



Retirement and Employee Benefits

"Whether relaxing on the park swings or meeting friends for a glass of wine, I choose to be part of downtown's revitalized community."

Regina Mays & Bailey
HAMPTON RESIDENT



15. Retirement and Employee Benefits

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This section includes the various benefits, along with an explanation of those benefits, funded by the City for its employees.





Retirement and Employee Benefits Fiscal Years 2020-2023

The Retirement and Employee Benefits budget houses the initial appropriation for all compensation increases and specialized incentives. Funding is transferred as needed to respective General Fund departments during the fiscal year. This budget also funds the City's share of employee benefit costs.

The total budget for this department is \$58,980,318 which funds the following benefits:

	2020 Actual	2021 Actual	2022 Budget	2022 Adjusted	2023 Budget	Increase/ (Decrease)
Personnel Services [Compensation]						
Accrued Payroll	758,623	497,884	1,150,000	1,150,000	1,150,000	0
Compensation	560,921	1,902,717	7,387,266	3,376,115	12,174,585	8,798,470
Separation Leave Pay	845,815	1,325,606	966,000	966,000	966,000	0
Operating Expenses [Fringe Benefits]						
FICA (social security) Contribution	5,984,573	6,032,035	6,600,000	6,600,000	6,600,000	0
Group Life Insurance	889,512	934,352	1,089,000	1,089,000	1,089,000	0
Hampton Employees Retirement System ("HERS")	2,163,240	1,757,199	2,492,000	2,492,000	2,492,000	0
Hospitalization Insurance	12,344,491	12,628,858	14,370,921	14,370,921	14,784,051	413,130
Law Enforcement Officer ("LEO") Retirement Supplement	0	0	880,000	880,000	880,000	0
Line of Duty Pay	570,143	640,163	690,000	690,000	690,000	0
Medicare Advantage Plan	581,933	281,248	500,000	500,000	500,000	0
Other Fringe Benefits	39,315	38,841	46,900	46,900	46,900	0
Unemployment Insurance	60,609	231,382	220,000	220,000	220,000	0
Virginia Retirement System ("VRS")	9,889,084	10,532,285	14,630,000	14,630,000	14,630,000	0
VRS Hybrid Plan – Disability Program	47,396	41,620	102,953	102,953	102,953	0
VRS Hybrid Plan – Contribution/ Match	1,582,303	2,104,880	0	0	0	0
WageWorks – Flexible Spending Accounts	10,598	10,833	10,523	10,523	10,523	0
Worker's Compensation Insurance	2,300,859	2,114,194	2,480,859	2,480,859	2,644,306	163,447
Total	38,629,415	41,074,095	53,616,422	49,605,271	58,980,318	9,375,047

Budget Note:

The increase in this budget is attributed to the following compensation-specific components: (1) A 5-7% salary increase (including compression adjustments) for permanent full-time ("PFT"); permanent part-time ("PPT"); and, when actually employed ("WAE") employees. (2) Range adjustments for positions below market. (3) Adjustments for increased minimum wage. (4) Adjustments for market-based pay range recalculations. (5) Continuation of the Citizen Satisfaction Bonus ("Bonus"), based on the most recent citizen satisfaction survey of employee work performance, for qualifying employees who meet certain tenure criteria; and (6) Performance-based bonus to provide a means to recognize top performers.



Accrued Payroll: The City pays its employees on a bi-weekly basis during the fiscal year which begins July 1st and ends June 30th. For General Fund departments, any paydays within the first pay period of the fiscal year that relate to the month of June are (accrued) charged back to the closing fiscal year. The total amount accrued is charged against these budgeted funds instead of the individual department's personnel services category. This satisfies the principles of the modified accrual basis of accounting that is utilized by the City.

Compensation: This budgeted line-item account houses the funds approved by Council for any compensation increases, including specialized incentives.

Hampton Employees Retirement System ("HERS") Contribution: HERS is a City provided retirement plan that was designed to supplement the retirement of those City employees eligible for participation in the Virginia Supplemental Retirement System ("VRS"). HERS covers all full-time salaried employees who were first hired prior to July 1, 1984. The City is required to contribute an actuarially determined amount.

Hospitalization Insurance (Self-Insured): The City offers one medical plan through Optima Health to all eligible, active employees. This plan is supported by the City and its subscribers. Eligible retirees have coverage through Aetna Medicare Advantage Plan. Both vision and dental plans continue to be offered by the City to its eligible employees and retirees; however, all premiums are paid in full by the enrollee through payroll deductions. The City does not budget funds for the vision and dental plan.

Law Enforcement Officers ("LEOs") Supplemental Retirement: The City contributes to an additional retirement supplement for all eligible, hazardous-duty service. The average retirement supplemental multiplier for public service employees is 1.7%. The LEOs multiplier adds another .15% for a total retirement multiplier of 1.85%. This is in addition to the standard supplemental pay.

Life Insurance: All eligible, permanent full-time employees are automatically covered, from the first day of employment, under the basic group life insurance program for VRS members and retirees. The premium costs are calculated as a percentage of the employee's annual salary. The group life insurance rate is approved by the Virginia Governor and General Assembly.

Line of Duty Pay: According to the Virginia Code 9.1-400, the Line of Duty Pay (LODA) applies to any first responder or public safety employee who dies or becomes disabled in the line of duty. The plan, which is a component of the Virginia Retirement System, will provide death benefits and continued health insurance coverage to disabled persons, their spouses, dependents and surviving spouse and dependents of deceased law enforcement officers and firefighters. VRS has created a fund for payment of the program benefits. The City is mandated by the State to make contributions to this plan on behalf of its public safety employees.

Other Fringe Benefits: Miscellaneous fringe benefits, such as deferred compensation, are included in the compensation package for the City Council appointed positions (City Manager, City Attorney and Municipal Clerk).

Separation Leave Pay: Employees who retire or separate from employment with the City are entitled to receive payment for unused vacation and sick leave. According to the City's Personnel Policies Manual, active employees who are eligible for separation benefits have an established maximum number of hours that can be paid out. For retirees, unused sick leave is paid based on an hourly rate equivalent to one-half of the employee's annual salary. For both separating and retiring employees, vacation leave is paid based on the employee's hourly rate on the date of separation up to the allowed maximum accrual payout. Refer to the Personnel Policies Manual for detailed information.



Social Security (FICA): This is the employer portion of the Medicare tax obligations for all paid employees. Contributions are calculated utilizing the combined rate for Social Security and Medicare (7.65%) applied to a predetermined wage base.

Unemployment Insurance: The City pays unemployment tax on the first \$8,000 of wages earned for each employee during a calendar year. The percentage rate applied is computed by the Virginia Department of Taxation.

Virginia Retirement System (“VRS”) Contribution: The City of Hampton contributes an actuarially determined amount to VRS which is an agent and cost-sharing multiple-employer defined benefit pension plan. All full-time, salaried employees of the City must participate in the VRS Plan. Members are required, by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their annual reported compensation to VRS.

Worker’s Compensation (Self Insured): The City is exposed to various risks of loss related to torts; theft of, damages to and destruction of assets; error and omissions; injuries to employees and natural disasters. The City has an established Risk Management Fund (in the Internal Service Fund) to account for and finance its uninsured risk of loss along with the cost of providing insurance coverage such as automobile, general liability and workman’s compensation. Since the City is self-insured, this appropriation is essentially a General Fund transfer to the Risk Management Fund to support this self-insured liability of the City.



Fiscal Years 2013-2023			
Fiscal Year	General Wage/ C.O.L.A.	Merit*/ Other	Comments
2013	0.0%	One time merit bonus of \$1,000 for 4/5 rating, \$750 for a rating of 3.	For FY 2013, a one-time (not recurring to base salary) performance bonus contingent upon the performance ratings of eligible employee's annual merit review. A 6% salary adjustment for 5% VRS employee share with the additional 1% to cover for increased taxes.
2014	1.0%	Flat increase of \$1,000 for 4/5 rating; \$750 for a 3 rating. (Added to base salary)	For FY 2014, a 1% cost of living adjustment and a merit adjustment of up to \$1,000 added to base salary.
2015	0.0%	One time merit bonus up to \$1,000 after taxes. \$500 for a merit rating of 3, \$750 for a merit rating of 4, and \$1,000 for a merit rating of 5.	For FY 2015, a recommendation for a one time performance bonus (not recurring to base salary) contingent upon the performance ratings of eligible employee's annual merit review.
2016	3.0%	0.0%	A 3% general wage increase given to all employees along with funding set aside for January 2016 pay scale adjustments.
2017	2.0%	1.0% for compression adjustments and Citizen Satisfaction Bonus	A 3% compensation increase with 2% as a general wage increase (GWI) and 1% for compression to be distributed based on years in position. A "Citizen Satisfaction Bonus" was also awarded, the amount of which is determined by the percentage rate of approval from the citizen satisfaction survey.
2018	2.0%	Citizen Satisfaction Bonus	A 2% general wage increase for permanent full-time (PFT) employees and a "Citizen Satisfaction Bonus," the amount of which is determined by the percentage rate of approval from the citizen satisfaction survey.
2019	2.0%	Citizen Satisfaction Bonus	A 2% general wage increase for permanent full-time (PFT) and permanent part-time (PPT) employees and a "Citizen Satisfaction Bonus," the amount of which is determined by the percentage rate of approval from the citizen satisfaction survey.



Fiscal Years 2013-2023			
Fiscal Year	General Wage/ C.O.L.A.	Merit*/ Other	Comments
2020	3.0%	Citizen Satisfaction Bonus	A 3% general wage increase for permanent full-time (PFT) and permanent part-time (PPT) employees and a "Citizen Satisfaction Bonus," the amount of which is determined by the percentage rate of approval from the citizen satisfaction survey. Pay scale adjustments will also be made to the Equipment Operator position. A signing bonus of \$2,000 will be provided for Police Cadets and Fire and Rescue recruits.
2021	3.0%	Citizen Satisfaction Bonus, Employee Bonus and Minimum Wage/Market Adjustments	A "Citizen Satisfaction Bonus," the amount of which is determined by the percentage rate of approval from the most recent citizen satisfaction survey; an one-time employee bonus; and a 3% general wage increase(GWI) for permanent full-time (PFT), permanent part-time (PPT) and "when actually employed" (WAE) employees along with minimum wage and market adjustments for PPT/WAE positions which was provided mid-year FY21 due to the revenue impact of COVID-19.
2022	3.0%	Citizen Satisfaction Bonus, Compression, Range Adjustments and Minimum Wage/Market Adjustments	A 3% general wage increase for permanent full-time (PFT), permanent part-time (PPT) and when actually employed (WAE) employees; a "Citizen Satisfaction Bonus," the amount of which is determined by the percentage rate of approval from the most recent citizen satisfaction survey; minimum wage/market adjustments and range adjustments for targeted pay scales along with eligibility for one-time performance bonus.



Fiscal Years 2013-2023			
Fiscal Year	General Wage/ C.O.L.A.	Merit*/ Other	Comments
2023	5-7% (including compression adjustments)	Citizen Satisfaction Bonus; Range Adjustments and Minimum Wage/Market Adjustments; and, Merit Bonus	(1) A 5-7% salary increase for permanent full-time ("PFT"); permanent part-time ("PPT"); and, when actually employed ("WAE") employees. (2) Range adjustments for positions below market. (3) Adjustments for increased minimum wage. (4) Adjustments for market-based pay range recalculations. (5) Continuation of the Citizen Satisfaction Bonus ("Bonus"), based on the most recent citizen satisfaction survey of employee work performance, for qualifying employees who meet certain tenure criteria; and (6) Performance-based (merit) bonus to provide a means to recognize top performers.

*Merit represents an average received by all City employees.



Fiscal Years 2013-2023			
	Teachers	Administrators	Classified*
FY13	1.00%	1.00%	1.00%
FY14	6.00%	6.00%	6.00%
FY15	0.00%	0.00%	0.00%
FY16	3.00%	1.00%	Additional \$1/hr. for bus drivers and \$0.80/hr. for bus attendants + 1%
FY17	3.00%	3.00%	3.00%
FY18	2.00%	2.00%	2.00%
FY19	2.00%	2.00%	2.00%
FY20	3.00%	3.00%	3.00%
FY21	2.50%	2.50%	2.50%
FY22	5.00%	5.00%	5.00%
FY23 **	5.00%	5.00%	5.00%

* Classified employees include bus drivers, part-time employees and all other personnel than those who are designated as teachers or administrators.

** For FY23, the Hampton City School's compensation package includes: a 5% compensation increase for full and part-time, excluding flat rate, temporary positions and some part-time teaching positions; teacher salary scale adjustments; additional salary adjustments and supplements for support staff; and an increase minimum wage to \$12.00.

