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For local city workers, leaving can be lucrative

Virginia Beach Sheriff Paul Lanteigne often bragged that he never called in sick during his career.

That record paid off. When Lanteigne retired last year, he cashed out with \$11,760 in unused sick time. Combined with \$30,290 in unused vacation time, Lanteigne's final check from the city topped \$42,000.

Lanteigne's was one of the largest vacation and sick time payouts by South Hampton Roads cities. But he wasn't alone.

Since January 2010, South Hampton Roads cities collectively paid more than \$7.7 million in such payments to departing employees, mostly for unused vacation and sick time. Local government employees generally enjoy more generous vacation and sick time accrual policies than private-sector workers, and they can get hefty payouts when they leave their jobs.

The Virginian-Pilot requested data on payouts from South Hampton Roads cities from Jan. 1 of last year through August of this year. Chesapeake provided data only from April 1 to Aug. 15 of 2011, and the city further declined to provide the names and positions of the employees who received payouts.

The newspaper's analysis found:

Nearly a quarter of Virginia Beach's 675 departing employees walked away with \$10,000 or more in unused leave time.

In the other cities, at least 108 workers got checks of more than \$10,000 in unused leave time. The employees who retired also received taxpayer-funded pensions.

The payouts cost Suffolk, with a workforce of about 1,400 people, \$456,629. Virginia Beach, which employs nearly 5,500 people, paid out nearly \$3.9 million.

Some of the most generous payouts benefited the highest-paid employees, including top managers, fire captains, police lieutenants, and supervisors. Regina V.K. Williams, who resigned as Norfolk's city manager earlier this year, is on track to get one of the top payouts. She'll receive her unused vacation time payment - \$80,388 for more than 780 hours - in January as part of her severance package.

While private employers are consolidating sick and vacation time and limiting the amount of leave workers can collect, governments continue to be more generous with such benefits, said Jeffrey Keefe, a Rutgers University professor.

Keefe's study on compensation for the Economic Policy Institute found that on average, government workers were slightly behind their private-sector counterparts in total compensation. But most companies don't let their employees leave with much accrued time, Keefe said.

"Usually, the private sector wants you to lose it or use it within a certain period of time," Keefe said.

Companies don't want to carry that liability year after year, Keefe said.

Governments may be more concerned about filling positions and rewarding longevity, Keefe said.

Some employees feel that "this is part of my reward for showing up every day," he said.

Across the region, government policies on leave time accrual vary. All the cities cap how much vacation time employees can be paid, mostly from 8.5 to 10 weeks. Most of the cities allow firefighters to accrue more time. Norfolk allows its city manager and attorney to accumulate 20 weeks of vacation.

Sick time policies vary.

Portsmouth doesn't allow employees to cash out on sick time. In Suffolk and Chesapeake, retirees can cash out at up to \$7,500 of sick time. In Virginia Beach, they're paid \$28 a day for an unlimited amount of sick time. And in Norfolk, which has its own retirement system, employees can't cash out, but can use their sick time to boost their pension payments. In all cases, sick time payouts at departure are only upon retirement.

Lanteigne said he didn't use his sick time because he wanted to keep absenteeism low in the Sheriff's Office and tried to set an example. Covering the shifts for employees who are sick can be as costly to the taxpayers, Lanteigne said.

As for the vacation time, after working for the city for decades, that built up, he said.

"The private sector provides a lot of different incentives that the city doesn't," Lanteigne said. "The city may be more generous in the leave payouts, but they aren't as generous in the compensation."

Ronald Keys, Norfolk's former director of emergency preparedness, said that when he knew he was ready to retire, he began saving his leave time. He wanted to enjoy retirement and maintain his lifestyle. Keys said he knew that the leave time payout would provide a cushion.

"I thought it was a really good deal," said Keys, who left with \$24,689 in unused vacation, and now spends his days bicycling. "I think it's a good incentive."

It's one that city governments in Hampton Roads are unlikely to change.

The price of these payouts isn't as burdensome to city budgets as increases in employee health and pension costs, said Neal Menkes, director of fiscal policy at the Virginia Municipal League.

In recent years, localities have frozen salaries, asked employees to pay more for their health insurance and in some cases required new employees to contribute to their retirement, Menkes said.

"They may be reluctant to revisit this policy," he said.

But it is an issue that is gaining attention. In New Jersey, as the fear of layoffs pushed some employees to retire, cities were hit with huge payouts for unused sick and vacation time. Some New Jersey governments were forced to take out loans to make leave payments as employees left with checks that exceeded \$200,000, according to news reports.

New Jersey Gov. Chris Christie tried to end the cash-outs for new employees, arguing that workers who will receive taxpayer-funded pensions shouldn't be permitted to supplement their retirements with unused leave time. New Jersey legislators wanted to cap the sick payouts at \$15,000.

"We should consider ourselves lucky to have sick time available if and when we need it; public employees should merely be thankful if they don't get sick and don't have to use it," Michael Drewniak, a spokesman for the governor, said in an email.

Harry Diezel, a Virginia Beach City Council member and former fire chief, said that as budgets tighten, cities will have to look more closely at whether to adopt a use-it-or-lose-it leave policy. It may be better to reduce these benefits than lay off employees or furlough them, he said.

"The city has been awfully good to the employees," he said. "The whole issue in front of the public and the city is: What should the employee compensation package be?"

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