

Reply to Common Council File No. 020461  
From DOA-Budget and Management Division

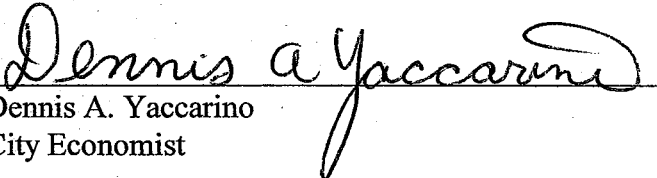
July 9, 2002

Ref: 02044

Common Council file 020461 contains a resolution relating to adjustment of active and retired city employee health care contributions. The intent of the resolution is require all active employees and retirees under the age or 65 to pay 15% of the cost of their monthly health and dental premiums. From discussions with staff, it is our understanding that this proposal will be layered on top of the existing health care and dental employee contributions.

As described, the proposal would reduce the city contribution for health care by \$8 to \$10 million. Unfortunately, health and dental benefits are negotiated as part of labor agreements. Nearly all the savings to the city would have to be negotiated with the unions prior to the start of 2003.

An alternative to this proposal would be to consider directing the city's labor negotiator to pursue this benefit change in future labor negotiations. This may delay the savings but would be enforceable if agreed upon in negotiations. This would also allow the city to assure this proposal's consistency with current health care employee contributions and the policy to increase employee health care choices.

  
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