



City of Cleveland **Memorandum**

Justin M. Bibb, Mayor

TO: Mark Griffin
Director of Law

FROM: Matthew J. Cole 
Director of Human Resources

DATE: 05/18/26

Re: Request for Legislation (Introduction)- Lifestyle Spending Account Program

Department of Human Resources/Legislative Summary

The Department of Human Resources (DHR), through its director, requests authorization to enter into one or more professional service contracts to develop and implement a city-wide Lifestyle Spending Account Program.

This will be an employer-funded, post-tax account program designed to support the diverse well-being needs of the City of Cleveland's workforce. This program will enhance our current benefits package, assist in the recruitment and retention of employee talent, and empower employees with greater autonomy over their well-being decisions.

Purpose

The establishment of a city-wide Lifestyle Spending Account Program is a strategic priority to continuing the modernization of employee benefits. This initiative will be a key to demonstrating the City's commitment to employee well-being while supporting recruitment and retention efforts.

The program aligns with the city's strategic goals, aiming to create a culture of well-being, development, and shared accountability that inspires confidence in the city's leadership's commitment to the workforce.

Program Description

The Lifestyle Spending Account (LSA) is a flexible, employer-funded benefit that lets employees tailor their well-being investments to promote health, financial security, emotional resilience, intellectual growth, and environmental comfort. This program enhances employee satisfaction and supports equitable access across all departments, aligning with citywide goals.

Justification

The LSA program supports workforce needs by promoting health, reducing stress, and improving well-being. At the same time, its fixed-cost structure ensures fiscal responsibility and budget predictability, thereby minimizing financial risk for the city. Some key components include, but are not limited to:

* **Employer-Funded:** Employers determine the amount allocated to each employee's LSA, typically on an annual or per-pay-period basis.

* **Post-Tax Benefit:** Unlike Flexible Spending Accounts (FSA) or Health Savings Accounts (HSA), LSA funds are typically treated as taxable income.

* **Flexible reimbursement options:** LSAs can cover a wide range of expenses, depending on the employer's plan design. Applicable expenses will fall within the City's Wellness Works Program's five dimensions of well-being including:

- **Physical Well-Being:** Fitness memberships, exercise programs, nutrition services
- **Financial Well-Being:** Financial counseling, retirement planning, budgeting tools
- **Emotional Well-Being:** Mental health services, stress management, mindfulness programs
- **Intellectual Well-Being:** Professional development, certifications, educational courses
- **Environmental Well-Being:** Ergonomic equipment, sustainable commuting supports

Current Vendors: This is a new project.

Contract Terms: Initial one (one) year, with two one-year options to renew.

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