



FY 2015 BUDGET SUMMARY

The FY 2015 Budget adopted by Memphis City Council on June 17, 2014 represents the balancing of the need to secure the long-term financial stability of the City, protect the employee pension fund, implement necessary health insurance reform, maintain the current level of public services, and invest in economic growth opportunities without raising taxes.

The City's \$551 million pension fund deficit and \$1.3 billion Other Post-Employment Benefits (OPEB) debt were the driving force behind the significant changes contained in the \$618 million budget.

Here are the major highlights of the FY2015 Budget:

Property Tax Rate

- No tax increase.

Public Safety

- \$5 million is allocated for a new police recruit class and \$1.2 Million for a new Fire recruit class with both to begin in 2015.
- Spending for Parks & Neighborhoods is maintained at last year's increased levels.

Public Works

- Increased capital spending on street paving and potholes repairs.

Employee Benefits

- No layoffs.
- Insurance premiums for all current employees and retirees will increase 24 percent effective October 1, 2014.
- The City will offer Access Only coverage to current Medicare and Pre-Medicare (those who retired before age 65, but will qualify for Medicare at age 65) retirees, saving \$23 million to be used to pay the pension obligation. This is effective January 1, 2015.

Retirees can be insured by Medicare. Those ineligible for Medicare will have options including: Paying 100 percent of the cost of staying on the City's plan, coverage under the Health Insurance Exchange, or from a spouse's or current employer's plan.

- 13 (pre-65) surviving spouses and children of employees killed in the line of duty will remain on the city's plan.
- 1,100 post-65 retirees without Medicare A&B will remain on the City's plan.
- 1,500 post-65 retirees with Medicare A&B will pay 100% of their premium, if they choose to remain on the City's plan.

- 1,400 pre-65, Medicare-eligible retirees will pay 100% of their premium, if they choose to remain on the City's plan
- Spouses of employees who can get insurance from their employer will no longer be covered under the City's insurance for a \$3 million savings to the healthcare fund. This is effective January 1, 2015
- The smokers surcharge will increase from \$50 to \$120 per family beginning January 1, 2015.