



Quarterly Overtime Update

Fiscal Year 2019 *Second Quarter*

City of Philadelphia

City Spends \$90 Million On Overtime Through Second Quarter

Overtime Costs 3.5 Percent Less Than at Same Point Last Year

Preliminary reports show that overtime costs through the second quarter (July 1–December 31) of fiscal year 2019 totaled approximately \$89.5 million, compared to almost \$93.0 million over the same period last year—representing a 3.5 percent reduction in overtime spending.¹ Departments with the highest overtime spending totals in FY2018, such as the Police, Prisons, and Streets Departments, managed to decrease overtime costs thus far in FY2019. However, higher spending within the Fire, Sheriff, and Parks and Recreation Departments and the Office of Fleet Management continues to offset these reductions.

Overtime Spending—Key Departments

In PICA’s overtime update for the first quarter of FY2019, staff identified ten key departments to track closely in terms of overtime spending. Each of these departments, listed in Table 1, exceeded their overtime allocations in FY2018, and each has been allocated at least one million dollars for overtime in FY2019. Additionally, these departments spent a combined \$86.7 million on overtime through the second quarter of the fiscal year, accounting for 96.8 percent of total overtime costs for the City. Finally, City officials have stated unique staffing challenges may contribute to these departments’ high overtime costs.

Figure 1: Overtime Costs Through Second Quarter Key Departments, Allocations Over \$10 Million (\$ in Millions)

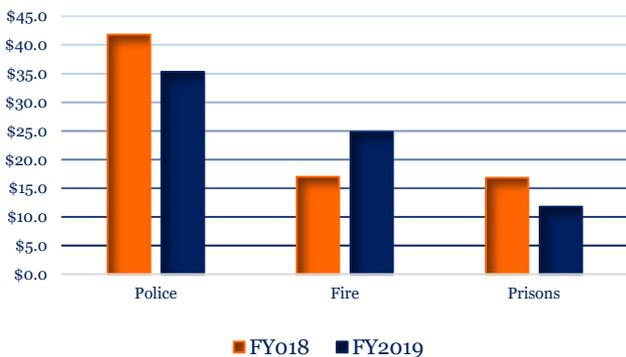
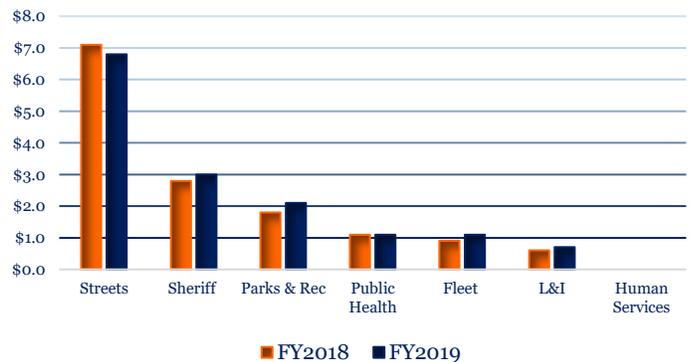


Figure 2: Overtime Costs Through Second Quarter Key Departments, Allocations Under \$10 Million (\$ in Millions)



¹ Departmental Overtime Report provided by the Office of the Director of Finance; General Fund only.

**Table 1: Overtime Costs Through the Second Quarter
FY2019 vs. FY2018**

| Department | FY2019 Overtime Costs Through Q2 | FY2018 Overtime Costs Through Q2 | Increase / (Decrease) | Percent Increase / Decrease |
|------------------------|----------------------------------|----------------------------------|-----------------------|-----------------------------|
| Fire | \$24,812,027 | \$17,040,203 | \$7,771,825 | 45.6% |
| Sheriff | 3,040,093 | 2,846,314 | 193,779 | 6.8 |
| Fleet Management | 1,079,343 | 919,265 | 160,078 | 17.4 |
| Parks & Recreation | 2,116,631 | 1,837,380 | 279,251 | 15.2 |
| Licenses & Inspections | 670,780 | 626,307 | 44,473 | 7.1 |
| Human Services* | - | - | - | 0.0 |
| Public Health | 1,094,218 | 1,109,773 | (15,555) | -1.4 |
| Streets | 6,812,628 | 7,057,375 | (244,686) | -3.5 |
| Police | 35,306,205 | 41,781,203 | (6,474,997) | -15.5 |
| Prisons | 11,763,102 | 16,805,717 | (5,042,615) | -30.0 |
| Sub-Totals | \$86,695,027 | \$90,023,535 | (\$3,328,508) | -3.7% |
| All Other Departments | 2,839,559 | 2,723,418 | 116,141 | 4.2 |
| Totals | \$89,534,586 | \$92,746,954 | (\$3,212,368) | -3.5% |

*Much of Human Services' overtime costs are covered by the grants revenue fund; any costs not covered by grants are covered by the General Fund and will be reported in the fourth quarter.

Of these ten departments, one department, the Sheriff, has spent more than its entire allocation for overtime for the fiscal year (133.6 percent) over the first two quarters. Two departments, Fire (87.4 percent) and Parks & Recreation (86.3 percent) have spent more than 80 percent of their allocations. One additional department, Streets (73.3 percent), spent more than 70 percent of its allocation.² Five of the ten departments spent more on overtime through the second quarter of FY2019 compared to the same point last year, as shown in Table 1. They combined for an increase in overtime costs of almost \$8.5 million.

Conversely, the Department of Prisons has spent just 39.2 percent of its overtime allocation

through the second quarter, reducing its overtime costs by over five million dollars as compared to FY2018. Prisons is the only one of the ten departments to spend less than 50 percent of its overtime allocation thus far in FY2019.³ However, four of the ten departments achieved reductions in their overtime spending, combining for an \$11.8 million reduction in overtime costs. As shown in Table 1, City departments, as a whole, managed to reduce overtime spending by \$3.2 million through the second quarter.

Additionally, the Police Department—a unit which consistently overspends its annual overtime allocation—has spent 51.4 percent of its allocation halfway through the fiscal year. For comparison, the Department spent 72.6 percent of its allocation by the same point last year. Whereas the Police Department's overtime allocation was increased in FY2019 based on PICA's recommendation that the City more realistically budget overtime costs—resulting in a lower percentage of its allocation being spent—the Department has managed to reduce overtime spending by almost \$6.5 million. Given that overtime costs for both departments had been steadily rising over the past several fiscal years, these cost reductions represent the City's efforts to curb overtime costs within departments that previously overspent their allocations on a regular basis.

Finally, three departments, Licenses and Inspections, Public Health, and Fleet Management all spent between 50 and 60 percent of their allocations for overtime, similar figures to what was spent by the departments over the same period last year. However, all three departments increased their overtime costs slightly within that 50 – 60 percent range, as of the second quarter.

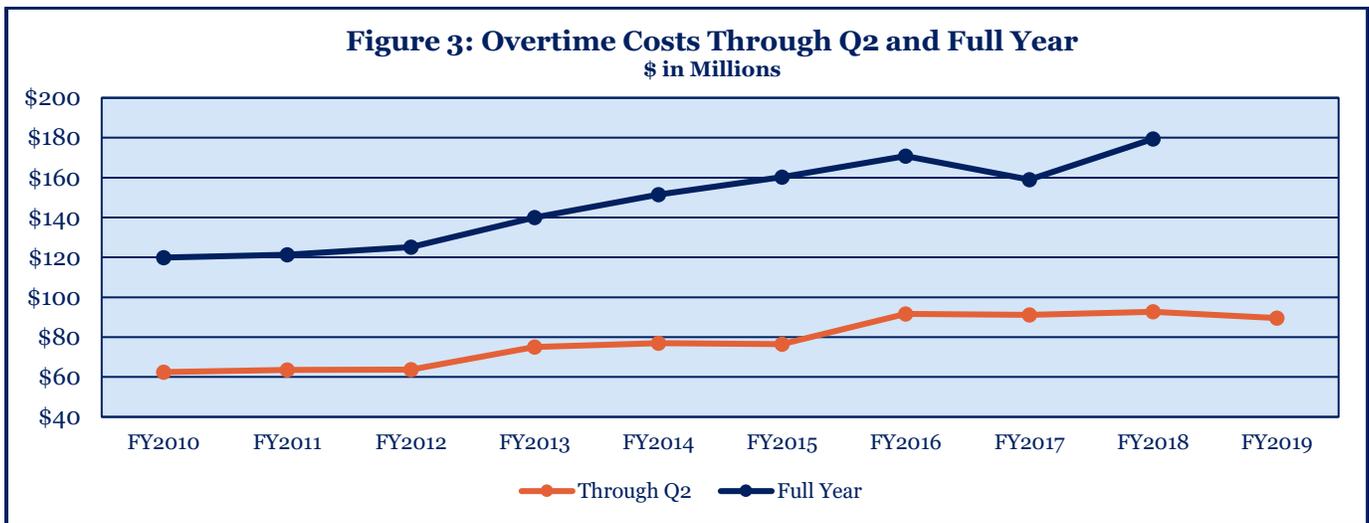
² See Appendix A for a full analysis of overtime costs versus allocations by department.

³ Human Services is yet to incur any General Fund overtime costs in FY2019 and is therefore not included in this analysis.

Overview of Overtime Costs—All Departments

After almost a decade of steadily rising overtime costs, overtime spending dipped through the second quarter of FY2019, as shown in Figure 3. Overtime costs for City departments as a whole totaled \$89.5 million, \$3.2 million less than last year, or a reduction of 3.5 percent, as shown in Appendix B. The Police Department reduced its overtime spending by \$6.5 million, the Prisons Department by \$5.0 million, and the Streets Department by \$244,746.

Further, the First Judicial District and the Licenses and Inspections Board of Review reduced overtime costs by more than 60 percent, the Office of Sustainability and the Procurement Department by more than 50 percent, and Mural Arts, the Office of the City Controller, and the Departments of Revenue and Prisons by 30 percent or more.⁴ While departments with high-percentage reductions in spending do not always represent the highest dollar amount savings, it appears these departments made efforts to reduce overtime spending.



Despite this improvement, it is clear there are steps that still need to be taken to mitigate overtime spending. Of the 38 departments considered for the “All Departments” analysis,⁵ 17 departments increased actual overtime spending in FY2019 as compared to FY2018, while 10 departments spent more than 70 percent of their overtime allocations through the second quarter (see Appendix A and B).

The highest spending department over last year in terms of dollar amounts was the Fire Department, which spent almost \$7.8 million more than the \$17 million it spent last year, the result of low staffing levels and high leave usage.⁶ Other high-spending departments include the Department of Parks and Recreation, which increased spending by \$279,251 over the \$1.8 million it spent last year, and the Sheriff’s Department, which increased spending by \$193,779 over its FY2018 total of \$2.8 million. Additionally, the Office of the Chief Administrative Officer increased its overtime spending by 447.0 percent, the Office of Property Assessment increased by 379.7 percent, and the Department of Planning

⁴ See Appendix B for a full analysis of percent changes in overtime costs from FY2018 to FY2019; only departments with overtime allocations are included in this analysis.

⁵ Only offices and departments with overtime allocations of \$1,000 or more were included in this analysis.

⁶ Overtime memo provided to PICA by the Office of Budget and Program Evaluation.

and Development increased by 104.4 percent. Again, high-percentage increases do not always result in high dollar amount overages in overtime spending, yet they represent the potential for better monitoring and management decisions that might reduce overtime costs across City departments as a whole.

Conclusion

Since PICA began tracking and reporting on overtime costs in FY2015, the City has put a greater emphasis on overtime management, and there have been signs that the decade-long trend of increasing overtime costs may be beginning to be reversed. After six fiscal years of steady rises in overtime spending, from FY2011 to FY2016, the City achieved an \$11 million decrease in FY2017, only to see costs spike again in FY2018 by over \$20 million, compared to the year before. Of course, there are many other factors besides overtime management which determine total annual overtime costs, including instances of winter weather, special events, and political protests or demonstrations.

Halfway through FY2019, severe winter weather events have been rare compared to recent years; there have been no mass special events such as the Papal visit / World Meeting of Families, the NFL Draft, or a championship parade. Combined with the City's renewed emphasis on responsible overtime spending and management, the lack of such overtime drivers could potentially make FY2019 a promising fiscal year for reducing overtime costs, since spending through the second quarter is at its lowest point since FY2016. If City officials maintain their commitment to closely monitor and appropriately manage overtime spending, FY2019 may be the year overtime costs are reduced compared to previous years, marking the start of a downward trend in spending that may continue into the future.

| Appendix A: FY2019 Second Quarter Overtime Costs¹ | | | |
|---------------------------------------------------------------------|-----------------------------|----------------------------------------------|-------------------------------------------|
| Department | FY2019 OT Allocation | Overtime Costs Through Second Quarter | Percent of FY2019 Allocation Spent |
| Chief Administrative Officer | \$10,000 | \$17,853 | 178.5% |
| District Attorney | 100,000 | 171,397 | 171.4 |
| Sheriff | 2,276,187 | 3,040,093 | 133.6 |
| Mural Arts | 13,864 | 13,994 | 100.9 |
| Fire | 28,393,506 | 24,812,027 | 87.4 |
| Parks & Recreation | 2,452,430 | 2,116,630 | 86.3 |
| Property Assessment | 50,000 | 39,058 | 78.1 |
| Managing Director | 360,000 | 267,973 | 74.4 |
| Public Property | 682,160 | 506,640 | 74.3 |
| Streets | 9,298,300 | 6,812,628 | 73.3 |
| City Commissioners | 780,191 | 491,420 | 63.0 |
| Licenses & Inspections | 1,155,385 | 670,779 | 58.1 |
| Sustainability | 248 | 139 | 56.1 |
| Public Health | 1,964,000 | 1,094,217 | 55.7 |
| Free Library | 1,343,781 | 747,232 | 55.6 |
| City Controller | 50,000 | 27,727 | 55.5 |
| Fleet Management | 1,952,606 | 1,079,342 | 55.3 |
| Human Resources | 45,000 | 24,370 | 54.2 |
| Police | 68,626,000 | 35,306,205 | 51.4 |
| Behavioral Health | 6,000 | 2,974 | 49.6 |
| Finance | 34,475 | 16,152 | 46.9 |
| Prisons | 30,039,861 | 11,763,101 | 39.2 |
| Innovation and Technology | 779,300 | 277,843 | 35.7 |
| City Representative | 8,000 | 2,239 | 28.0 |
| Records | 107,333 | 29,997 | 27.9 |
| Supportive Housing | 282,550 | 71,958 | 25.5 |
| Revenue | 505,000 | 109,543 | 21.7 |
| Procurement | 35,000 | 2,563 | 7.3 |
| First Judicial District | 94,840 | 4,660 | 4.9 |
| Human Services | 3,417,347 | - | 0.0 |
| Law | 100 | - | 0.0 |
| City Council | - | 1,758 | NOA |
| L & I Board of Review | - | 527 | NOA |
| City Treasurer | - | 1,923 | NOA |
| Planning and Development | - | 9,608 | NOA |
| Totals | \$154,863,464 | \$89,534,586 | 57.8% |

¹ General Fund Only; City Departments and Offices with no overtime allocations and no overtime spending in FY2019 were omitted.
NOA=No Overtime Allocation in FY2019.

| Appendix B: Overtime Costs Through Second Quarter FY2018 vs FY2019¹ | | | | |
|-------------------------------------------------------------------------------------------|---------------------|----------------------|-----------------------------------------|----------------------------------------|
| Department | FY2018 | FY2019 | Amount Over / (Under) FY2018 | Percent Increase / Decrease |
| Chief Administrative Officer | \$3,264 | \$17,853 | \$14,589 | 447.0% |
| Property Assessment | 8,143 | 39,059 | 30,916 | 379.7 |
| Planning and Development | 4,701 | 9,609 | 4,907 | 104.4 |
| City Treasurer | - | 1,923 | 1,923 | 100.0 |
| District Attorney | 113,493 | 171,397 | 57,905 | 51.0 |
| Fire | 17,040,203 | 24,812,027 | 7,771,825 | 45.6 |
| Public Property | 391,168 | 506,641 | 115,473 | 29.5 |
| Finance | 13,059 | 16,152 | 3,093 | 23.7 |
| City Commissioners | 400,148 | 491,421 | 91,273 | 22.8 |
| Behavioral Health | 2,480 | 2,974 | 494 | 19.9 |
| Fleet Management | 919,265 | 1,079,343 | 160,078 | 17.4 |
| Parks & Recreation | 1,837,380 | 2,116,631 | 279,251 | 15.2 |
| City Representative | 2,019 | 2,239 | 220 | 10.9 |
| Licenses & Inspections | 626,307 | 670,780 | 44,473 | 7.1 |
| Sheriff | 2,846,314 | 3,040,093 | 193,779 | 6.8 |
| Managing Director | 261,943 | 267,974 | 6,030 | 2.3 |
| Human Services | - | - | - | 0.0 |
| Public Health | 1,109,773 | 1,094,218 | (15,555) | -1.4 |
| Supportive Housing | 73,737 | 71,959 | (1,778) | -2.4 |
| Streets | 7,057,375 | 6,812,628 | (244,746) | -3.5 |
| Innovation and Technology | 288,003 | 277,843 | (10,160) | -3.5 |
| Free Library | 838,121 | 747,233 | (90,889) | -10.8 |
| Human Resources | 28,663 | 24,370 | (4,293) | -15.0% |
| Records | 35,298 | 29,998 | (5,300) | -15.0 |
| Police | 41,781,203 | 35,306,205 | (6,474,997) | -15.5 |
| Prisons | 16,805,717 | 11,763,102 | (5,042,615) | -30.0 |
| Mural Arts | 20,349 | 13,994 | (6,355) | -31.2 |
| Revenue | 167,061 | 109,544 | (57,517) | -34.4 |
| City Controller | 45,888 | 27,728 | (18,160) | -39.6 |
| City Council | 3,211 | 1,758 | (1,453) | -45.2 |
| Procurement | 5,268 | 2,563 | (2,704) | -51.3 |
| Sustainability | 338 | 139 | (198) | -58.8 |
| L & I Board of Review | 1,356 | 527 | (829) | -61.1 |
| First Judicial District | 12,001 | 4,661 | (7,340) | -61.2 |
| Labor | 71 | - | (71) | -100.0 |
| Atwater Kent ² | 1,206 | - | (1,206) | -100.0 |
| Commerce | 1,176 | - | (1,176) | -100.0 |
| Law | 1,254 | - | (1,254) | -100.0 |
| Totals | \$92,746,954 | \$ 89,534,586 | (\$3,212,368) | -3.5% |

¹ General Fund Only; City Departments and Offices with no overtime allocations and no overtime spending in FY2018 and/or FY2019 were omitted.

² Atwater Kent Museum closed due to lack of funding.