



Quarterly Overtime Update Fiscal Year 2018 *Second Quarter* City of Philadelphia

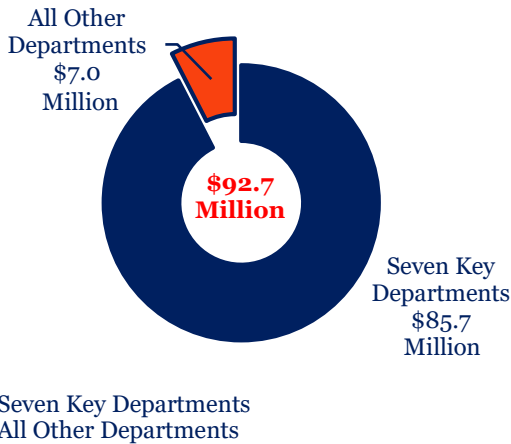
City Spends \$93 Million on Overtime through Second Quarter

Seven Key Departments Account for Over 92% of Overtime Spending

Preliminary reports show that overtime costs through the second quarter of fiscal year 2018 totaled \$92.7 million, or 68.4 percent of the City’s annual overtime allocation, at the midpoint of the fiscal year.¹ Additionally, overtime costs increased over the first half of fiscal year 2017, against a recent downward trend in overtime spending. Seasonal demands may cause fluctuations in overtime spending from quarter to quarter. However, it appears it will be difficult for City departments to remain within their FY2018 overtime appropriations, therefore, City officials must closely monitor and manage overtime spending over remaining half of the fiscal year to keep overtime costs within a reasonable and responsible level.

Overtime Spending Within Key Departments

Figure 1: FY2018 Overtime Costs Through Second Quarter



The City’s most recent *Five Year Financial Plan for Fiscal Years 2018-2022* (“the Plan”), details planned efforts to reduce overtime spending across all departments.² However, the City previously identified seven key departments for overtime reduction (see Table 1), requiring them to submit quarterly overtime spending plans.³ These seven departments represent nearly 90 percent of the City’s FY2018 overtime allocation, and accounted for over 92 percent of overtime spending through the second quarter, as illustrated in Figure 1. Thus, PICA staff have chosen to continue to highlight overtime spending within these seven departments in our quarterly overtime updates, despite not yet receiving requested FY2018 quarterly overtime spending plans for these, or any City departments, at this late point in the fiscal year.

As shown in Table 1, these seven departments combined to spend \$85.7 million in overtime through the second quarter of FY2018, \$2.4 million more than the same period last year—an increase of 2.9 percent. The Police Department achieved a \$3.1 million reduction in overtime in the first half of FY2018; the department cited comparable overtime costs associated with the policing of demonstrations taking place

¹ Departmental Overtime Report for the period of July 1 – December 31, 2017, provided by the Office of the Director of Finance; General Fund only.

² City of Philadelphia, Five Year Financial and Strategic Plan for Fiscal Years 2018-2022, as proposed by the Mayor on March 2, 2017, page 26: <https://beta.phila.gov/media/20170301200611/FY18-22-Five-Year-Plan.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: Overtime Costs Through Second Quarter Seven Key Departments FY2017 vs. FY2018					
Department	Overtime Costs Through Second Quarter FY2017	Overtime Costs Through Second Quarter FY2018	Increase/ (Decrease)	Change	Percent of FY2018 OT Allocation Spent
Fire	\$13,805,730	\$17,040,203	\$3,234,473	23.4%	83.5%
Prisons	15,105,382	16,805,717	1,700,335	11.3	55.9
Streets	6,420,201	7,057,375	637,173	9.9	77.8
Free Library	835,820	838,121	2,302	0.3	95.5
Public Property	396,705	391,168	(5,538)	-1.4	108.2
Parks & Recreation	1,948,381	1,837,380	(111,001)	-5.7	63.9
Police	44,854,126	41,781,203	(3,072,924)	-6.9	72.6
Totals	\$83,366,346	\$85,751,166	\$2,384,820	2.9%	70.7%

in the first half of FY2017.⁴ However, this reduction in overtime costs was more than offset by increases in several other departments, most notably Fire, which saw its overtime costs climb by \$3.2 million in the first half of FY2018—23.4% over the previous fiscal year. The Prisons Department also experienced a significant 11.3% increase in overtime spending.

Despite the modest 2.9 percent increase in overtime costs, the seven departments spent over 70 percent of their combined FY2018 overtime allocations in the first half of the fiscal year, slightly higher than the average for all departments (as shown in Table 1 and Appendix A). Each of the seven departments spent more than half of their allocations, with Public Property already exceeding its allocation for the full year.⁵ Thus, high overtime spending within these departments may be responsible for reversing the recent overtime reductions achieved by the City.

As stated in previous PICA Quarterly Overtime Updates, these seven departments face considerable challenges to overtime management.⁶ In the second quarter, these challenges may have included snow removal and irregular trash and recycling collection affecting Streets Department overtime, due to early-season snowfall. Additionally, both the Fire and Prisons Departments saw staffing levels decline over the past fiscal year.⁷ PICA has previously reported on the relationship between staffing and overtime costs, and will continue to assess how changes in staffing levels can affect overtime spending.⁸

⁴ Claire Sasko, Report: Trump Protests Cost Philly Almost \$3M, Philadelphia Magazine, February 7, 2017:

<http://www.phillymag.com/news/2017/02/07/trump-protests-cost-philly/>.

⁵ Overtime Appropriation Report for FY2018 provided by the Office of the Director of Finance; City of Philadelphia Quarterly City Managers Report for the Period Ending September 30, 2017, page 29 <http://www.picapa.org/wp-content/uploads/2013/01/QCMR-ending-9-30-17.pdf>.

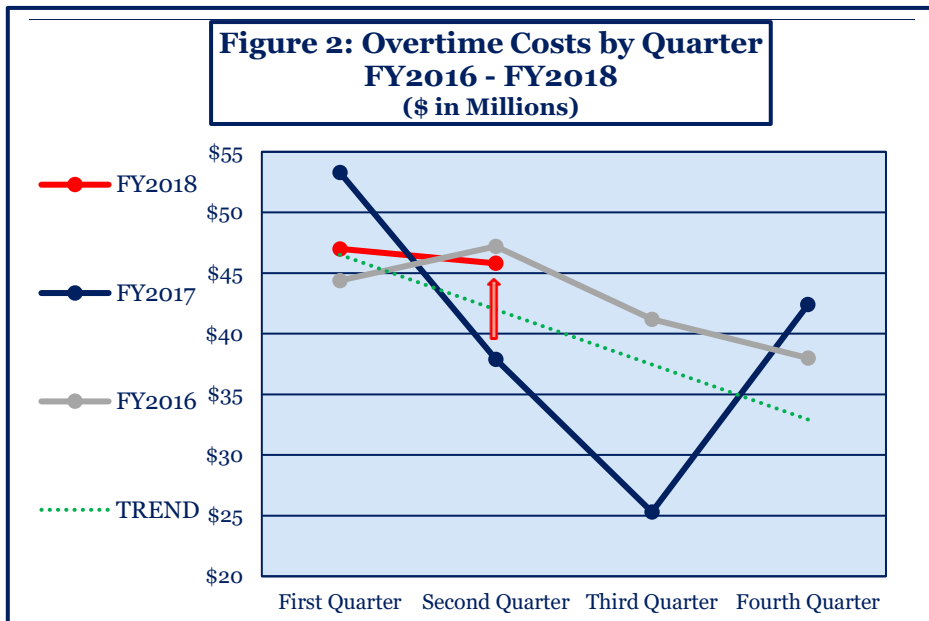
⁶ PICA Quarterly Overtime Update for the First Quarter of Fiscal Year 2017, page 4: <http://www.picapa.org/wp-content/uploads/2016/11/Overtime-Update-Q1FY17-FINAL.pdf>

⁷ Quarterly City Managers Reports show filled full time positions declined by 34 in the Fire Department and by 105 in the Prisons Department, from the first quarter of FY2017 to the first quarter of FY2018.

⁸ PICA Annual Overtime Report for Fiscal Year 2017: <http://www.picapa.org/wp-content/uploads/2016/11/Overtime-Report-Q4FY17-FINAL.pdf>.

Overview of Overtime Costs—All Departments

While City departments recently achieved reductions in overtime costs, second quarter overtime costs were \$45.7 million, almost \$8 million higher than in the second quarter of FY2017. This spike places second quarter overtime spending well above the downward trend begun in FY2016, as illustrated in Figure 2. Additionally, overtime costs were \$1.5 million higher through the first half of FY2018, as compared to the same period last year—an increase of 1.7 percent (see Appendix B).



Of the 37 departments that incurred overtime costs,⁹ 17 departments spent more than half of their FY2018 overtime allocations through the second quarter. Of these 17 departments, five have spent more than their entire allocation for FY2018 (see Appendix B). Additionally, seven departments with no allocations for overtime in FY2018 incurred overtime costs through the second quarter.

As previously stated, City departments combined to spend 68.4 percent of the City’s annual overtime allocation in the first half of FY2018, a figure which mirrors the

City’s overtime spending at the same point in FY2017. In that year, overtime spending pushed City wage costs \$25 million over budget.¹⁰ Thus, departments will need to closely manage overtime in the third and fourth quarter if the City is to reduce overtime costs for the second consecutive year, and avoid exceeding its budget for wages in FY2018.

Conclusion

The City has recently shown progress in reducing overtime costs. However, overtime spending increased in the second quarter of FY2018, following a \$6.3 million reduction in the first quarter, as compared to last year. Seasonal challenges and staff reductions may affect overtime costs on a quarterly basis, but consistent overspending in the first half of the fiscal year places undue pressure on City officials to manage overtime spending over the second half. In the absence of quarterly overtime spending plans, it is difficult for PICA to assess how departments plan to manage overtime over the remainder of the fiscal year, yet PICA staff will continue to monitor the City’s progress in reducing overtime costs and provide quarterly updates on overtime spending.

⁹ City Departments and Offices with no overtime allocations and no overtime spending were omitted.

¹⁰ PICA Annual Overtime Report for Fiscal Year 2017: <http://www.picapa.org/wp-content/uploads/2016/11/Overtime-Report-Q4FY17-FINAL.pdf>.

Appendix A: Overtime Costs Through Second Quarter vs Allocations FY2018*			
Department	FY2018 OT Allocation	Overtime Costs Through Second Quarter FY2018	Percent of FY2018 Allocation Spent
Law	\$100	\$1,254	1253.6%
District Attorney	73,819	113,493	153.7
Mural Arts	13,864	20,349	146.8
Sheriff	2,276,185	2,846,314	125.0
Public Property	361,608	391,168	108.2
Free Library	877,404	838,121	95.5
City Controller	50,000	45,888	91.8
Fire	20,418,337	17,040,203	83.5
Streets	9,075,000	7,057,375	77.8
Police	57,575,000	41,781,203	72.6
Managing Director	397,676	261,943	65.9
Parks & Recreation	2,875,000	1,837,380	63.9
Human Resources	46,902	28,663	61.1
Prisons	30,039,861	16,805,717	55.9
Public Health	2,039,921	1,109,773	54.4
Fleet Management	1,768,574	919,265	52.0
Licenses & Inspections	1,220,825	626,307	51.3
City Commissioners	841,419	400,148	47.6
Behavioral Health	6,000	2,480	41.3
Innovation and Technology	713,873	288,003	40.3
Finance	34,475	13,059	37.9
Chief Administrative Officer	10,000	3,264	32.6
Homeless Services	245,349	73,737	30.1
Records	126,457	35,298	27.9
Revenue	610,000	167,061	27.4
City Representative	7,878	2,019	25.6
Property Assessment	50,000	8,143	16.3
Procurement	35,000	5,268	15.1
First Judicial District	94,840	12,001	12.7
Human Services	3,733,806	-	0.0
City Treasurer	1,000	-	0.0
Planning and Development	-	4,701	NOA
City Council	-	3,211	NOA
Commerce	-	1176	NOA
L & I Board of Review	-	1,356	NOA
Atwater Kent	-	1,206	NOA
Sustainability Office	-	338	NOA
Labor Relations	-	71	NOA
Totals	\$135,620,173	\$92,746,954	68.4%

*General Fund Only; City Departments and Offices with no overtime allocations and no overtime spending were omitted. Figures in red indicate departments spending more than 50 percent of their overtime allocations through the second quarter. NOA indicates department incurred overtime costs without having been allocated any overtime in FY2018.

Appendix B: Overtime Costs Through Second Quarter FY2017 vs. FY2018*				
Department	Overtime Costs Through Second Quarter FY2017	Overtime Costs Through Second Quarter FY2018	Increase/ (Decrease)	Change
Fire	\$13,805,730	\$17,040,203	\$3,234,473	23.4%
Prisons	15,105,382	16,805,717	1,700,335	11.3
Streets	6,420,201	7,057,375	637,173	9.9
District Attorney	37,107	113,493	76,385	205.8
City Controller	4,292	45,888	41,596	969.2
Public Health	1,074,328	1,109,773	35,445	3.3
Managing Director	239,938	261,943	22,006	9.2
Mural Arts	9,069	20,349	11,280	124.4
First Judicial District	2,002	12,001	9,999	499.3
Planning and Development	-	4,701	4,701	-
City Council	621	3,211	2,590	417.0
Free Library	835,820	838,121	2,302	0.3
Law	-	1,254	1,254	-
Commerce	-	1,176	1,176	-
L & I Board of Review	370	1,356	987	267.0
Human Resources	28,137	28,663	526	1.9
Sustainability Office	-	338	338	-
Labor Relations	-	71	71	-
Finance	13,032	13,059	26	0.2
Zoning Board of Adjustment	55	-	(55)	-100.0
L & I Building Standards	117	-	(117)	-100.0
City Treasurer	290	-	(290)	-100.0
Behavioral Health	3,055	2,480	(575)	-18.8
Atwater Kent	1,792	1,206	(586)	-32.7
Chief Administrative Officer	4,225	3,264	(961)	-22.8
City Representative	3,613	2,019	(1,594)	-44.1
City Planning Commission	2,063	-	(2,063)	-100.0
Public Property	396,705	391,168	(5,538)	-1.4
Procurement	16,537	5,268	(11,270)	-68.1
Homeless Services	89,852	73,737	(16,115)	-17.9
Property Assessment	32,211	8,143	(24,068)	-74.7
Revenue	202,906	167,061	(35,844)	-17.7
Records	74,077	35,298	(38,779)	-52.4
Sheriff	2,888,032	2,846,314	(41,718)	-1.4
Innovation and Technology	357,090	288,003	(69,087)	-19.3
Parks & Recreation	1,948,381	1,837,380	(111,001)	-5.7
Licenses & Inspections	793,129	626,307	(166,822)	-21.0
Fleet Management	1,198,426	919,265	(279,162)	-23.3
City Commissioners	768,191	400,148	(368,043)	-47.9
Police	44,854,126	41,781,203	(3,072,924)	-6.9
Totals	\$91,210,902	\$92,746,954	\$1,536,051	1.7%

*General Fund Only; City Departments and Offices with no overtime allocations and no overtime spending were omitted. NOA indicates department incurred overtime costs without having been allocated any overtime in FY2018.