



RESOLUTION

REQUESTING THE CITY ADMINISTRATION TO PROVIDE THE COUNCIL WITH QUARTERLY REPORTS OF OVERTIME USE AND COMPENSATORY TIME OFF AUTHORIZED BY EACH EXECUTIVE CITY DEPARTMENT.

WHEREAS, the State of Hawaii Employees' Retirement System ("ERS") provides retirement, disability, and survivor benefits for State of Hawaii and City and County of Honolulu ("City") employees; and

WHEREAS, according to the most recent annual actuarial valuation report of the ERS prepared by Gabriel, Roeder, Smith & Company, the ERS's unfunded liability as of June 30, 2020, rose from \$14.074 billion in 2019 to \$14.607 billion in 2020; and

WHEREAS, most, if not all, City executive departments incorporate overtime pay as part of their annual budget requests to the City Council ("Council"); and

WHEREAS, the use of overtime (which for most City executive department employees is compensated at a rate significantly in excess of their base hourly compensation) allows the departments to continue to carry out their duties, particularly when they are understaffed and during emergencies, but also allows the departments' employees to increase their pay and retirement benefits; and

WHEREAS, overtime pay can be very lucrative for City employees in light of the fact that, under Section 88-21.5(b), Hawaii Revised Statutes, as amended, such overtime pay may, at least for those senior employees hired prior to July 1, 2012, be included in the employees' pension calculations, thereby increasing the amount of those employees' overall retirement compensation; and

WHEREAS, for example, in its 2017 Audit of the City's Bulky Item Collection Service within the Department of Environmental Services (Report No. 17-04), the Office of the City Auditor found, among other things, that 153 City employees had received \$1.7 million in overtime pay for bulky and white goods collection during the period from July 2015 to July 2016; and

WHEREAS, the use of overtime, if not appropriately managed, will likely lead to increased short-term City expenses (in terms of increased salary expenditures for the fiscal year during which the overtime is accrued), as well as increased long-term recurring City expenses in the form of higher pension contributions, which in turn will increase the ERS's unfunded liability; and



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WHEREAS, it is the Council's understanding that some executive City departments utilize compensatory time off, in lieu of overtime pay, to compensate City employees for overtime work; and

WHEREAS, the Council also understands that some executive City departments allow City employees to accumulate substantial amounts of compensatory time off, without any expiration, which may be included in a City employee's pension calculation upon retirement (as part of the City employee's years of service), thereby further increasing the amount of that employee's retirement compensation and the ERS's unfunded liability; and

WHEREAS, accordingly, the Council believes that a quarterly report detailing each executive City department's actual overtime expenditures used relative to the amount of overtime expenditures budgeted for a fiscal year and the compensatory time off accrued by City employees within the department would provide valuable insight to assist the Council in its annual budget review for purposes of containing the City's long-term recurring expenses related to potentially higher pension contributions resulting from such overtime hours and compensatory time off accrued by City employees; and

WHEREAS, the Council further believes that such a report would also provide greater transparency to the public with regard to the use of overtime and the accrual of compensatory time off by City employees and further reassure the public that the use of such overtime (and City expenses related to such overtime use) and the accrual of compensatory time off by City employees is just, appropriate, and fiscally responsible; now, therefore,

BE IT RESOLVED by the Council of the City and County of Honolulu that the City Administration is requested to provide the Council with a quarterly report, no later than 10 business days following the end of each fiscal quarter commencing with the second quarter of Fiscal Year 2022, specifying the following for each executive City department for the quarter being reported:

1. The aggregate number of overtime hours used by department employees, and the dollar amount of overtime pay expended relative to the amount that was appropriated for overtime pay for the fiscal year;
2. The reasons for the use of overtime authorized by the department;
3. The aggregate number of hours of compensatory time off accrued and used by department employees; and
4. The reasons for the granting of such compensatory time off; and



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BE IT FINALLY RESOLVED that copies of this resolution be transmitted to the Mayor, the Managing Director, and the Director of Human Resources.

INTRODUCED BY:

Calvin K. King

DATE OF INTRODUCTION:

OCT 27 2021
Honolulu, Hawaii

Councilmembers