during the term of this Agreement.

☒ **Sick Leave Contributions – Annual:** Eligibility for contributions on an annual basis is limited to employees who have accumulated 180 days (or more if eligible[2]), not including any front-loaded days for the current contract year, of earned and unused sick leave. Contributions are based upon the number of sick leave days earned during the previous calendar year, less any days used during that calendar year.

☐ **Vacation, Personal and Other Leave Contributions – <Retirement or Separation from Service>:** Eligibility for contributions at retirement or separation from service is limited to employees who retire or separate from service and become eligible to receive a leave cash-out[3] during the term of this Agreement. Employer contributions shall include the cash-out value[3] of unused leave days (vacation, personal, other, etc.) accrued and available for cash-out upon retirement or separation from service per negotiated agreement or Employer policy.

☐ **Vacation, Personal, and Other Leave Contributions – Annual:** Eligibility for contributions is limited to employees who become eligible to receive an annual leave cash-out during the term of this Agreement. Employer contributions shall include the cash-out value of leave days (vacation, personal, other, etc.) accrued and available for annual cash-out per negotiated agreement or Employer policy.

☒ **Mandatory Employee Contributions (no individual elections permitted):** The Employer and Group agree that the Group's compensation package will be changed such that eligible employees shall receive additional benefits in the form of VEBA Plan contributions equal to **$50.00,** which shall be contributed on a monthly basis, and each eligible employee's salary shall be reduced by an equal amount. Such contributions shall be made on behalf of all Group employees defined as eligible and shall be considered and referred to as Employer contributions.

☐ **Direct Employer Contributions:** <insert eligibility definition[4]>. Employer contributions shall be equal to $<Amount>, which shall be contributed on a <monthly or per pay period> basis on behalf of all eligible Group employees.

☐ **Longevity/Retention Bonus:** Eligibility is limited to employees who have attained at least <##> years of service as of <Date>. Employer contributions shall be equal to $<Amount> and shall be contributed on a lump-sum basis on behalf of all eligible Group employees.

☐ **Other:** <insert eligibility and funding source definitions>

The term of this Agreement shall be from July 1, 2026 to June 30, 2027[5].

Angela Huffman — 6/15/26

Signed for Confidential Employee Association — Date

Susana Reyes — 6/26/26

Signed for Shoreline School District No. 412 — Date

[1] School districts may offer a sick leave cash out upon separation from service or retirement in accordance with RCW 28A.400.210. Educational Service Districts (ESDs) may only offer sick leave cash outs upon retirement in accordance with RCW 28A.310.490 and Employer policy or procedure.

[2] Employees whose employment contract exceeds 180 days may accrue sick leave up to their annual contract amount. Such employee groups may consider a higher eligibility threshold for annual sick leave contributions to the VEBA Plan.

[3] Pursuant to applicable written agreement, Employer policy, or procedure, so long as the cash-out value is not subject to individual choice.

[4] Examples include eligibility being limited to: (1) employees enrolled in a specific medical plan (high-deductible health plan); (2) full-time employees; or (3) employees who participate in the wellness program.

[5] The language in this model Agreement assumes the term shall coincide with the employee group's contract year (September 1 to August 31).