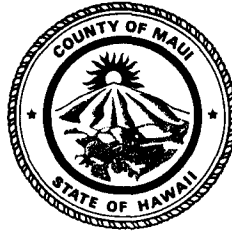


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MEMO TO: Riki Hokama, Chair
Budget and Finance Committee

FROM: Jeffrey Ueoka, Deputy Corporation Counsel *JU*

DATE: April 22, 2016

SUBJECT: **FISCAL YEAR ("FY") 2017 BUDGET** (CC-14) (BF-1)

We are in receipt of your request dated April 19, 2016 regarding the difference between the salary amounts listed in the Fiscal Year 2016 Budget and the amounts reported as actual salaries by the Department of Personnel Services ("DPS") for the Department of the Corporation Counsel. We would like to point out that the DPS report does not show actual expenditures but instead the salary of the individual in the position at the time of the report or if the position is vacant, the entry level salary for the position. Reporting in this fashion has the ability to create the appearance of over budgeting when, during the fiscal year, an individual leaves a position and the position is filled by someone at a lower level on the pay scale. This method of comparison does not take into consideration the salary of the individual in the position at the time the fiscal year budget was adopted which may lead to skewed savings figures in those situations where a higher paid individual leaves a position during the fiscal year and a lower paid individual takes the position, because in order to calculate savings you must take into account the period during the fiscal year where a higher wage was paid for that position.

We took the opportunity to conduct a comparison of the salaries included in the FY16 Budget and the salaries contained in the DPS report. During this exercise in addition to the instances where the salary in the FY16 budget was higher than the salary in the DPS report, we found six instances where the salary amount in the FY16 Budget was less than the salary in the DPS report.

Of these six, five are attributable to collective bargaining adjustments that occurred after the FY16 Budget was adopted, with the sixth being due to a new hire in the department who was hired at a higher level on the pay scale than the person they were replacing due to more years of government service.

The overages in the Clerical Staff salaries during FY16 are primarily due to the numerous retirements and transfers we endured during the fiscal year. The retirements and transfers resulted in a new hires, with a majority of these new hires being hired at a lower level on the pay scale than the individuals they replaced because they were new to government service. Again, the DPS report simply reports the salary of the individual in the position at the time of the report and does not account for the salary of the individual in the position at the time the FY16 budget was adopted.

It has been the Department's practice to budget for each deputy position at the highest salary amount on the pay scale. The reasoning behind this approach is that there is always the potential for vacancy with the deputy corporation counsel positions because of the at-will nature of the employment. In the event of a vacancy, because the salary for each deputy corporation counsel is based on years of licensure as opposed to "steps" based on years of service for civil service positions, it is not uncommon for the vacancy to be filled by a deputy who is at the top of the pay scale.

Currently our office has three vacant positions, the Legal Clerk III, one Deputy Corporation Counsel, and one Safety Specialist II. In the DPS report, all of these positions were reported at the entry level salary, however at the time the FY16 Budget was adopted these positions were filled by individuals at higher levels of the pay scale. The disparity is even greater for the Deputy Corporation Counsel position as the entry level salary listed in the DPS report is twenty percent below the salary for a deputy who has not held a license to practice law for less than one year, which is allowable in the Maui County Code.

As explained above, a majority of the difference between the salaries in the FY16 Budget and the DPS report was due to vacancies and changes in personnel, it is our hope that during FY17 our personnel situation will be more stable and therefore this situation is avoided. For the clerical positions that were filled during FY16 the FY17 salary amounts in the proposed budget have been adjusted to reflect the salaries of the individuals currently in the positions. For the vacant positions, the FY17 salary amounts in the proposed budget are being maintained at the level of the individual who vacated the position, taking into account salary increases due to collective bargaining where applicable. This is not to say that the new hire will be hired at the higher level of the pay scale, but we would like to have that capability in the event a qualified candidate is available.


Riki Hokama, Chair
Budget and Finance Committee
April 22, 2016
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We hope this has adequately addressed your concerns and please feel free to contact us if you require further clarification or have additional questions.

JTU:lk

APPROVED FOR TRANSMITTAL:



 PATRICK K. WONG
Corporation Counsel
2014-3082

BF-1 CC-14 2016-04-22 Budgeted Salaries for Dept of Corp Coun