

**THE CLARKSVILLE MONTGOMERY COUNTY SCHOOL SYSTEM  
SECTION 127 EDUCATIONAL ASSISTANCE PLAN (“PLAN”) FOR EDUCATION  
COURSES PROVIDED BY THE DISTRICT**

**ARTICLE I: Establishment and Purpose of the Plan**

(a) Establishment of Plan: The Clarksville Montgomery County School System (System) by this instrument, hereby establishes this Plan under Section 127 of the Internal Revenue Code of 1986, as amended (the “Code”), effective for calendar year beginning January 1, 2019. Section 127 of the Code provides, in general, that gross income of an employee does not include the first \$5,250 of amounts paid or expenses incurred by his or her employer during a calendar year for educational assistance furnished to the employee by his or her employer pursuant to a qualified written educational assistance program. The Plan shall be known as “*The Clarksville Montgomery County School System Section 127 Plan.*”

(b) Purpose of Plan: The System intends that the Plan qualify as a *qualified educational assistance program under Section 127(b)(1) of the Code*, and that the value of all such qualified educational assistance or reimbursements to our employees under the Plan be eligible for exclusion from the participating employees’ taxable income under Section 127(a) of the Code up to the maximum exclusion amount allowed in each calendar year. The Plan applies only to educational assistance, as defined in Article III, in regard to the education courses which an eligible employee of the System may be preapproved to take.

By this Plan, and the underlying education made available to employees through participating universities or reimbursements to employees for courses taken, the System seeks to provide an affordable program for our employees to further their education as a fringe benefit in connection with their employment with the System, separate from any other fringe benefit provided by the System. Education courses available to employees in connection with this program must be pre-approved.

(c) Right to Amend or Terminate: The System reserves the right to modify or terminate the Plan at any time without prior notice to the Employees; provided, however, no amendment or termination will affect the right of any Participant to complete Education Courses provided under the Plan for which the Participant was approved and enrolled in an on-going period prior to such amendment or termination.

**ARTICLE II: Persons Eligible to Participate in the Plan**

(a) Exclusive Benefit: This Plan will provide educational assistance for the exclusive benefit of eligible employees of the Clarksville Montgomery County School System.

(b) Eligible Employees: All full-time employees of the System qualify to participate in the Plan if they receive pre-approval for such courses. No other person is covered by the Plan. The System does not provide time off for Participants during normal working hours to complete Education Courses.

### **ARTICLE III: Educational Assistance, Covered Costs and Plan Benefits**

(a) “Educational assistance”: means (i) the payment of expenses incurred by or on behalf of an eligible employee for the education of the employee, including but not limited to, tuition, fees and similar payments, as well as related textbooks, supplies and equipment, and (ii) the System’s provision of courses of instruction for such education, including related textbooks, supplies and equipment. However, “educational assistance” does not include any of the following: (i) any costs for tools or supplies (other than textbooks) which may be retained by the Participant after completion of the education course, (ii) costs of meals, lodging or transportation incidental to taking any education course, and (iii) any course that instructs the Participant in any sport, game or hobby, unless the course is required as part of a degree program. Further, for purposes of this Plan, “educational assistance” applies only to qualified Education Courses that have been pre-approved.

(b) “Covered Costs”: under the Plan means the value of the tuition, fees and costs attributed to each qualified Education Course taken by the Participant, together with the value of books, and qualified supplies and equipment incurred by the Participant in taking the Education Course.

(c) “Benefits”: of the Plan to the Participant means the value of the Covered Costs provided by the System that is excluded from a Participant’s gross income for federal income tax purposes under Code Section 127 in each Plan Year. The Plan Year is the calendar year. In any Plan Year, a Participant shall be eligible to exclude from his or her taxable income up to an amount of \$5,250, or such greater or lesser amount as may be subsequently permitted under Code Section 127.

(d) Prohibited Choices of Plan Participation Availability: Benefits for educational assistance receivable by a Participant under this Plan shall not be in lieu of any cash or any other taxable compensation that the Participant might otherwise be entitled to receive from the System. That is, the Participant does not have any right or obligation to choose between the benefit provided by this Plan and any other alternate possible benefit from the System.

(e) Valuation of Benefits: The System will determine the fair value of the Covered Costs realized by any Participant from the Education Courses for which each Participant enrolls in any Plan Year. The System will inform the Participants of such values and will accomplish its federal tax withholding and reporting obligations in accordance with such valuations. Such valuation shall be made in the best judgment of the System, but such valuation is subject to audit and adjustment by the Internal Revenue Service and is not warranted by the System as acceptable to the Internal Revenue Service. If any Covered Cost benefit to a Participant under this Plan is treated as taxable income to the Participant, for whatever reason, any income or other employment tax withholding owed with respect to the taxable portion of the benefit shall be deducted from the Participant’s other compensation with the System in the same calendar year in which the benefit is treated as taxable income.

#### **ARTICLE IV: Tax Consequences**

(a) Excess Benefits: To the extent that any Participant receives from the System under this Plan any educational assistance benefits that in total exceed in value \$5,250 (or such other maximum amount allowable for exclusion under Code Section 127(a)) in any calendar year, including any such excess determined as a result of an audit of the tax consequences of benefits received under the Plan, such excess benefits shall be subject to federal income tax and payroll tax withholding in accordance with federal and state law.

(b) Participant Responsibility for Any Taxes: Each Participant shall be responsible for any income tax and/or payroll tax liability (payable by employees applicable under law in regard to wage income) arising from his or her receipt of educational assistance under this Plan, whether or not the System withheld such tax or taxes on those benefits.

#### **ARTICLE V: Plan Administrator**

(a) Identification of Administrator: The Plan Administrator shall be the System, and those individuals to whom the System has delegated authority to administer the Plan.

(b) Authority: The Plan Administrator shall have authority and responsibility to take any reasonable actions necessary to control and manage the operation and administration of the Plan under rules applied on a uniform and non-discriminatory basis to all Participants.

(c) Notification to Employees: The System shall reasonably notify all employees of the System of the identity of those persons to whom the System has delegated authority to administer the Plan.

#### **ARTICLE VI: Notification of Eligible Employees**

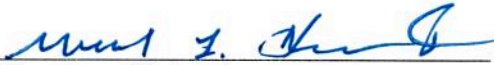
The System, by the Plan Administrator or otherwise, shall provide each employee eligible to participate in the Plan with reasonable notice of the terms and availability of the educational assistance available to the employee under the Plan. An employee eligible to participate in the program provided by the Plan shall be entitled to receive a paper copy of this Plan document upon written request by the employee to the Plan Administrator.

#### **ARTICLE VII: Miscellaneous**

(a) Plan Not a Contract between Employee and System: This Plan shall not be deemed to constitute a contract between the System and any Participant or any other employee eligible to participate in the Plan or to be in consideration or an inducement for the employment of any such person. Nothing contained in this Plan shall be deemed to give any such Participant or other employee of the System the right to be retained in the service of the System or to interfere with the right of the System to discharge any employee at any time regardless of the effect that such discharge shall have upon him or her as a Participant in the Plan.

(b) Applicable Law: The terms of the Plan shall be construed and enforced according to the laws of the State of \_\_\_, other than its laws respecting choice of laws, to the extent not preempted by any federal law.

(c) Entire Plan: This document sets forth the entire Plan. Except as provided in this Plan, no other employee benefit plan provided by the System, which is, or may hereafter be, maintained by the System shall constitute a part of this Plan.

  
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Director of Schools,  
Millard House

  
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Chief Human Resources Officer,  
Jeanine Johnson