

MEMORANDUM OF UNDERSTANDING

Penn-Harris-Madison School Corporation

and the

Penn-Harris-Madison Teachers Association

Voluntary Sick Leave Buyout Plan — 2026–2027

THIS MEMORANDUM OF UNDERSTANDING ("MOU") is entered into this _____ day of _____, 2026, by and between the Board of School Trustees of the Penn-Harris-Madison School Corporation ("Corporation") and the Penn-Harris-Madison Teachers Association ("Association").

Article I — Purpose and Intent

The Corporation and the Association recognize the value of long-term professional service and the importance of encouraging strong teacher attendance. The purpose of this Voluntary Sick Leave Buyout Plan ("Buyout Plan") is to reward eligible bargaining unit members who have accumulated unused sick leave in excess of 120 days upon their retirement. By providing a tax-deferred VEBA payout for these accumulated days, this program offers financial recognition to long-serving teachers while assisting the Corporation with strategic personnel and operational planning. This Memorandum of Understanding represents a one-time agreement for the 2026–2027 contract year, but the parties agree it will be reviewed annually to evaluate its effectiveness and determine if continuing such an MOU in future years remains financially responsible for the Corporation. For the avoidance of doubt, the Corporation shall be under no obligation to continue the Buyout Plan in any form in subsequent school years and this MOU is of no force and effect after June 30, 2027.

Article II — Eligibility Criteria

To be eligible to participate in this Buyout Plan, an employee must meet all of the following requirements as of June 30, 2027:

1. **P-H-M/Joint Service Requirement.** Have completed a minimum of twenty (20) years of employment as a teacher with the Penn-Harris-Madison School Corporation, or a combined twenty (20) years as an employee of PHM and Joint Services through Mishawaka School Corporation, as defined in the Master Agreement.
2. **Age Eligibility.** Be at least fifty-five (55) years of age as of December 31, 2026 (born on or before December 31, 1971).
3. **INPRS Retirement Eligibility.** Be eligible for full or reduced retirement under the rules and regulations of the Indiana Public Retirement System (INPRS / Teachers' Retirement Fund).
4. **Contract Completion.** Satisfactorily complete all contractual obligations for the 2026–2027 school year through the final official teacher duty day.

Article III — Buyout Amount and Distribution

Participating teachers who fulfill all requirements of this MOU shall receive a tax-deferred Voluntary Employees' Beneficiary Association (VEBA) contribution based upon their accumulated, unused sick leave balance, subject to the following terms:

- **Reimbursement Formula (VEBA Deposit).** Reimbursement for accumulated sick days shall be calculated strictly on unused days above 120 days up to a maximum of 250 days, according to the following tiered schedule:

Accumulated Unused Sick Days	Rate	Maximum Payout for Tier
Days 1–120	Not eligible — \$0.00	\$0.00
Days 121–200	\$50.00 per day over 120	\$4,000.00
Days 201–250	\$100.00 per day over 200	\$5,000.00
Maximum Total VEBA Payout (at 250+ days)		\$9,000.00

- **VEBA Account Allocation.** In accordance with applicable state and federal tax laws, the Corporation shall contribute 100% of the calculated payout directly into the qualifying teacher’s existing Corporation-sponsored VEBA Health Reimbursement account.
- **Exclusivity Provision.** This Sick Leave Buyout VEBA payout cannot be used in conjunction with or in addition to the unused sick and personal business stipend provided under Article IV(A)(1)(b) of the Master Contract. For the avoidance of doubt, the qualifying teacher must elect the benefits described herein or the unused sick and personal business stipend, not both.
- **Tax and Benefit Responsibility.** Because contributions are made directly into a tax-exempt VEBA account, payouts are exempt from state, federal, and employer/employee payroll taxes (FICA). The participating teacher assumes sole responsibility for any personal INPRS benefit adjustments resulting from participation in this plan.

Article IV — Application Procedure and Binding Notice

Eligible teachers wishing to participate in this Buyout Plan must adhere to the following procedural timeline:

1. **Submission Window.** Eligible teachers must submit the official Sick Leave Buyout Application and standard letter of retirement to the Office of the Superintendent / Human Resources no later than 4:00 PM on March 1, 2027.
2. **Board Approval and Irrevocability.** Upon verification of eligibility, the Board of School Trustees shall act upon the retirement notices at a regularly scheduled meeting. Once formal approval is granted by the Board, the resignation/retirement shall become final and irrevocable.

Article V — Non-Precedent and Legal Compliance

- **Scope of Agreement.** This MOU is a temporary, one-time offering created specifically for the 2026–2027 contract year. It shall not establish a past practice, precedent, or ongoing obligation for future collective bargaining cycles between the Corporation and the Association.
- **IEERB Compliance.** This agreement is executed during the regular teacher negotiations window in full compliance with Indiana Code § 20-29 and the rules of the Indiana Education Employment Relations Board (IEERB).

Article VI — Term and Expiration

This Memorandum of Understanding shall become effective immediately upon signature by both parties and formal ratification by the Penn-Harris-Madison Board of School Trustees. It shall automatically expire and terminate in its entirety on June 30, 2027, without further action required by either party.

IN WITNESS WHEREOF, the parties have executed this Memorandum of Understanding on the dates written below.

President, Board of School Trustees

Penn-Harris-Madison School Corporation

Date: _____

President

Penn-Harris-Madison Teachers Association

Date: _____

Superintendent

Penn-Harris-Madison School Corporation

Date: _____