



DANIEL HORRIGAN, MAYOR

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## PRESS RELEASE

### For Immediate Release

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### LEGISLATION TO REDUCE LEGACY COSTS APPROVED BY CITY COUNCIL

**Akron, Ohio, Oct. 24, 2016** – Akron Mayor Dan Horrigan and City Council President Marilyn Keith introduced four pieces of legislation in early September aimed at controlling legacy costs related to the City’s supplemental retiree health care benefit. While City of Akron retirees’ primary health care is provided through OPERS, OP&F and/or Medicare, the City of Akron has for many years provided additional, supplemental health care benefits, at no cost to the retirees or their dependents. However, as health care costs continue to escalate, the City was and is unable continue to provide this supplemental benefit at no cost. The City has investigated this matter and has determined that no other major city in Ohio provides this type of retiree benefit.

The Mayor’s Blue Ribbon Panel identified legacy costs, the majority of which relate to this benefit, to be at \$9 million in 2014. This burden on taxpayers was expected to steeply increase in the next several years if changes were not implemented. Panel members recommended that the City reform this supplemental retiree benefit to protect itself and City employees from significant long-term financial risk.

Mayor Horrigan diligently worked with his administration to investigate options for effectively reducing these costs while remaining fair to retirees, and partnered with President Keith to introduce legislation proposing the following changes:

- Determining to provide a supplemental benefit for employees who are hired on or before December 31, 2016;
- Requiring eligible retirees to contribute toward supplemental benefits at the same rate active, full-time, permanent employees contribute toward their health care benefits—\$30 per month for singles and \$60 per month for families;
- Providing for changes to the supplemental benefit plan that align with changes made to the benefit plan provided to active, full-time, permanent employees; and

- Providing for a spousal surcharge where an eligible retiree whose spouse qualifies for health insurance benefits from his/her own employer and chooses to decline that plan, the City of Akron retiree is required to pay a spousal surcharge to elect to include the spouse on the City's supplemental health care benefits.

After this initial legislation was introduced, Mayor Horrigan listened to feedback from the City's union leadership and responded by introducing alternative legislation, based on a union concept, that would have provided retirees with a stipend in lieu of any supplemental retiree health care benefit. The stipend option, which was withdrawn, would have provided similar financial savings to the City, but would have required retirees to seek out and acquire their own supplemental coverage.

On October 17, City Council passed the first phase of the plan—offering this supplemental benefit to only persons hired on or before December 31, 2016. Tonight, City Council passed the remaining three ordinances to implement Mayor Horrigan and President Keith's original proposal to reign in legacy costs.

“This was the most responsible course of action the City could take,” Council President Keith said Monday. “Retirees will not be losing any benefits with these changes. Instead, these reasonable cost-saving measures will reduce costs to taxpayers and put retirees on fair footing with current employees. It made perfect sense to me.”

“It is one of our greatest responsibilities as City leaders to ensure that our City will be on solid financial footing, now and into the future,” Mayor Horrigan said. “I deeply value the service of our current and retired employees and weigh that against the needs and costs placed on all City residents. Based on the findings of the Blue Ribbon Panel and the data provided by our consultants, I knew that doing nothing was not an option. I'm pleased that the members of City Council appreciated the reasonableness and necessity of these changes, and investigated and implemented them with due diligence. As we move forward, I will continue to find responsible, resourceful, and efficient ways to update our policies and practices in order to safeguard taxpayer dollars while ensuring the ongoing financial health and welfare of our City for this and future generations.”

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*City retirees should look for detailed communication from the City's Human Resources Department in the coming weeks with additional information on the how these changes will be implemented, and should contact the Employee Benefits Office of the Human Resources Department at (330) 375-2700 with any questions.*

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