



# Quarterly Overtime Update

## Fiscal Year 2019 *Third Quarter*

### City of Philadelphia

## City Spends \$133.1 Million On Overtime Through Third Quarter

*Overtime Costs \$2.3 Million Lower Than Same Period Last Year*

Preliminary reports show that overtime costs through the third quarter (July 1–March 31) of fiscal year 2019 totaled approximately \$133.1 million, compared to almost \$135.4 million over the same period last year—a decrease of \$2.3 million, or 1.7 percent. More than half of the departments reviewed for this report<sup>1</sup> managed to reduce their overtime spending thus far in FY2019, while most of the departments that increased spending did so by negligible margins. However, the Fire Department has already spent \$11.5 million more on overtime than last year, and \$8.9 million more than its allocation. If the City is to reduce overtime spending in FY2019 while remaining within its overtime allocation, overtime costs will need to be managed across all departments with overspending kept to a minimum.

### 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 were allocated almost \$150 million for overtime, or 96.6 of the City’s total allocation, and spent a combined \$129.2 million on overtime through the third quarter, accounting for 97.1 percent of total overtime costs.

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

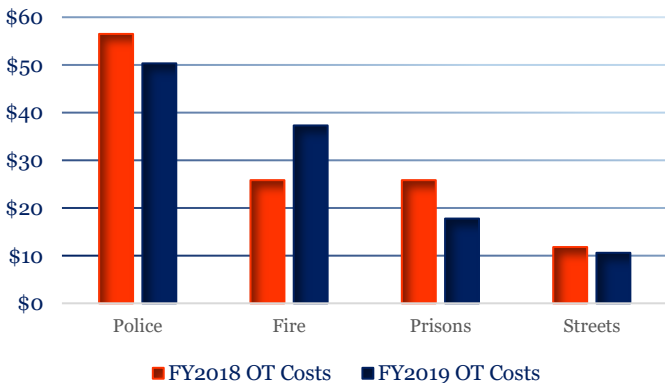
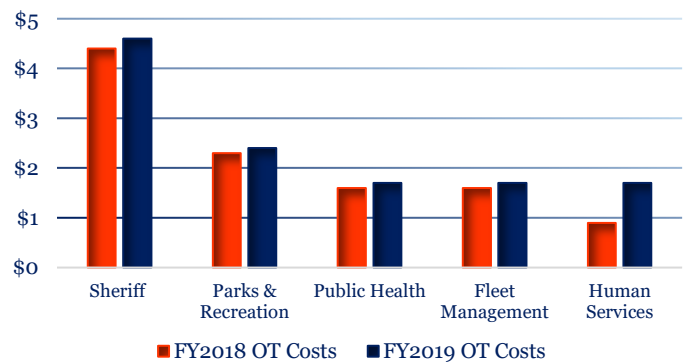


Figure 2: Overtime Costs Through Third Quarter Key Departments, Allocations Under \$10 Million (\$ in Millions)



<sup>1</sup> Departments with no overtime allocations or overtime spending were omitted.

**Table 1: Overtime Costs Through the Third Quarter, FY2019**

Department	FY2018 Overtime Costs Through Q3	FY2019 Overtime Costs Through Q3	Increase / (Decrease)	Percent Increase / Decrease	FY2019 Overtime Allocation	Amount Over / Under Allocation	Percent of FY2019 Allocation Spent
Human Services*	\$903,120	\$1,656,150	\$753,030	83.4%	\$3,417,347	(\$1,761,197)	48.5%
Fire	25,797,928	37,303,980	11,506,052	44.6	28,393,506	8,910,474	131.4%
Fleet Management	1,552,887	1,686,595	133,707	8.6	1,952,606	(266,011)	86.4%
Licenses & Inspections	935,318	1,015,436	80,118	8.6	1,155,385	(139,949)	87.9%
Sheriff	4,353,413	4,646,891	293,478	6.7	2,276,187	2,370,704	204.2%
Public Health	1,641,495	1,689,250	47,755	2.9	1,964,000	(274,750)	86.0%
Parks & Recreation	2,310,530	2,375,443	64,913	2.8	2,452,430	(76,987)	96.9%
Streets	11,819,448	10,648,881	(1,170,567)	-9.9	9,298,300	1,350,581	114.5%
Police	56,486,590	50,337,071	(6,149,519)	-10.9	68,626,000	(18,288,929)	73.3%
Prisons	25,811,393	17,846,702	(7,964,691)	-30.9	30,039,861	(12,193,159)	59.4%
<b>Sub-Totals</b>	<b>\$131,612,122</b>	<b>\$129,206,399</b>	<b>(\$2,405,723)</b>	<b>-1.8%</b>	<b>\$149,575,622</b>	<b>(\$20,369,223)</b>	<b>86.4%</b>
All Other Departments	3,798,598	3,922,843	124,245	3.3	5,287,842	(1,364,999)	74.2
<b>Totals</b>	<b>\$135,410,721</b>	<b>\$133,129,243</b>	<b>(\$2,281,478)</b>	<b>-1.7%</b>	<b>\$154,863,464</b>	<b>(\$21,734,221)</b>	<b>86.0%</b>

\*Much of Human Services' overtime costs are covered by the Grants Revenue fund; only General Fund overtime costs are represented here.

Of these ten departments, three departments, the Sheriff's, Fire, and Streets Departments, have spent more than their entire allocations for overtime for the fiscal year in just the first three quarters. From these three, only the Streets Department has managed to reduce overtime spending over the same period last year. Four departments, Parks and Recreation, Licenses and Inspections, Fleet Management, and Public Health have spent more than 80 percent of their allocations; all of these departments have increased overtime spending over last year. Just three departments, Human Services,<sup>2</sup> Prisons, and Police have spent less than three quarters of their overtime allocations; Prisons and Police have reduced overtime spending considerably.

An analysis of spending within these ten key departments reveals that overtime costs within the Fire Department continue to be of concern. Through the third quarter, the Department has spent \$11.5 million more on overtime than last year, while already spending 131 percent of its allocation for the full fiscal year. If overtime costs within the department had stayed level with last year, the City would have achieved a reduction in total overtime costs of \$9.2 million, or 11.3 percent, and would be well within its annual overtime allocation heading into the final quarter of FY2019.

Since FY2016, the Fire Department has added 224 employees, however, overtime costs continue to increase due to the training of new employees and the consequent need to maintain minimum staffing levels, and high leave usage (sick, vacation, compensatory, and other out-of-work time).<sup>3</sup> In FY2019, the Department is projected to spend almost \$50 million on overtime, \$21 million more than its annual allocation, and a 69 percent increase since FY2016. What is concerning is how long and to what extent overtime costs will continue to rise while the Department works towards a full staffing compliment.

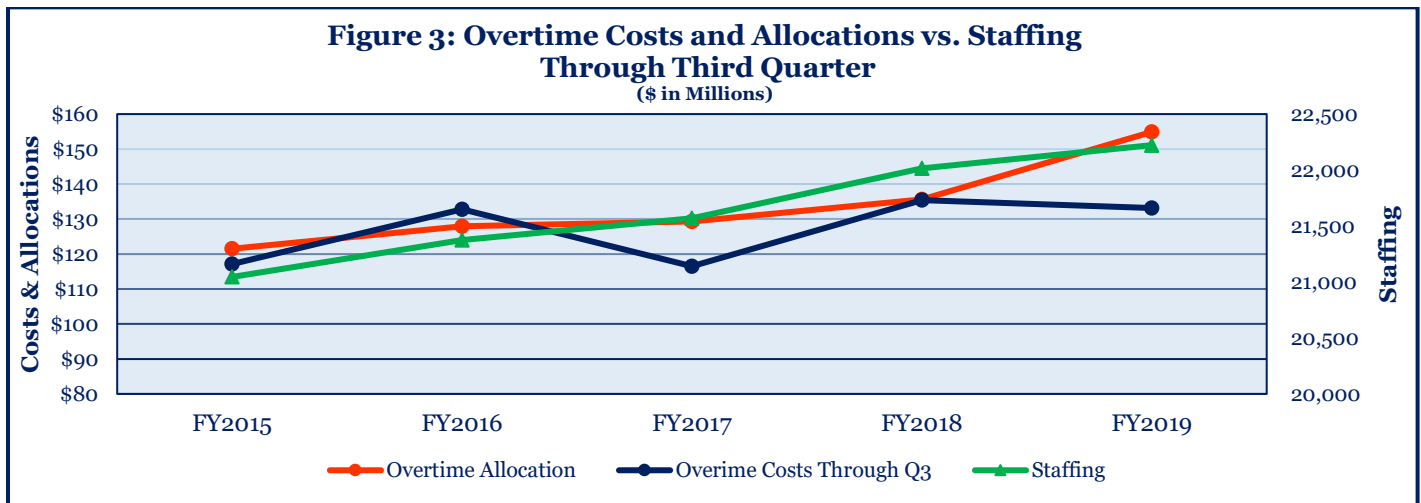
<sup>2</sup> Third quarter totals may not be indicative of full year overtime spending, as much of Human Services overtime costs will be transferred from the Grants Fund at the end of the fiscal year.

<sup>3</sup> Second quarter overtime spending memo provided to PICA by the Office of the Director of Finance.

## Overview of Overtime Costs—All Departments

Overtime spending through the third quarter decreased slightly as compared to last year, as illustrated in Figure 3. Overtime costs for City departments as a whole totaled \$133.1 million, \$2.3 million less than last year, or a reduction of 1.7 percent, as shown in Appendix B. Twenty-three out of 38 departments achieved reductions in spending over FY2018, with the Prisons Department achieving the largest decrease of almost \$8.0 million, or almost 31 percent. Notably, the Police Department, where overtime spending has increased over each of the last several years, reduced its overtime spending through the third quarter by \$6.1 million over the same period last year, a decrease of almost 11 percent.

Further, several departments were able to reduce their overtime spending by 50 percent or more. Those departments included Procurement (more than 50 percent), the Licenses and Inspections Board of Review and First Judicial District (more than 60 percent), the Office of Sustainability (more than 70 percent), and Commerce (more than 90 percent). The Office of Labor Relations and the Law Department have yet to incur any overtime costs this fiscal year. While departments with high-percentage reductions in spending do not always represent the highest dollar amount savings, it appears many departments are making successful efforts to reduce overtime spending.



In terms of allocations, eight departments have already spent their entire annual allocations for overtime, with one full quarter remaining, as shown in Appendix A. Of those eight departments, the District Attorney’s Office (234.0 percent), Sherriff’s Office (204 percent), Office of the Chief Administrative Officer (182.5 percent) and the Office of Property Assessment (165.0 percent) exceeded their allocations by the widest margins. As a whole, departments have spent 86 percent of City’s total overtime allocation through the third quarter, whereas last year, departments had spent the entire allocation by this point. It should be noted that the City increased its overtime allocation by approximately \$20 million compared to last year on PICA’s recommendation that the City more realistically budget for overtime costs. However, the number of departments that have overspent their allocations thus far shows there is room for improvement in terms of which departments should see adjusted allocations for overtime in the coming fiscal year.

## **Conclusion**

After overtime costs increased considerably last fiscal year, it seems that departments have better emphasized overtime management in FY2019, as evidenced by the 23 departments that are on track to reduce overtime spending. Additionally, the City's annual overtime allocation has not yet been surpassed, as it had been through the third quarter of last year. However, in FY2019 there has been less severe winter weather, fewer national events, and less frequent protests, while at the same time, the City's overtime budget has been bolstered by more than \$20 million over last year for a total allocation of \$154.9 million.

Staffing is also an issue that can severely affect overtime spending, as shown by the high overtime costs accrued by the Fire Department during an extended period of understaffing. In PICA's Annual Overtime Report, issued following the fourth quarter, we will further assess the relationship between staffing and overtime costs in an effort to understand the appropriate balance of full-time staffing and overtime usage. It is clear that, until the City reaches that balance, one understaffed department can negatively affect gains made by other departments in reducing overtime costs.

<b>Appendix A: FY2019 Third Quarter Overtime Costs<sup>1</sup></b>			
<b>Department</b>	<b>FY2019 OT Allocation</b>	<b>Overtime Costs Through Third Quarter</b>	<b>Percent of FY2019 Allocation Spent</b>
District Attorney	\$100,000	\$234,012	234.0%
Sheriff	2,276,187	4,646,891	204.2
Chief Administrative Officer	10,000	18,250	182.5
Property Assessment	50,000	82,510	165.0
City Controller	50,000	67,904	135.8
Fire	28,393,506	37,303,980	131.4
Streets	9,298,300	10,648,881	114.5
Mural Arts	13,864	13,994	100.9
Parks & Recreation	2,452,430	2,375,443	96.9
Managing Director	360,000	331,274	92.0
Public Property	682,160	626,621	91.9
Licenses & Inspections	1,155,385	1,015,436	87.9
Fleet Management	1,952,606	1,686,595	86.4
Public Health	1,964,000	1,689,250	86.0
Human Resources	45,000	37,020	82.3
Free Library	1,343,781	1,090,721	81.2
City Commissioners	780,191	615,439	78.9
Police	68,626,000	50,337,071	73.3
Behavioral Health	6,000	4,092	68.2
Finance	34,475	21,269	61.7
Prisons	30,039,861	17,846,702	59.4
Sustainability	248	139	56.1
Human Services	3,417,347	1,656,150	48.5
Innovation and Technology	779,300	364,783	46.8
Revenue	505,000	225,100	44.6
Records	107,333	44,567	41.5
Homeless Services	282,550	115,347	40.8
City Representative	8,000	2,239	28.0
Procurement	35,000	2,931	8.4
First Judicial District	94,840	6,540	6.9
Law	100	-	-
City Council	-	2,882	NOA
L & I Board of Review	-	527	NOA
City Treasurer	-	3,558	NOA
Commerce	-	24	NOA
Planning and Development	-	11,099	NOA
<b>Totals</b>	<b>\$154,863,464</b>	<b>\$133,129,243</b>	<b>86.0%</b>

<sup>\*</sup>Note: Figures in red denote departments that have spent more than 75% of their overtime allocations through the third quarter.  
<sup>1</sup>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.

<b>Appendix B: Overtime Costs Through Third Quarter FY2018 vs FY2019<sup>1</sup></b>				
<b>Department</b>	<b>FY2018</b>	<b>FY2019</b>	<b>Amount Over / (Under) FY2018</b>	<b>Percent Increase / Decrease</b>
District Attorney	\$48,936	\$234,012	\$185,077	378.2%
Property Assessment	24,246	82,510	58,265	240.3%
City Treasurer	-	3,558	3,558	100.0%
Chief Administrative Officer	8,734	18,250	9,517	100.0%
Human Services	903,120	1,656,150	753,030	83.4%
Fire	25,797,928	37,303,980	11,506,052	44.6%
Planning and Development	7,951	11,099	3,148	39.6%
City Commissioners	490,170	615,439	125,269	25.6%
Fleet Management	1,552,887	1,686,595	133,707	8.6%
Licenses & Inspections	935,318	1,015,436	80,118	8.6%
Sheriff	4,353,413	4,646,891	293,478	6.7%
Homeless Services	111,817	115,347	3,531	3.2%
Public Health	1,641,495	1,689,250	47,755	2.9%
Parks & Recreation	2,310,530	2,375,443	64,913	2.8%
Public Property	622,647	626,621	3,974	0.6%
Human Resources	39,028	37,020	(2,008)	-5.1%
Innovation and Technology	386,260	364,783	(21,477)	-5.6%
Managing Director	354,621	331,274	(23,347)	-6.6%
Free Library	1,176,370	1,090,721	(85,649)	-7.3%
Streets	11,819,448	10,648,881	(1,170,567)	-9.9%
Police	56,486,590	50,337,071	(6,149,519)	-10.9%
Finance	24,132	21,269	(2,863)	-11.9%
Behavioral Health	4,840	4,092	(749)	-15.5%
City Council	3,428	2,882	(547)	-15.9%
City Controller	81,441	67,904	(13,537)	-16.6%
Records	56,541	44,567	(11,974)	-21.2%
Revenue	299,718	225,100	(74,618)	-24.9%
Prisons	25,811,393	17,846,702	(7,964,691)	-30.9%
Mural Arts	21,376	13,994	(7,382)	-34.5%
City Representative	4,165	2,239	(1,926)	-46.2%
Procurement	6,695	2,931	(3,764)	-56.2%
L & I Board of Review	1,372	527	(845)	-61.6%
First Judicial District	19,355	6,540	(12,814)	-66.2%
Sustainability	495	139	(356)	-71.9%
Commerce	1,176	24	(1,153)	-98.0%
Labor	71	-	(71)	-100.0%
Atwater Kent*	1,760	-	(1,760)	-100.0%
Law	1,254	-	(1,254)	-100.0%
<b>Totals</b>	<b>\$135,410,721</b>	<b>\$133,129,243</b>	<b>(\$2,281,478)</b>	<b>-1.7%</b>

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

<sup>2</sup> Atwater Kent Museum closed due to lack of funding.