



Annual Overtime Report

Fiscal Year 2017

City of Philadelphia

City Overspends on Overtime for Seventh Consecutive Year

More than Half of City Departments Exceed Overtime Allocations in FY2017

Preliminary reports show that overtime costs for fiscal year 2017 totaled \$160.3 million, \$31 million more than was budgeted for the fiscal year.¹ Thus, the City has once again exceeded its overtime allocation for the seventh consecutive fiscal year. Despite reducing overtime by \$10.5 million over the prior fiscal year, excess overtime pushed total wage costs to an estimated \$1.591 billion—\$25 million more than was budgeted for FY2017.² The reduction in overtime costs achieved in FY2017 may be a result of higher staffing levels across City departments. Therefore, PICA recommends the City continue to closely monitor overtime costs and manage employee staffing levels.

Update on Departments Identified for Overtime Reduction

The City identified seven key departments for overtime reduction in the City's *Five-Year Financial Plan for Fiscal Years 2017-2021*.³ Table 1 lists those seven departments' reduced overtime spending plans for FY2017, and compares them to the preliminary overtime totals. Two of the seven departments (Public Property and Police) stayed within those reduced overtime spending plans. Four departments (Streets, Public Property, Parks & Recreation, and Fire) succeeded in reducing their overtime costs as compared to FY2016. Collectively, the seven departments spent 105 percent of their plan estimates, and 122.9 percent of their approved overtime allocations.

These seven departments combined to spend \$142.6 million, representing the majority of overtime spending in FY2017. As also shown in the Table 1, and illustrated in Figures 1 and 2, five of the seven departments exceeded their own overtime spending estimates, two of which (Streets and Fire) exceeded their overtime spending estimates by over \$5 million each. In addition, three departments (Free Library, Streets, and Parks & Recreation) spent more than 150 percent of their approved overtime allocations. It should be also be noted that the Police Department's overtime spending estimate was significantly higher than their approved overtime allocation.

There are numerous challenges to achieving reductions in overtime spending. First, Figure 3 shows that overtime spending varies from quarter to quarter, with some significant fluctuations. While the City cites seasonality as a challenge to projecting overtime, there is no consistent pattern from which to project overtime spending. Thus the City should focus on year-over-year historical data, while more closely monitoring departments which traditionally see seasonal spikes in overtime, to more accurately budget future overtime spending.

¹ City of Philadelphia Quarterly City Managers Report for the Period Ending June 31, 2017.

² City of Philadelphia, Five Year Financial Plan for Fiscal Years 2018-2022, as adopted by City Council on June 19, 2017, page 13: <http://www.picapa.org/wp-content/uploads/2012/10/FY18-22-Five-Year-Plan-Adopted-1.pdf>.

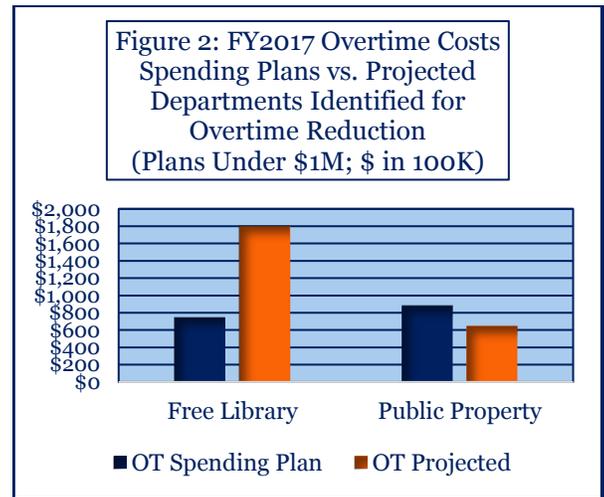
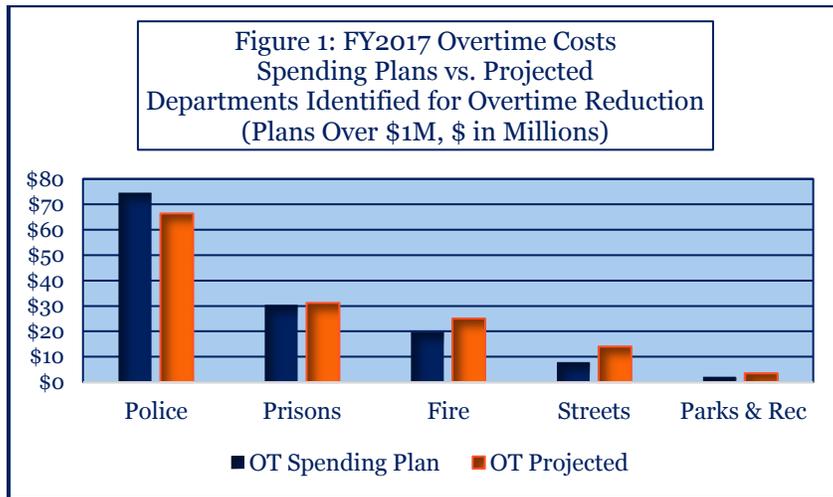
³ City of Philadelphia, Five Year Financial and Strategic Plan for Fiscal Years 2017-2021, as proposed by the Mayor on March 3, 2016, page 9: <http://www.picapa.org/wp-content/uploads/2012/10/FY17-FY21-Plan-Mayoral-Proposal.pdf>.

**Table 1: FY2017 Overtime Costs
Spending Plans vs. Projected Spending Totals
Departments Identified for Overtime Reduction**

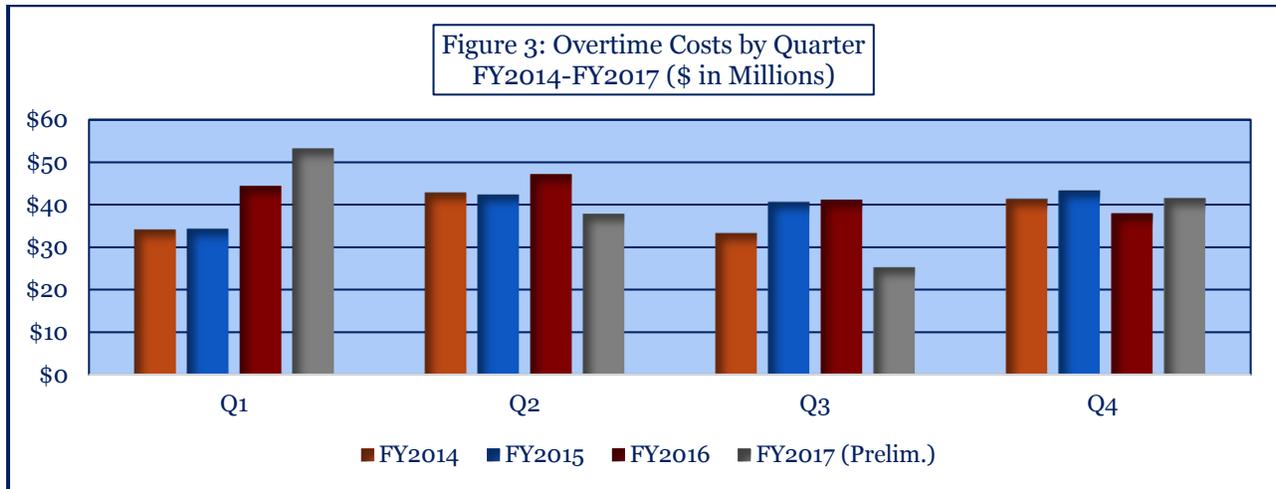
Department	OT Spending Plan	Projected OT Spending Totals	Under/ (Over)	FY2017 OT Allocation	% of FY2017 OT Allocation Spent
Streets*	\$7,991,931	\$13,950,000	(\$5,958,069)	\$7,816,801	128.5
Fire*	19,825,714	25,125,000	(5,299,286)	19,825,714	126.7
Free Library	743,227	1,765,000	(1,021,773)	743,227	237.5
Parks & Rec	2,230,000	3,530,000	(1,300,000)	2,221,185	158.9
Prisons	30,443,075	31,200,000	(756,925)	31,100,000	100.3
Public Property*	880,929	650,643	(230,286)	650,643	100.0
Police	74,548,408	66,385,000	(8,163,408)	53,657,408	123.7
Totals	\$136,663,284	\$142,605,643	(\$5,942,359)	\$116,014,978	--
Percent of OT Spent		105.0%			122.9%

*Reduced overtime spending as compared to FY2016.

Second, certain departments, such as Police, faced unique challenges to reducing overtime throughout FY2017. National events such as the Democratic National Convention in the first quarter and the National Football League Draft in the fourth quarter extended Police overtime spending beyond what was allocated. Additionally, the City reported spending almost \$3 million in overtime in the third quarter, as a result of public safety efforts during protests in the weeks following the Presidential Inauguration.⁴ While the City’s increased role as host for national events should always be considered when budgeting overtime, these challenges could explain spikes in overtime within certain departments throughout the fiscal year.



⁴ Claire Sasko, “Report: Trump Protests Cost Philly Almost \$3M,” *Philly.com*, February 7, 2017: <http://www.phillymag.com/news/2017/02/07/trump-protests-cost-philly/#2g55uvJPVr8vBoA7.9q>; “Philly Police OT Soars amid Political Protests, Special Events,” *Philly Voice*, April 6, 2017: <http://www.phillyvoice.com/philly-police-ot-soars-amid-political-protests-special-events/>.



Overview of Overtime Costs—All Departments

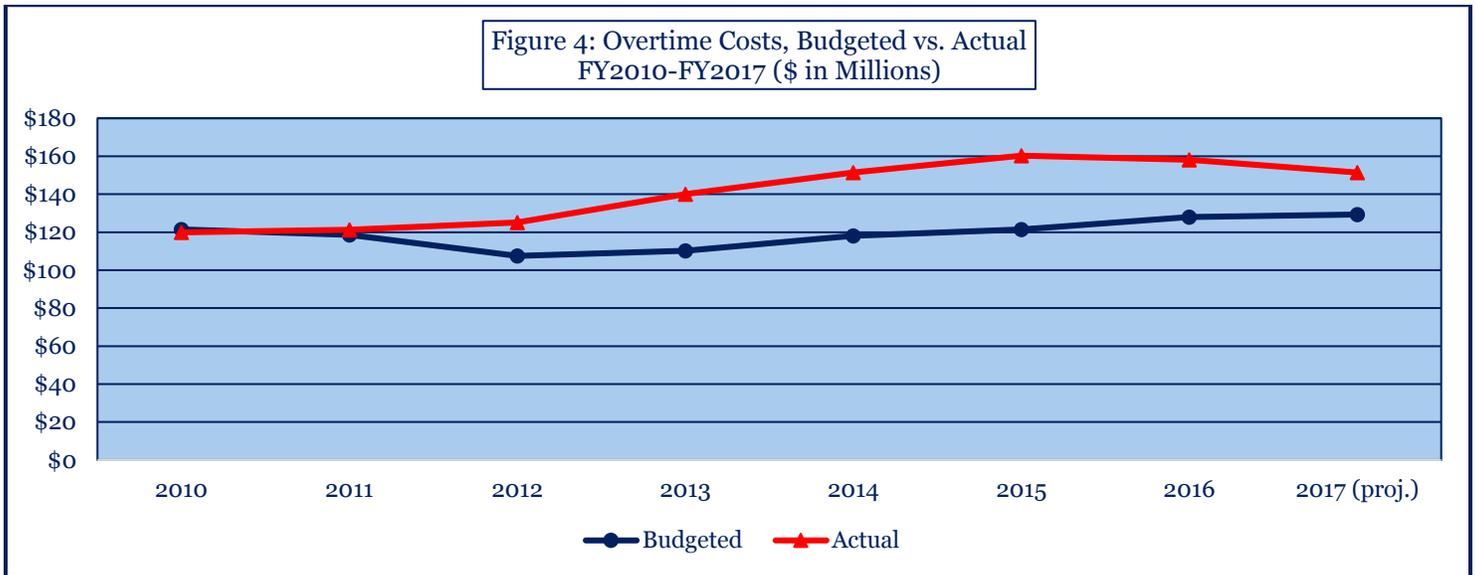
The City allocated \$129.3 million for overtime for all City Departments in FY 2017.⁵ As illustrated in Figure 4, projected overtime spending was \$160.3 million, exceeding the overtime allocation by \$31 million, with 23 departments (see Appendix A) having spent more than their entire overtime allocation.⁶

Six departments—Sheriff, Free Library, City Commissioners, Procurement, Mural Arts, and Behavioral Health—spent more than double their approved overtime allocation. Three additional departments—Streets, Parks & Recreation, and Licenses and Inspections—spent over 150 percent of their allocations. In terms of amounts overspent, three departments—Police, Streets, and Fire spent more than five million dollars over than their approved overtime allocations, with Police exceeding their allocation by the widest margin (\$12.8 million). Two departments—Parks & Recreation and Free Library spent more than one million dollars than allocated for overtime. While facility closings, and seasonal demands, and unexpected protests may explain overtime spending beyond what was planned, the cost overages within these departments in FY2017 represent opportunities for more accurate overtime planning and more realistic, conservative overtime budgeting.

Additionally, the City has under-budgeted for overtime costs in every fiscal year since FY2011, and as illustrated in Figure 4, overtime costs have risen steadily rising from FY2011 to FY2016, with sharp rises over some of those fiscal years. It should be noted, however, that FY2016 to FY2017 represents the first year-to-year reduction in overall overtime costs in consecutive fiscal years since FY2009 to FY2010, signaling a reversal in the trend of rising overtime costs. The reduction in overall overtime costs realized from FY2016 and FY2017 may be the result of the City reaching a more appropriate balance between staffing and use of overtime to cover shifts associated with unfilled positions, a step PICA has recommended in previous reports on the City’s overtime spending.

⁵ City of Philadelphia Quarterly City Managers Report for the Period Ending September 30, 2016, page 29: <http://www.picapa.org/wp-content/uploads/2013/01/QCMR-ending-3-31-17.pdf>.

⁶ Seven departments that incurred overtime costs did not have overtime allocations in FY2017.



Staffing and Leave Usage Analysis

Decreasing overtime costs since FY2015 mirror a concurrent rise in filled full-time positions, from 26,792 positions in the fourth quarter of FY2015 to 27,459 positions in the third quarter of FY2017. While staffing (the percent of filled full-time positions) has been steadily increasing, as a whole, the City’s rate of leave usage (the percent of employee at-work time not available due to sickness, injury, vacation, and other circumstances) has remained at a consistent median rate of 14.2 percent from the fourth quarter of FY2015, to the fourth quarter of FY2017, with slight fluctuations over that period.

Inconsistent staffing levels and leave usage rates within individual departments can make overtime management difficult. As shown in Table 2, some departments that benefitted from high staffing and low leave usage rates stayed within their overtime allocations in FY2017. These departments include the Managing Director, Commerce Department, the Office of Innovation and Technology, and the Office of the Director of Finance—which were all staffed at a rate of 93 percent or higher, while experiencing leave usage at a rate of 13.5 percent or lower. However, the Fire Department, with similar levels of staffing and low leave usage was unable to remain within their overtime allocation, indicating an overly optimistic overtime allocation.

Additionally, some departments were at or near full staffing, but experienced leave usage rates above the average median for FY2017 (14.2 percent), and possibly exceeded their overtime budgets as a result—again, by wide margins in some cases. Examples of those departments include City Commissioners, Police, Free Library, Streets, and Prisons. These departments should make a concerted effort to reduce leave usage as a means of reducing overtime, as leave usage was approximately 20 percent in the Police Department and the Office of the City Commissioners in FY2017.

Table 2: Staffing and Leave Usage vs. Percent of Overtime Budget Spent, FY2017

Department	Percent of Positions Filled	Leave Usage	Percent of OT Budget Spent
High Staffing and Low Leave Usage			
Managing Director	104.7%	11.2%	93.8%
Commerce*	100.0	10.9	74.0
Innovation and Technology	95.6	12.3	77.6
Finance	95.3	13.5	55.1
Fire**	100.0	13.4	126.7
High Staffing and High Leave Usage			
City Commissioners	94.0%	20.0%	331.3%
Police	94.6	19.5	123.7
Free Library	93.1	17.3	237.5
Streets***	94.1	16.8	178.5
Prisons	98.7	16.4	100.3
*Does not include Aviation Division employees. **Includes uniformed and civilian employees. ***Includes Sanitation Division employees.			

As previously mentioned, it is heartening to note the reduction in overall overtime spending from FY2016 to FY2017, yet there are remaining steps the City could take in order to bring overtime spending back within reasonable levels—especially since those overtime funds might be appropriated toward assisting the School District with funding its recent Philadelphia Federation of Teachers contract, or shoring up funding for recently increased fees for the Defender Association. The City could become more fiscally stable if it continues the current downward trend in overall overtime spending.

Conclusion

PICA has monitored the City’s progress in reducing overtime throughout FY2017, and based on preliminary overtime spending totals, the City’s efforts can be viewed as moderately successful. While just four of seven departments identified for overtime

reduction in FY2017 succeeded in reducing overtime costs; the City as a whole has also achieved a reduction in overall overtime spending from FY2016 to FY2017. Total overtime spending was still far beyond what PICA deems reasonable, and more than half of City departments exceeded their overtime allocations in FY2017, yet there is reason to be optimistic over the City’s success in reducing overtime spending overall, and there exists opportunities to learn from departments that did not remain within their overtime budgets.

For example, the City may choose to adjust overtime spending in the future, increasing its allocations for overtime spending within departments that consistently exceed their allocations, while decreasing its projections for overtime spending within departments that consistently finish the fiscal year under budget. Also, the City might better plan for special events, and rely on more fixed staffing totals when projecting overtime spending. Finally, the City could increase its focus on staffing levels and leave usage rates as a means of reducing overtime. Overtime spending should be less of an unknown variable, and should be more accurately projected—bringing overtime spending back to a reasonable, responsible level. PICA will continue to monitor the City’s progress as we track and report on overtime spending in FY2018.

Appendix A: Overtime Costs by Department*
Budgeted vs. Projected Totals
Fiscal Year 2017

Department	Budgeted	Projected	Under / (Over)	Percent of OT Budget Spent
Atwater Kent	\$2,267	\$3,267	(\$1,000)	144.1%
Behavioral Health	3,600	10,000	(6,400)	277.8
Chief Administrative Officer	10,000	6,700	3,300	67.0
City Commissioners	345,806	1,145,806	(800,000)	331.3
City Controller	50,000	13,900	36,100	27.8
City Council	--	36,000	(36,000)	--
City Planning Commission	--	7,300	(7,300)	--
City Representative	--	4,300	(4,300)	--
City Treasurer	--	290	(290)	--
Commerce	1,352	1,000	352	74.0
District Attorney	169,100	101,300	67,800	59.9
Finance	34,475	19,000	15,475	55.1
Fire*	19,825,714	25,125,000	(5,299,286)	126.7
First Judicial District	91,996	6,400	85,596	7.0
Fleet	2,174,957	2,174,957	-	100.0
Free Library*	743,227	1,765,000	(1,021,773)	237.5
Homeless Services	257,167	202,000	55,167	78.5
Human Resources	47,084	50,000	(2,916)	106.2
Human Services	3,082,274	2,432,274	650,000	78.9
Innovation and Technology	856,484	665,000	191,484	77.6
L & I Board of Review	-	1,150	(1,150)	--
L & I Building Standards	-	120	(120)	--
L & I Zoning Board	-	405	(405)	--
Labor	23,604	-	23,604	0.0
Law	5,000	-	5,000	0.0
Licenses & Inspections	845,000	1,565,000	(720,000)	185.2
Managing Director	474,206	445,000	29,206	93.8
Mural Arts	6,798	15,000	(8,202)	220.7
Parks & Recreation*	2,221,185	3,530,000	(1,308,815)	158.9
Police*	\$53,657,408	66,385,000	(12,727,592)	123.7
Prisons*	31,100,000	31,200,000	(100,000)	100.3
Procurement	5,000	29,000	(24,000)	580.0
Property Assessment	50,000	60,000	(10,000)	120.0
Public Health	1,696,929	2,266,000	(569,071)	133.5
Public Property*	650,643	650,643	-	100.0
Records	115,820	110,000	5,820	95.0
Revenue	681,325	600,000	81,325	88.1
Sheriff	2,276,185	5,750,000	(3,473,815)	252.6
Streets*	7,816,801	13,950,000	(6,133,199)	178.5
Totals	\$129,321,407	\$160,326,812	(\$31,005,405)	124.0%

Source: City of Philadelphia Quarterly City Managers Report for the Period Ending June 30, 2017.

Note: General Fund only; Human Services overtime costs transferred from the Grants Fund.

*Departments identified for overtime reduction in FY2017.

Appendix B: Positions Filled and Leave Usage* vs. Overtime Budget Spent FY2017 (Percent)			
Department	Percent of Positions Filled	Leave Usage	Percent of OT Budget Spent
Atwater Kent	100.0%	No Data (%)	144.1%
Behavioral Health	101.6	15.3	275.6
Chief Administrative Officer	89.9	No Data	67.0
City Commissioners	94.0	20.0	331.3
City Controller	92.5	15.8	27.8
City Council	98.6	11.3	N/A
City Planning Commission	92.2	16.6	N/A
City Representative	75.0	No Data	N/A
City Treasurer	87.5	No Data	N/A
Commerce	100.0	10.9	74.0
District Attorney	92.6	9.8	59.9
Finance	95.3	13.5	55.1
Fire	100.0	13.4	126.7
First Judicial District	97.4	No Data	7.0
Fleet	92.9	14.3	100.0
Free Library	93.1	17.3	237.5
Homeless Services	92.0	10.7	78.5
Human Resources	93.1	13.5	106.2
Human Services	93.9	16.6	78.9
Innovation and Technology	95.6	12.3	77.6
L & I Board of Review	100.0	No Data	N/A
L & I Building Standards	100.0	No Data	N/A
L & I Zoning Board	100.0	No Data	N/A
Labor	90.6	No Data	0.0
Law	78.9	14.1	0.0
Licenses & Inspections	82.6	12.3	185.2
Managing Director	104.7	11.3	93.8
Mural Arts	93.2	No Data	220.7
Parks & Recreation	83.5	15.5	158.9
Police	94.6	19.5	123.7
Prisons	98.7	16.4	100.3
Procurement	87.7	13.2	576.7
Property Assessment	89.3	16.7	119.7
Public Health	87.6	15.5	133.5
Public Property	91.7	16.4	100.0
Records	87.7	13.6	95.0
Revenue	90.7	18.2	88.1
Sheriff	90.5	16.7	252.6
Streets	94.1	16.8	178.5

N/A = These departments were not budgeted any overtime in FY2017.
 No Data = No leave usage data available for these departments.
 Notes: Police and Fire includes uniformed and civilian employees; Streets includes Sanitation Division employees, Commerce does not include Aviation Division employees; Revenue does not include Water Revenue employees.

Appendix C: City of Philadelphia Overtime Costs FY2014-FY2017						
Fiscal Year	FY2014	FY2015	FY2016	FY2017		
	Actual	Actual	Actual	Budgeted	Projected	Under / (Over)
Atwater Kent	\$ 2,333	\$2,530	\$2,687	\$2,267	\$3,267	(\$1,000)
Behavioral Health	596	1,005	5,195	3,600	10,000	(6,400)
Chief Administrative Officer	--	--	--	10,000	6,700	3,300
City Commissioners	863,984	916,270	1,041,102	345,806	1,145,806	(800,000)
City Controller	65,036	138,581	66,941	50,000	13,900	36,100
City Council	886	10,351	20,234	--	36,000	(36,000)
City Planning Commission	150	1,055	--	--	7,300	(7,300)
City Representative	2,953	8,737	7,828	--	4,300	(4,300)
City Treasurer	--	--	1,049	--	290	(290)
Commerce	1,850	2,628	1,717	1,352	1,000	352
District Attorney	165,523	211,533	156,060	169,100	101,300	67,800
Finance	38,057	35,786	28,879	34,475	19,000	15,475
Fire*	37,823,121	36,119,936	37,417,517	19,825,714	25,125,000	(5,299,286)
First Judicial District	100,029	104,588	426,210	91,996	6,400	85,596
Fleet	2,902,854	3,027,989	3,253,678	2,174,957	2,174,957	-
Free Library*	1,252,355	1,502,862	1,672,235	743,227	1,765,000	(1,021,773)
Homeless Services	208,385	240,634	302,491	257,167	202,000	55,167
Human Resources	75,485	62,199	58,916	47,084	50,000	(2,916)
Human Services	1,655,062	4,532,830	1,523,769	3,082,274	2,432,274	650,000
Innovation and Technology	633,199	804,969	706,984	856,484	665,000	191,484
L & I Board of Review	377	2,364	1,788	--	1,150	(1,150)
L & I Building Standards	348	417	220	--	120	(120)
L & I Zoning Board	952	984	2,131	--	405	(405)
Labor	6,253	3,289	--	23,604	--	23,604
Law	47	70	99	5,000	--	5,000
Licenses & Inspections	900,347	1,510,382	1,812,827	845,000	1,565,000	(720,000)
Managing Director	651,824	502,416	537,197	474,206	445,000	29,206
Mural Arts	8,218	10,642	13,832	6,798	15,000	(8,202)
Parks & Recreation*	3,459,286	3,047,922	3,538,293	2,221,185	3,530,000	(1,308,815)
Police*	48,719,045	53,258,363	63,967,116	53,657,408	66,385,000	(12,727,592)
Prisons*	31,203,650	30,387,059	29,578,749	31,100,000	31,200,000	(100,000)
Procurement	2,211	9,253	28,309	5,000	29,000	(24,000)
Property Assessment	12,496	43,298	29,129	50,000	60,000	(10,000)
Public Health	2,723,685	2,210,849	2,443,424	1,696,929	2,266,000	(569,071)
Public Property*	914,498	790,708	914,639	650,643	650,643	--
Records	174,304	152,654	230,005	115,820	110,000	5,820
Revenue	525,217	614,697	748,665	681,325	600,000	81,325
Sheriff	3,235,305	4,744,360	5,677,451	2,276,185	5,750,000	(3,473,815)
Streets*	13,176,799	15,326,601	14,565,821	7,816,801	13,950,000	(6,133,199)
Totals	\$151,506,720	\$160,340,826	\$170,783,187	\$129,321,407	\$160,326,812	(\$31,005,405)

*Departments identified for overtime reduction in FY2017.