



Quarterly Overtime Update

Fiscal Year 2018 *First Quarter*

City of Philadelphia

City Spends \$47 Million in Overtime in First Quarter

Seven Key Departments Responsible for 93 Percent of Spending

Preliminary reports show that overtime costs for the first quarter of fiscal year 2018 totaled \$47 million, or 34.7 percent of the City’s annual overtime allocation, with three quarters remaining.¹ Seasonal demands may cause fluctuations in overtime spending from quarter to quarter. However, City officials must closely monitor and manage overtime spending over the following three quarters to ensure departments remain within their annual overtime allocations.

Overtime Spending Within Key Departments

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 accounted for nearly 90 percent of overtime spending in FY2017, while also representing nearly 90 percent of the City’s FY2018 overtime allocation, as illustrated in Figure 1. Thus, PICA staff has chosen to continue to highlight overtime spending within these departments in our quarterly overtime updates, despite not yet having received requested FY2018 overtime spending plans for these or any City departments. City officials have indicated departmental overtime spending plans will be made available to PICA after the target budget process is complete.

As shown in Table 1, these seven departments combined to spend \$43.5 million in overtime over the first quarter of FY2018, or 35.9 percent of their combined allocations—just over the departmental average for overtime spending over that period. However, the seven departments represent 92.5 percent of total first quarter overtime spending, which is consistent with their first quarter spending in FY2017, as also illustrated in Figure 1. Most notably, Public Property spent over 50 percent of its annual overtime allocation in the first quarter, while the Fire and Streets Departments, and the Free Library, all spent over 40 percent of their allocations. Each of the seven departments spent more than 25 percent of their allocations.

As stated in previous PICA Overtime Updates, these seven departments face considerable challenges to overtime management.⁴ In the first quarter, which includes the summer months, these challenges might include public safety and cleanup measures during special events, affecting overtime costs within the

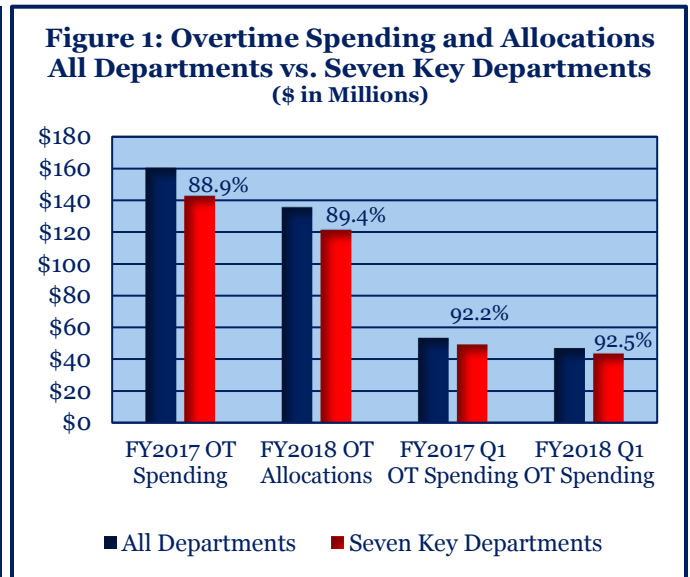
¹ Departmental Overtime Report provided by the Office of the Director of Finance; General Fund only.

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>.

⁴ 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>

Department	FY2018 OT Allocation	First Quarter OT Costs	Percent of FY2018 Allocation Spent
Public Property	\$361,608	\$183,911	50.9%
Fire	20,418,337	8,608,354	42.2
Free Library	877,404	370,671	42.2
Streets	9,075,000	3,793,911	41.8
Parks & Recreation	2,875,000	1,125,398	39.1
Police	57,575,000	21,060,827	36.6
Prisons	30,039,861	8,383,584	27.9
Totals	\$121,222,210	\$43,526,657	35.9%



Police, Fire, and Streets departments.⁵ Additional summer programming facilitated by the Free Library or Parks & Recreation might require an increase in staffing. Yet despite these unique first quarter challenges, it may be difficult for these departments to remain within their FY2018 overtime allocations, as the majority of these departments have already spent more than 40 percent of their allocations in the first quarter.

Overview of Overtime Costs—All Departments

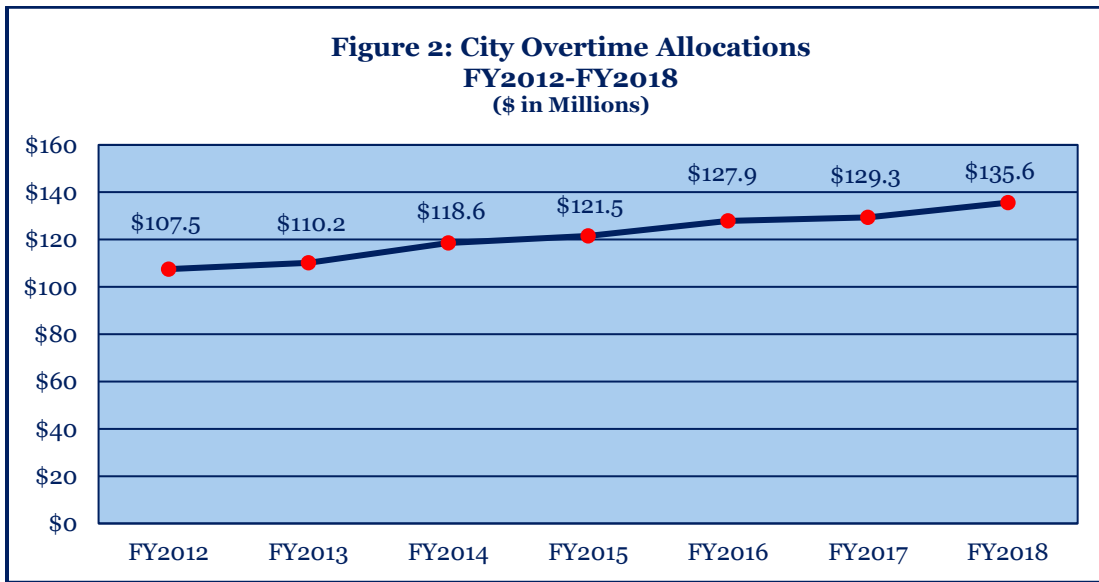
The City allocated \$135.6 million for overtime for all City departments in FY 2018, \$6.3 million more than in FY2017 and \$28.1 million more than in FY2012—the first year in a period of steady growth in the City’s overtime allocations, as illustrated in Figure 2.⁶ Additionally, the City’s overtime allocations have risen by an average of \$4.7 million annually since FY2012, even as general fund staffing has increased over that same period.⁷ In PICA’s *Annual Overtime Report for Fiscal Year 2017*, PICA staff found that departments with high staffing levels were more likely to stay within their overtime allocations, as overtime may be used to fill shifts within departments with low staffing levels.⁸ Thus, the City’s overtime allocations should decrease, or increase at a more measured rate, as staffing figures return to pre-recession levels.

⁵ Overtime costs resulting from special events may be reimbursed.

⁶ 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, 2016, page 29: <http://www.picapa.org/wp-content/uploads/2013/01/QCMR-ending-3-31-17.pdf>.

⁷ Annual increases in overtime allocations may be in line with concurrent salary increases.

⁸ PICA Annual Overtime Report for Fiscal Year 2017, page 4: <http://www.picapa.org/wp-content/uploads/2016/11/Overtime-Report-Q4FY17-FINAL.pdf>.



Of the 37 departments considered for this report,⁹ 15 departments spent more than 25 percent of their FY2018 overtime allocations in the first quarter. Of these 15 departments, six spent over 50 percent of their allocations, and four spent over 40 percent of their allocations (see appendix). Additionally, six departments with no allocations for overtime in FY2018 incurred overtime costs in the first quarter. The Law department, which saw its overtime allocation reduced from \$5,000 to \$100 from FY2017 to FY2018, has already spent twelve times that amount in overtime in the first quarter, while the Office of the District Attorney, which saw its overtime allocation more than halved from FY2017 to FY2018, spent 165 percent of its overtime allocation in the first quarter. While the actual overtime costs within these departments are not substantial, such high overages so early in the fiscal year—combined with 15 total City departments having spent more than 25 percent of their overtime allocations in the first quarter—represent opportunities for more data-driven decision-making when allocating overtime funds in the future.

Conclusion

The City has recently shown progress in reducing overtime costs. Departments spent \$10.5 million less on overtime in FY2017 than in FY2016, and \$6.3 million less in the first quarter of FY2018 than in the first quarter of FY2017. However, the City still exceeded its overtime allocation in FY2017 by \$31 million, pushing total wage costs \$25 million over budget.¹⁰ Seasonal factors notwithstanding, the City is on pace to exceed overtime costs in FY2018, once again threatening the City’s budget for total wage costs. Therefore, the City should strive for more accuracy in projecting overtime costs and continue to closely monitor overtime spending throughout the fiscal year, while holding departments accountable for excess overtime spending. Such measures would ensure that the recent downward trend in overtime spending continues in this and future fiscal years.

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

¹⁰ City of Philadelphia Quarterly City Managers Report for the Period Ending June 30, 2017 page 25: <http://www.picapa.org/wp-content/uploads/2013/01/QCMR-ending-6-30-17.pdf>.

Appendix: FY2018 First Quarter Overtime Costs*			
Department	FY2018 OT Allocation	First Quarter Overtime Costs	Percent of FY2018 Allocation Spent
Law	\$100	\$1,254	1253.6%
District Attorney	73,819	122,142	165.5
Mural Arts	13,864	10,938	78.9
Sheriff	2,276,185	1,418,644	62.3
City Controller	50,000	30,486	61.0
Public Property	361,608	183,911	50.9
Managing Director	397,676	171,938	43.2
Free Library	877,404	370,671	42.2
Fire	20,418,337	8,608,354	42.2
Streets	9,075,000	3,793,911	41.8
Parks & Recreation	2,875,000	1,125,398	39.1
Police	57,575,000	21,060,827	36.6
Public Health	2,039,921	607,781	29.8
Prisons	30,039,861	8,383,584	27.9
Licenses & Inspections	1,220,825	332,126	27.2
Innovation and Technology	713,873	164,946	23.1
Fleet Management	1,768,574	401,912	22.7
Human Resources	46,902	10,014	21.4
Property Assessment	50,000	7,852	15.7
Homeless Services	245,349	38,329	15.6
Revenue	610,000	93,403	15.3
Chief Administrative Officer	10,000	1,466	14.7
Behavioral Health	6,000	850	14.2
City Representative	7,878	1,069	13.6
Records	126,457	13,986	11.1
Finance	34,475	2,923	8.5
City Commissioners	841,419	65,323	7.8
Procurement	35,000	2,259	6.5
First Judicial District	94,840	836	0.9
Human Services**	3,733,806	-	0.0
City Treasurer	1,000	-	0.0
City Council	-	414	NOA
Labor	-	71	NOA
Atwater Kent	-	353	NOA
L & I Board of Review	-	1,356	NOA
Sustainability	-	248	NOA
Planning and Development	-	1,968	NOA
Totals	\$135,620,173	\$47,031,542	34.7%

*General Fund Only; City Departments and Offices with no overtime allocations and no overtime spending were omitted.
NOA=No Overtime Allocation in FY2018.