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IN REPLY REFER TO:

March 8, 2012

S.C.R. NO. 34

**REQUESTING THE AUDITOR TO CONDUCT AN AUDIT OF STATE DEPARTMENTS
WITH HIGH RATES OF ADDITIONAL COMPENSATION PAID TO EMPLOYEES.**

SPECIAL COMMITTEE ON ACCOUNTABILITY - 01

The Department of Transportation (DOT) understands the intent of Senate Concurrent Resolution No 34 to request the Auditor to conduct an audit of state departments with high rates of additional compensation paid to employees. The Department would like to offer the following comments regarding overtime (OT) usage and the challenges to reduce the amount of overtime.

The DOT employs 2,153 employees statewide and our core service is to manage and operate transportation facilities 24 hours per day, 7 days a week (24/7). In order to meet the high public demand and/or user requirements, our work often involves working beyond normal work hours. Although overtime is not perceived as a desirable way of doing business, when properly used and managed, it serves as a management tool to achieve our mission efficiently and effectively. Also, Collective Bargaining requires overtime payment be made when an employee works over and above a regular 8 hour work day, 40 hour/week. The departmental level policies are in place with the intent to control overtime by monitoring the excess level of hours (considered 40 hours and above/month) by requiring the Director's approval. Regular overtime taken by employees in the DOT requires approval by the managing authority and managers are therefore required to control the use of overtime (sick leave and compensatory time).

In the period from fiscal year 2009 to 2011 overtime expenditures department-wide decreased from \$9.2 million to \$7.3 million. Overtime hours were reduced as well from 442,689 hours in fiscal year 2009 to 345,659 hours in fiscal year 2011.

Overtime is primarily needed in most cases:

1. In order to address staffing shortages, particularly vacancies. Our 24/7 operations/shift workers confront greater staffing challenges because if someone is on leave, workers are often required to cover the shift either for public health and safety reasons or in the case of Airport Firefighters, staffing requirements are mandated by regulation and the problem is compounded if there are vacancies or positions become vacated with retirement.
2. In order to address the demands of our project deliveries process to ensure no state and federal funds lapse. We have been aggressively moving projects which often require our staff to put in more work hours.
3. In order to address seasonal departmental demands such as preparation of the department's executive budget and time sensitive deadlines of that of the State Legislature.
4. In order to respond to disasters and emergencies that affect the safety of the public. An example is the current weather conditions that are impacting the island of Kauai and Oahu.

Ultimately we are committed to providing the highest level of public service by responding to these types of disasters, emergencies, and other occurrences for the public's health and safety. Therefore, within the DOT, consistently higher occurrences of overtime is found in offices that operate on a 24/7 schedule.

While we realize the State's economic conditions have been challenging, in order for us to balance tough economic conditions we have been putting forth great efforts to fill our vacancies to hopefully alleviate some of the overtime cost.

However, excessive and abusive use of OT inflates budgets that ultimately cost the taxpayer. The Department understands that excessive abuse of overtime in order to increase future retirement pay is a problem that must be addressed. While we are able to monitor general levels of overtime at the departmental level, abuse of sick leave to accumulate more overtime and compensatory time is the responsibility of each manager of each office to monitor and control appropriately. Moving forward, the Department will continue to do its best to manage overtime use while maintaining a high level of service to the public.

The Department thanks you for this opportunity to testify.

