Revised 08/21/2026

BOARD MEMO
THIRD-YEAR SECTION 125 PREMIUM ONLY PLAN RENEWAL

Date: August 27, 2026

BACKGROUND
Oakland School for the Arts (“OSA”) currently offers group health insurance benefits to eligible employees. The Section 125 Premium Only Plan (“POP”) allows employees to pay their share of eligible insurance premiums on a pre-tax basis, reducing their taxable income.

The POP was first adopted for the plan year beginning September 1, 2024, and was renewed for the 2025–2026 plan year. This item seeks Board approval to renew the Plan for the 2026–2027 plan year, beginning September 1, 2026, and ending August 31, 2027.

PURPOSE OF ACTION
Renewal ensures OSA remains compliant with applicable IRS requirements, preserves the tax-advantaged benefit for employees, and aligns the Plan with OSA's payroll and benefits administration. Board approval will authorize continuation of pre-tax premium deductions for the 2026–2027 plan year.

BENEFITS
- **Employees:** Reduced taxable income, which may result in increased take-home pay.
- **OSA:** Reduced payroll tax liability through FICA savings, minimal administrative costs, and an enhanced overall employee benefits package.

FISCAL IMPACT
Modest payroll tax savings to OSA. Administrative costs are minimal and generally included in benefits administration fees.

RECOMMENDATION
Staff recommends that the Board approve the third-year renewal of the Section 125 Premium Only Plan, effective September 1, 2026, for the plan year ending August 31, 2027, by adopting the attached resolution.