



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

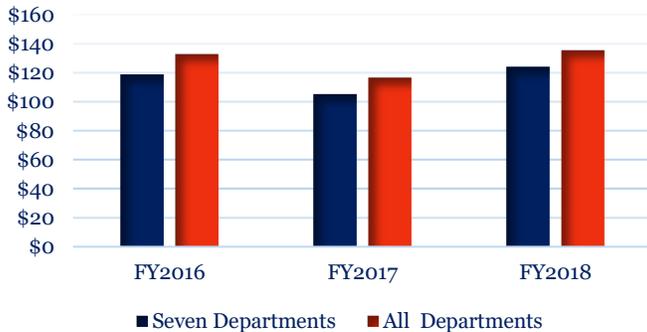
City Spends Entire Overtime Allocation Through Third Quarter

Departments Spent \$19 Million More in FY2018 Than at Same Time Last Year

Preliminary reports show that overtime costs through the third quarter of fiscal year 2018 totaled \$135.4 million, or 99.8 percent of the City’s \$135.6 million annual overtime allocation, with three months remaining in the fiscal year.¹ Additionally, overtime costs increased by \$18.9 million over the first three quarters of fiscal year 2017, after the City had achieved a reduction in overtime spending in that fiscal year. Seasonal demands and special, sometimes unforeseen events may cause fluctuations in overtime spending. However, it appears it will be difficult for City departments to remain within their total FY2018 overtime appropriations, therefore, City officials must closely monitor and manage overtime spending over the final quarter of the fiscal year if overtime costs are to remain within a reasonable and responsible level.

Overtime Spending Within Key Departments

Figure 1: Overtime Costs Through Third Quarter
Seven Key Departments vs. All Departments
FY2016-FY2018



The City’s *Five Year Financial Plan for Fiscal Years 2018-2022* (“the Plan”), detailed 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 almost 92 percent of overtime spending through the third 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 \$124.0 million in overtime through the third quarter of FY2018, \$18.7 million more than the same period last year—an increase of 17.7 percent. Of these seven departments, only the Free Library achieved a reduction in overtime spending of \$42,400, or 3.5 percent. However, this modest reduction was far outpaced by considerable increases in overtime

¹ Departmental Overtime Report for the period of July 1 – March 31, 2017 provided by the Office of the Director of Finance; Overtime Appropriation Report for FY2018 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>.

Department	Overtime Costs Through Third Quarter FY2017	Overtime Costs Through Third Quarter FY2018	Over/ (Under) FY2017	Percent Change From FY2017	Percent of FY2018 OT Allocation Spent
Fire	\$18,307,323	\$25,797,928	\$7,490,605	40.9%	126.3%
Police	50,138,328	56,486,591	6,348,262	12.7	98.1
Prisons	22,844,185	25,811,393	2,967,208	13.0	85.9
Streets	10,047,441	11,819,448	1,772,006	17.6	130.2
Public Property	511,214	622,647	111,433	21.8	172.2
Parks & Recreation	2,278,118	2,310,530	32,412	1.4	80.4
Free Library	1,218,765	1,176,370	(42,395)	-3.5	134.1
Totals	\$105,345,374	\$124,024,906	\$18,679,531	17.7%	118.2%

spending among the six other departments, most notably Fire (\$7.5 million increase), Police (\$6.3 million increase), Prisons (\$3.0 million increase), and Streets (\$1.8 million increase).

In addition, these seven departments spent well over their combined FY2018 overtime allocations through the third quarter of FY2018, at a much higher rate than the average for all departments (as also shown in Table 1 and Appendix A). Four of the seven departments spent more than their entire allocations, with every department spending at least 80 percent.⁴ Thus, high overtime spending within these departments has made it difficult for City departments, as a whole, to remain within the City’s total FY2018 overtime allocation.

As stated in previous PICA Quarterly Overtime Updates, these seven departments face considerable challenges to overtime management.⁵ In the third quarter, these challenges may have included snow removal and irregular trash and recycling collection affecting Streets Department overtime, due to above-average snowfall totals. Additionally, both the Fire and Prisons Departments saw staffing levels decline over the past fiscal year, and the City’s most recent Quarterly City Managers Report notes a shortage in firefighters, EMS staff, and correctional officers.⁶ Finally, Police overtime costs were likely affected by the policing of post-Eagles playoff game and Super Bowl victory celebrations, and the victory parade that followed.⁷ Police overtime as a result of court appearances also continues to strain the Department’s overtime budget.⁸

⁴ 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 December 31, 2017: <http://www.picapa.org/wp-content/uploads/2018/02/QCMR-ending-12-31-17.pdf>.

⁵ 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>

⁶ 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; City of Philadelphia Quarterly City Managers Report for the Period Ending December 31, 2017, page iv: <http://www.picapa.org/wp-content/uploads/2018/02/QCMR-ending-12-31-17.pdf>.

⁷ Schad, Tom, “Who will pay for Eagles’ championship parade?,” *USA Today*, February 8, 2018: <https://www.usatoday.com/story/sports/2018/02/08/who-pay-eagles-championship-parade-cost-super-bowl/310732002/>; some or all of these overtime costs may be reimbursed.

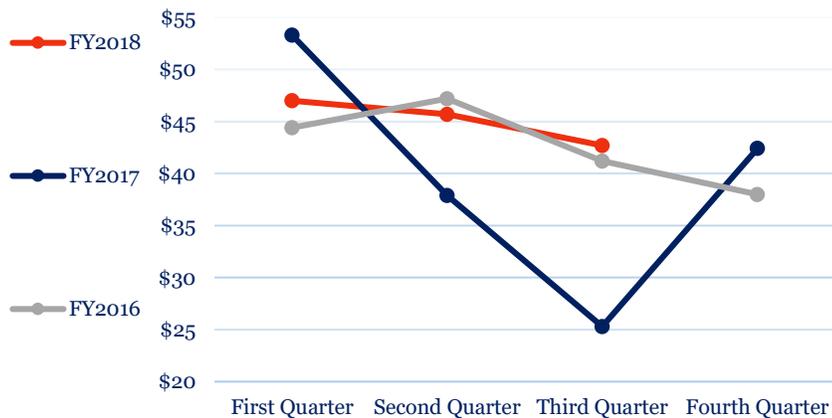
⁸ Vargas, Claudia, and Palmer, Chris, “Philly cops waiting to testify in court cost city millions in OT,” *Philly.com*, April 3, 2018: <http://www.philly.com/philly/news/politics/philadelphia-police-overtime-57-million-waiting-to-testify-in-court-20180403.html>.

PICA has previously reported on the relationship between staffing and overtime costs, and continues to recommend that the City find the appropriate balance between staffing levels and overtime usage.⁹ And whereas special events like Super Bowl parades are difficult to predict, PICA staff recommends that the City budget overtime in the future with the increasing frequency of such events in mind.

Overview of Overtime Costs—All Departments

While City departments achieved a reduction in overtime costs in FY2017, as compared to FY2016, it is possible that FY2018 overtime costs will eclipse the previous two fiscal years—undoing the progress made by the City in FY2017. City overtime costs for the third quarter were \$42.7 million, \$17.4 million higher than for the third quarter of FY2017, and the highest third quarter figure in any of the three fiscal years, as illustrated in Figure 2. As previously mentioned, City departments spent \$18.9 million more through the third quarter FY2018 compared to the same period last year—an increase of 16.2 percent (see Appendix B). Again, this spike in third quarter spending puts the City on pace to exceed FY2016 and FY2017 overtime spending totals, despite having achieved a reduction in total overtime spending last fiscal year.

Figure 2: Overtime Costs by Quarter
FY2016 - FY2018
(\$ in Millions)



In terms of meeting appropriations, eight the 38 departments that incurred overtime costs spent more than their entire FY2018 overtime allocations through the third quarter (see Appendix B).¹⁰ Additionally, seven departments with no allocations for overtime in FY2018 incurred overtime costs. As a whole, City departments spent 99.8 percent of their combined overtime spending allocations through the third quarter, almost guaranteeing that the City will exceed its overtime allocation for FY2018—once again threatening the City’s budget for wages and salaries.¹¹

Conclusion

PICA had hoped the City could continue the progress made in reducing overtime costs in FY2017. However, overtime spending increased for the the second consecutive quarter, following a \$6.3 million reduction in the first quarter, as compared to last fiscal year. Seasonal challenges and staff reductions may affect overtime costs on a quarterly basis, but overspending in the first three quarters of the fiscal year now places undue pressure on City officials to manage overtime spending in the remaining quarter, despite the necessity to maintain service levels and program offerings.

⁹ PICA Annual Overtime Report for Fiscal Year 2017: <http://www.picapa.org/wp-content/uploads/2016/11/Overtime-Report-Q4FY17-FINAL.pdf>.

¹⁰ City Departments and Offices with no overtime allocations and no overtime spending were omitted.

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

One possible explanation for the City’s likely inability to build on its success in reducing FY2017 overtime costs in FY2018 may be the appearance of City officials’ waning emphasis on managing overtime spending. In the mayor’s first *Five Year Financial Plan for FY2017-FY2021*, the administration identified seven key departments for overtime spending reductions, and clearly quantified spending reduction goals, requesting quarterly overtime spending plans and submitting them to PICA.¹² The following *Five Year Financial Plan for FY2018-FY2022* outlined a strategy to reduce overtime overall, calling for quarterly overtime spending plans from all departments.¹³ PICA has not yet received these spending plans, and it is not clear if departments ever submitted them. And in the most recent *Five Year Financial Plan for FY2019-FY2023*, proposed by the mayor on March 1, there is no mention of any initiative aimed at reducing overtime spending; a section on government efficiency in which overtime reduction initiatives were outlined in the previous two plans has been omitted.

It appears that City departments’ success in reducing overtime spending is at least indirectly linked to the emphasis placed on such initiatives by the administration in its five year plans. After the City identified seven key departments for overtime reduction in FY2016, overtime costs decreased in FY2017. When the City called on all departments to reduce overtime spending in FY2017, spending again decreased in the first quarter of FY2018. Yet overtime spending has increased in the most recent two quarters, as the administration proposed a five year plan with no mention of reducing overtime. PICA recommends the City renew its efforts to curb overtime costs, so the recent upward trend in overtime spending may be reversed, and the progress made in reducing overtime spending in FY2017 may be revived.

¹² 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>.

¹³ 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>.

Appendix A: Overtime Costs Through Third Quarter vs. Allocations FY2018*			
Department	FY2018 OT Allocation	Overtime Costs Through Third Quarter FY2018	Percent of FY2018 Allocation Spent
Planning and Development	\$0	\$7,951	NOA
City Council	0	3,428	NOA
Atwater Kent	0	1,760	NOA
L & I Board of Review	0	1,372	NOA
Commerce	0	1,176	NOA
Sustainability	0	495	NOA
Labor	0	71	NOA
Law	100	1,254	1253.6
Sheriff	2,276,185	4,353,413	191.3
Public Property	361,608	622,647	172.2
City Controller	50,000	81,441	162.9
Mural Arts	13,864	21,376	154.2
Free Library	877,404	1,176,370	134.1
Streets	9,075,000	11,819,448	130.2
Fire	20,418,337	25,797,928	126.3
Police	57,575,000	56,486,590	98.1
Managing Director	397,676	354,621	89.2
Fleet Management	1,768,574	1,552,887	87.8
Chief Administrative Officer	10,000	8,734	87.3
Prisons	30,039,861	25,811,393	85.9
Human Resources	46,902	39,028	83.2
Behavioral Health	6,000	4,840	80.7
Public Health	2,039,921	1,641,495	80.5
Parks & Recreation	2,875,000	2,310,530	80.4
Licenses & Inspections	1,220,825	935,318	76.6
Finance	34,475	24,132	70.0
District Attorney	73,819	48,936	66.3
City Commissioners	841,419	490,170	58.3
Innovation and Technology	713,873	386,260	54.1
City Representative	7,878	4,165	52.9
Revenue	610,000	299,718	49.1
Property Assessment	50,000	24,246	48.5
Homeless Services	245,349	111,817	45.6
Records	126,457	56,541	44.7
Human Services	3,733,806	903,120	24.2
First Judicial District	94,840	19,355	20.4
Procurement	35,000	6,695	19.1
City Treasurer	1,000	0	0.0
Totals	\$135,620,173	\$135,410,721	99.8%

*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 100 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 Third Quarter FY2017 vs. FY2018*				
Department	Overtime Costs Through Third Quarter FY2017	Overtime Costs Through Third Quarter FY2018	Over/ (Under) FY2017	Percent Change From FY2017
Fire	\$18,307,323	\$25,797,928	\$7,490,605	40.9%
Police	50,138,328	56,486,590	6,348,261	12.7
Prisons	22,844,185	25,811,393	2,967,208	13.0
Streets	10,047,441	11,819,448	1,772,006	17.6
Human Services	-	903,120	903,120	100.0
Public Property	511,214	622,647	111,433	21.8
City Controller	4,496	81,441	76,945	1711.6
Managing Director	299,587	354,621	55,034	18.4
Sheriff	4,303,919	4,353,413	49,495	1.1
Public Health	1,608,318	1,641,495	33,177	2.1
Parks & Recreation	2,278,118	2,310,530	32,412	1.4
First Judicial District	2,464	19,355	16,890	685.4
Mural Arts	9,670	21,376	11,706	121.1
Finance	15,324	24,132	8,808	57.5
Planning and Development ¹	-	7,951	7,951	100
Chief Administrative Officer	5,181	8,734	3,553	68.6
Human Resources	36,450	39,028	2,578	7.1
Law	-	1,254	1,254	100
Commerce	-	1,176	1,176	100
L & I Board of Review	531	1,372	842	158.7
City Representative	3,613	4,165	552	15.3
Sustainability	-	495	495	100
Labor	-	71	71	100
Zoning Board	80	-	(80)	-100.0
L & I Building Standards	117	-	(117)	-100.0
City Treasurer	290	-	(290)	-100.0
Atwater Kent	2,682	1,760	(922)	-34.4
Behavioral Health	6,687	4,840	(1,847)	-27.6
City Planning Commission ²	3,769	-	(3,769)	-
City Council	14,226	3,428	(10,798)	-75.9
Procurement	21,525	6,695	(14,830)	-68.9
District Attorney	73,190	48,936	(24,255)	-33.1
Records	87,225	56,541	(30,684)	-35.2
Homeless Services	142,729	111,817	(30,912)	-21.7
Property Assessment	56,660	24,246	(32,414)	-57.2
Free Library	1,218,765	1,176,370	(42,395)	-3.5
Fleet Management	1,604,996	1,552,887	(52,108)	-3.2
Revenue	387,658	299,718	(87,940)	-22.7
Innovation and Technology	501,918	386,260	(115,658)	-23.0
Licenses & Inspections	1,136,582	935,318	(201,263)	-17.7
City Commissioners	868,652	490,170	(378,482)	-43.6
Totals	\$ 116,543,912	\$ 135,410,721	\$ 18,866,808	16.2%

*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.
¹ New Department Beginning in FY2018.
² Included in Planning and Development beginning in FY2018.