

LRB-RESEARCH AND ANALYSIS SECTION

FINANCE & PERSONNEL COMMITTEE
ITEM 4, FILE # 070306 – Proposed Substitute A

July 9, 2007
LESLIE SILLETTI

Introduction

File # 070306 – Proposed Substitute A authorizes DER to enter into a 3-year extension with *ProcessWorks* for flexible benefit services to City employees in 2008, 2009 and 2010. *ProcessWorks* is the current vendor for flexible benefit services.

Discussion

The Flexible Choices Program allows city employees to set aside pre-tax dollars for certain medical care, dependent care and parking expenses. Currently more than 975 employees participate in one or more of the flexible spending programs. The 2007 maximum contribution for medical expenses is \$4,000 per participant; \$5,000 per participant for dependent care; and \$2,000 per participant for parking. Employees have the option of direct deposit services or a debit card.

ProcessWorks is the current vendor for the City's flexible benefits program, and it has proposed the following per member per month rates: \$3.75 for 2008; \$3.85 for 2009; and \$3.95 for 2010. The 2007 rate is \$3.50 per member per month.

Summary of Fiscal Impact

Funds in the Flexible Spending Account (FSA) Special Purpose Account support the Flexible Choices Program. The 2007 Budget allocated \$50,000 to the FSA, which was a 56% increase from 2006 funding levels. The increase reflects an increase in enrollment with expanded benefits choices (the Parking Expense account became available in 2007).

Adoption of this resolution authorizes 2008 expenditure of \$38,430 from the Flexible Spending Account SPA; 2009 expenditure of \$39,454; and 2010 expenditure of \$40,479.

The City may realize cost savings from the avoidance of federal and Social Security payroll taxes.

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