

MEMORANDUM

TO: J. William Sanborn, Chair  
Salary Commission

FROM: Glenn Hara, Chair  
Tier Review Committee

DATE: January 8, 2004

SUBJECT: Report on Issues Amending the October 6, 2003 Final Report on the  
Study of a Tiered Compensation System

The following are issues that were sent back to the Tier Review Committee (TRC) for further consideration. The TRC's recommendations follow each issue.

**1. Number of tiers and percentage difference between tiers.**

Recommendation: The TRC, after studying a proposal submitted by Commissioner Joel Nye on the above and reviewing the TRC's initial submittal, recommends that the Salary Commission keep the number of tiers and percentage difference as initially recommended in the October 6, 2003 final report.

Discussion: The TRC reviewed the rating of the various departments that was used as a basis for placing a particular department into the two tiers it originally recommended. The TRC considered the proposal by Commissioner Nye but decided to retain the two-tier system originally proposed because it did not appear that Mr. Nye's proposal applied the criteria used by the TRC to rate the various departments, and it also did not appear that there was much advantage to be gained by creating a third (lower) tier.

An additional consideration in retaining the two-tier system was Council Chair Arakaki's concern that the Legislative Auditor's and County Clerk's offices retain some parity with the other executive departments. Given the current ratings, the Legislative Auditor and County Clerk would have probably been placed in the third lowest tier given their current ratings given to them by the TRC.

**2. Phase-in of any suggested pay increases.**

Recommendation: Upon approval of a pay schedule, the TRC recommends phasing in the salary increases over a two-year period by granting 50% of the salary increase effective on the first day of the month following the date of the approval and the other 50% one year from that date.

Discussion: The TRC considered the comments of the Mayor's office concerning staggering any proposed pay increases by the Commission. The TRC felt, however, that spreading the increase over five years would not result in the salaries for the department heads and deputies coming to a level where it lagged to what it should properly be.

The TRC considered the adoption of the pay increase plan by the Commission in 2002. The first pay increase of the plan was implemented in 2002 and projected pay increases for 2003 and 2004. The 2003 pay increase was tabled by the Commission to allow the Commission to study a tiered system. The TRC decided that implementing any pay increases proposed under the tiered system by having 50% of the increase at adoption and 50% one year later was consistent with the plan adopted in 2002.

**3. Movement along the steps on the pay table.**

Recommendation: The TRC recommends that all department heads, except for Police, Fire, and Public Works, start at Step A. Step increases should occur every two years from the anniversary of appointment.

Discussion: The current schedule with five steps should accommodate most appointments, which generally terminate with a change of administration. It was recognized that department heads appointed by commissions may have a longer appointment longevity but that pending the study recommended in paragraph 4 below, the commission appointees would be placed on the tiered system.

**4. Consideration for treating Police, Fire, Civil Service, and Liquor on separate "career track" schedules.**

Recommendation: (A) The TRC recommends that with the adoption of the tiered system and the proposed pay schedule, the above commission-appointed department heads receive salary increases along with the other department heads (note that pay adjustments were already given to Police Chief and Fire Chief); however, a committee of the Salary Commission should be established to study a separate pay schedule(s) recognizing longevity and career-track issues for these department heads for future implementation.

The TRC suggests that a joint committee be established for this purpose, consisting of a representative from each of the commissions to serve on the joint committee.

(B) The TRC also recommends that the Salary Commissioners appointed to this joint committee be charged by the Salary Commission to study Hawaii County Council salaries.

Discussion: The TRC recognizes that the salary of directors of departments appointed by the commissions could be affected by considerations other than those who serve at the pleasure of the Mayor. The Charter also recognizes this by stating that the Salary Commission should consult with the commissions. Holding up any salary increases of the commission appointees while the matter is being studied and while other department heads receive a salary increase, would not, however, in the view of the TRC, be equitable.

Updated information incorporating the TRC's recommendations are attached for your review, as well as additional information which may be helpful to the Commission's study of the matter.

On Attachment 1, please note that there may be technical corrections to those figures due to payroll adjustments of rounding off to whole numbers for monthly salary calculations.

attachments