

City of Memphis



A C WHARTON, JR.
MAYOR

TENNESSEE

Date: August 19, 2011

To: City of Memphis Employees

Re: No Premium Deduction

The City of Memphis implemented a 4.6 percent pay reduction for all employees in July 2011 to close a \$60 million deficit and deliver a balanced budget for fiscal year 2012.

We regret having to cut employees' pay; but we had no other viable options without asking taxpayers to pay additional property taxes. Another unacceptable option would have been to lay-off hundreds of employees. Still, I challenged the Human Resources and Finance Directors to find ways to ease the financial impact of the salary reductions.

To that end, employees participating in the city's medical insurance plan will have no medical insurance premium deductions taken from their checks on: **September 2, September 16, September 30, October 14, November 23, 2011 and March 30, 2012.**

Because of changes made in fiscal 2010 to improve the financial position of the healthcare fund, the fund ended the year with a surplus. That surplus will be the source of the funds used to off-set the cost of the four additional no-deduct pay periods.

This will be done in a responsible manner that ensures the Healthcare Fund remains financially sound and well positioned to meet its future obligations.

In fact, we expect to achieve significant savings in healthcare administrative costs in fiscal 2013 in part due to the city's decision to join with Memphis Light Gas & Water to pursue a joint health care administration contract.

I appreciate your hard work and dedication to the City of Memphis.

Sincerely,

A handwritten signature in black ink, appearing to read "A C Wharton, Jr.", is written over a thin, curved line that extends to the right.

Mayor A C Wharton, Jr.