City and County of San Francisco

Office of the Controller

FY 2011-12
Annual Overtime Report

January 3, 2013

Administrative Code Section 18.13-1 requires the Controller to submit overtime reports to the Board of Supervisors at the time of the Six-month and Nine-month Budget Status Reports, and annually. Charter section F.103 requires the Controller to identify the five highest overtime user departments and report on the cause and potential mitigation for any excessive overtime spending. This annual report addresses overtime budgets and actual expenditures, and analysis of overtime use. The report also addresses departmental compliance with permissible overtime limits of no more than 25% of regular hours, or 522 hours annually for a regular full-time employee, with certain exceptions. Overtime reduction recommendations will be included with future versions of this report.

Highlights

During fiscal year 2011-12, City departments spent $154 million on overtime, which is $18 million or 13% more than revised budgets and $10 million or 7% more than they spent in fiscal year 2010-11. Overtime hours increased 4% from 2.5 million to 2.6 million. Overtime as a percentage of overall Citywide spending remained relatively flat at 2.2%. All of these measures are well below the highs in FY 2007-08 of $168 million, 3.1 million hours and 2.8% of Citywide spending.

The five City departments that used the most overtime, (Municipal Transportation Agency, Fire, Police, Public Health, and Sheriff) collectively account for 88% of total Citywide overtime expenditures. Details of overtime spending for additional City departments are included in the Appendix and highlights of the top user departments are as follows:

- **Municipal Transportation Agency (MTA):** Overtime expenditures over the past 10 years have grown from $25.7 million to a high of $55.7 million in FY 2011-12. Transit operators and associated job classes accounted for 63% of overtime use within the department in fiscal year 2011-12, with maintenance job classifications accounting for a further 30%.

- **Fire Department:** Overtime expenditures over the past 10 years ranged from a low of $8 million to a high of $32.6 million. Overtime use within the department is the result of deliberate Department decisions regarding how to cost-effectively meet minimum staffing requirements.

- **Police Department:** Overtime expenditures over the past 10 years ranged from a low of $22.6 million to a high of $41.7 million. Overtime expenditures have decreased by 40% since fiscal year 2007-08 to $24.9 million in FY 2011-12, of which $12.4 million was reimbursed by event organizers.

- **Department of Public Health (DPH):** Overtime expenditures over the past 10 years ranged from a low of $8.9 million to a high of $17 million. The Department's overtime spending as a percentage of regular salaries is the lowest of highlighted departments at 2%.

- **Sheriff's Department:** Between FY 2007-08 and FY 2010-11, overtime spending declined by 60% from $15.3 million to $5.8 million as the City jail population declined from an average count of 2,085 to 1,712. In FY 2011-12, overtime spending climbed to $8.4 million while the average jail population continued its decline to 1,531.

Section I: Citywide Overtime Use

As shown in Figure 1, during fiscal year 2011-12 City departments spent $154 million on overtime, which was $10 million (7%) above the prior year, but $14 million (8%) less than FY 2007-08's peak. Overtime hours show a similar trend, rising 0.1 million (5%) from the prior year, but still 0.5 million (17%) below the FY 2007-08 peak.

Figure 2 presents two other ways to look at overtime trends that factor in changes in the overall size of the workforce and City budget. FY 2011-12 overtime hours represented 4.4% of regular (straight-time) hours, which was a slight increase from the prior year, but still significantly below FY 2007-08's peak of 5.1%. Overtime spending in FY 2011-12 represented 2.2% of the $6.9 billion total Citywide expenditures, essentially unchanged from the prior year, and also well below the FY 2007-08 peak of 2.8%.

Figure 1. 10-year History of Overtime Hours and Overtime Dollars ($ millions)

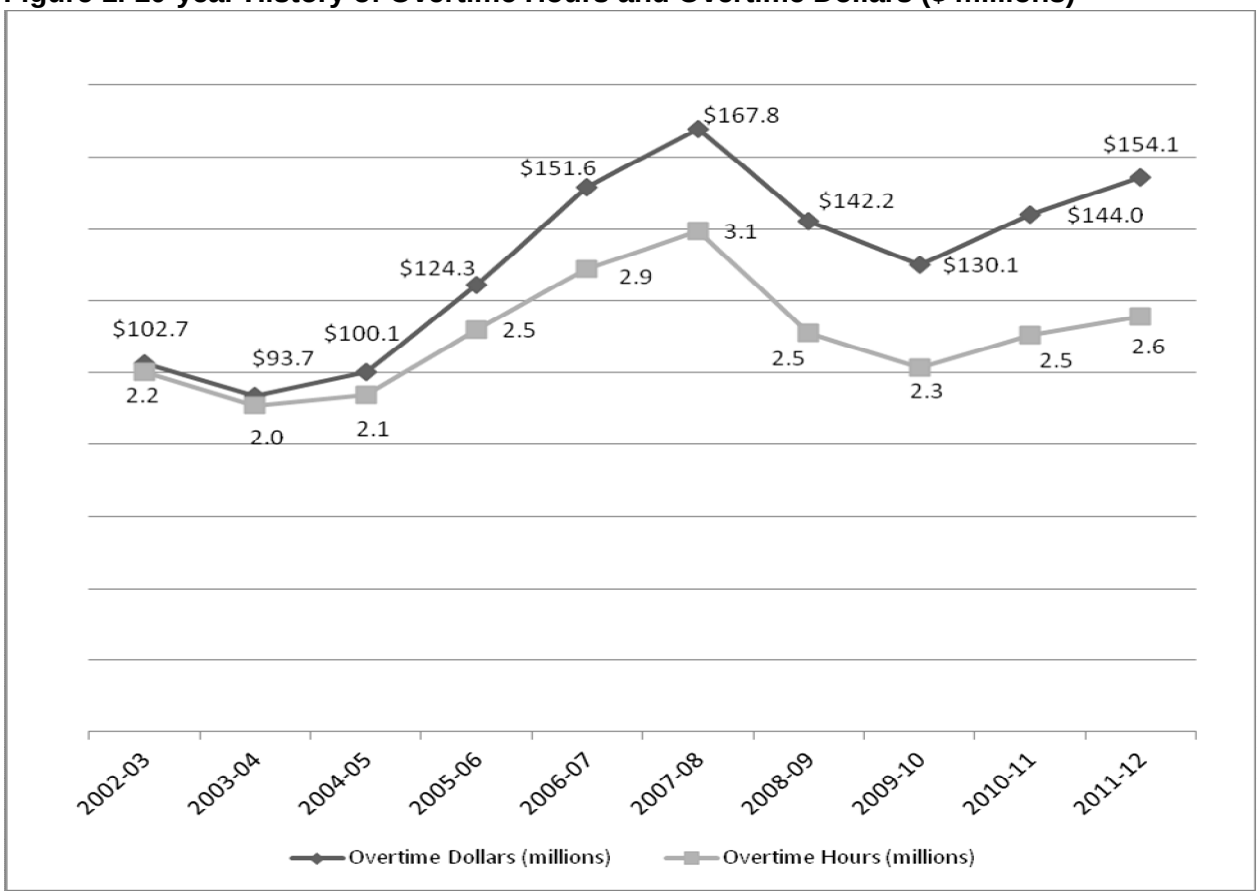
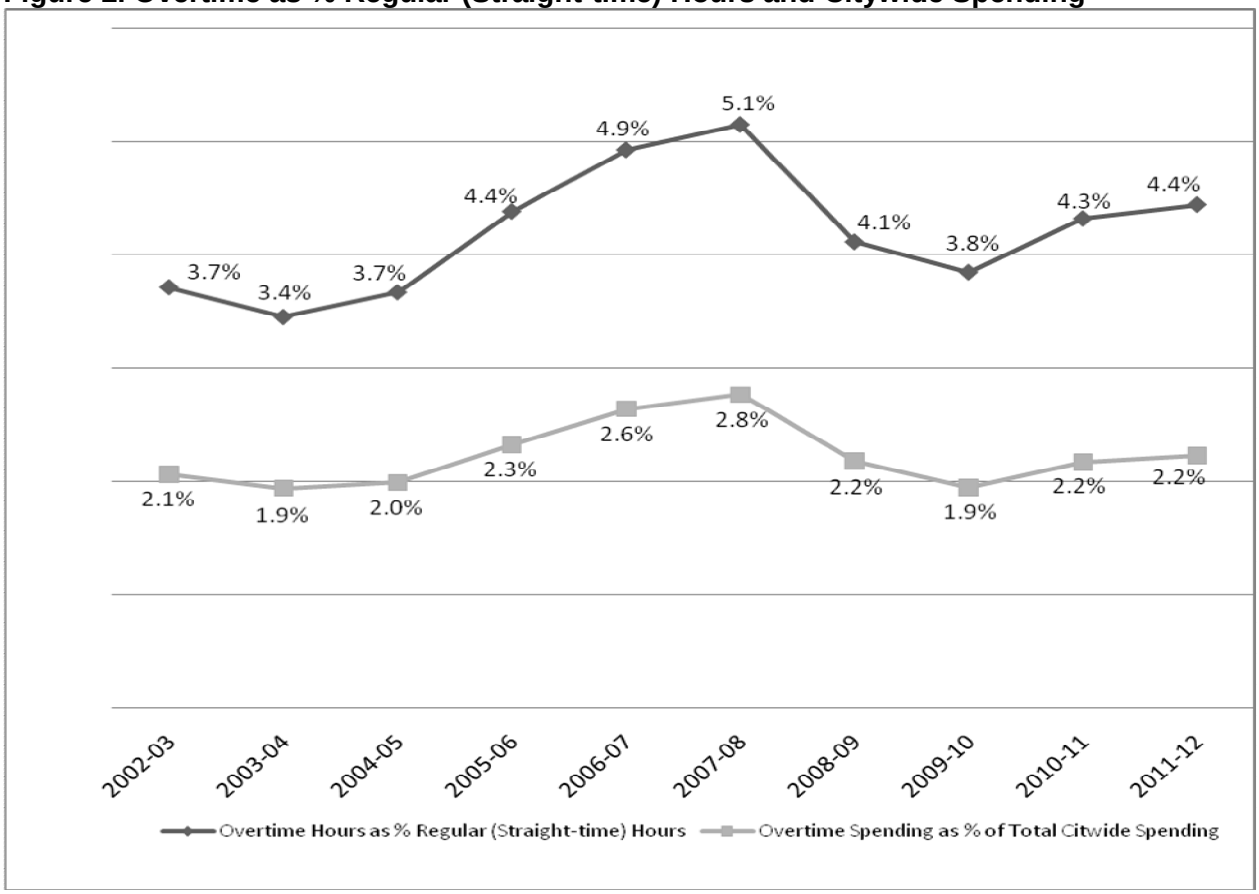


Figure 2. Overtime as % Regular (Straight-time) Hours and Citywide Spending



Section II: Overtime Use for Highest User Departments

As shown in Table 1, the five highest overtime user departments (MTA, Fire, Police, DPH, Sheriff) accounted for 88% of overtime dollars spent citywide. Factors contributing to overtime use include:

- Full time employee (FTE) reductions without reducing service levels
- 24 hour operations and minimum staffing requirements
- Labor contract provisions that can drive overtime use
- Unexpected citywide events that can't be budgeted for or addressed using regular time

In most situations, overtime is a deliberate budgetary choice departments make to maintain service levels without increasing actual FTEs.

Table 1 shows overtime budgets, spending, and hours as a percentage of regular (straight-time) hours for the five highest user departments in fiscal years 2010-11 and 2011-12. Additional departments are included in the appendix.

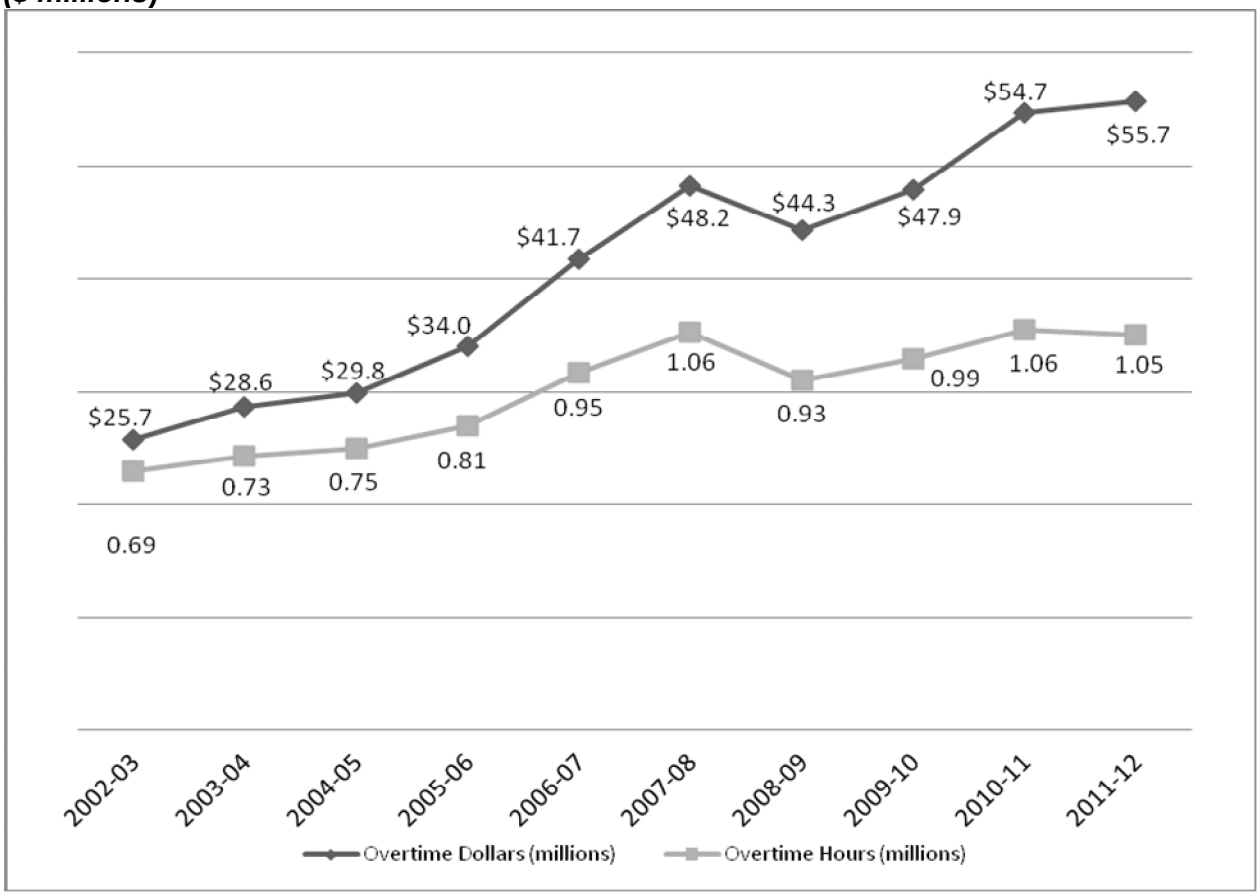
Table 1. Overtime Budget and Actual Expenditures by Department *($ in millions)*

Department	FY 2010-11 OT Budget	FY 2010-11 OT Actual	FY 2010-11 OT hrs as % of Regular Hours	FY 2011-12 OT Budget	FY 2011-12 OT Actual	FY 2011-12 OT Hrs as % Regular Hrs
Municipal Transportation Agency (MTA)	$35.3	$ 54.3	10%	$33.5	$55.7	10%
Police	22.8	24.6	5%	26.7	24.9	5%
Public Health (DPH)	7.5	10.6	2%	12	11.6	2%
Fire	23.2	30.5	12%	35.8	35.6	14%
Sheriff	4.3	5.8	5%	10	8.4	7%
All Other Departments	14.9	18.2	1%	18.4	17.9	1%
TOTAL	**$108**	**$144**	**4%**	**$136.4**	**$154.1**	**4%**

A. Municipal Transportation Agency

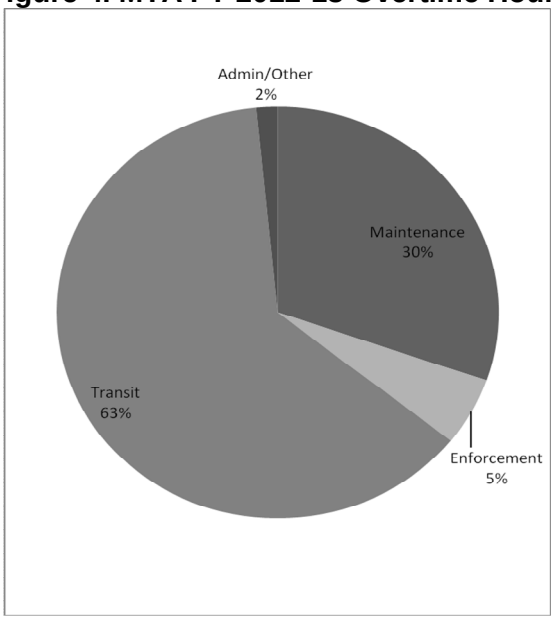
As shown in Figure 3, MTA overtime expenditures have more than doubled over the past 10 years, rising from $25.7 million to the FY 2011-12 high of $55.7 million, influenced both by rising hours and the rising cost per hour. Overtime hours increased by approximately 50% over the past ten years, from 0.69 million to 1.05 million hours.

Figure 3. MTA Overtime Dollars and Hours Have Increased Over the Last 10 Years
***($ millions*)**



As shown in Figure 4, during fiscal year 2011-12, 93% of overtime within the department occurred in the Transit and Maintenance groups. Issues specific to each group are discussed separately.

Figure 4. MTA FY 2012-13 Overtime Hours by Employee Classification Groups



- Transit: Transit Operators, Train Controllers, Transit Supervisors, etc
- Maintenance: Automotive Mechanics, Electrical Mechanics, Stationary Engineers, , Construction Inspectors, etc
- Enforcement: Parking Control Officers, Transit Fare Inspectors, etc
- Administrative Staff/Other: Clerks, Fare Collection Receivers, Purchasers, etc

Transit Group Overtime

51% of all overtime use within the department occurred in the transit operator job class, with an additional 12% in supporting transit classes, including (among others) transit operators, train controllers, and transit supervisors. According to the Agency, factors that affect transit operator overtime usage include the length of the operator's scheduled route, operator shortages, labor contract provisions, gaps in coverage created by employee outages, unforeseen circumstances such as heavy traffic or accidents, and special events. MTA has begun hiring and training part-time operators which should help reduce the need for overtime.

Part time operators have a lower number of guaranteed hours per shift (3.5) and can help meet service delivery goals without working overtime. However, part-time operators earn full time benefits so their hourly cost is actually higher than the hourly cost of a full-time operator. For full-time operators, overtime can be more cost-effective than to bring in another full-time operator to complete a shift.

MTA reports that overtime is built into each operator's schedule in order to manage service cost effectively. Labor contract provisions guarantee full time operators eight hours of pay per shift, so requiring an operator to work overtime is frequently less expensive than bringing in an employee for a short amount of time to complete a run. To illustrate the point that using overtime can be a less expensive alternative to using additional full time employees, the following example shows two ways to staff a bus line that runs 20 hours a day.

Bus Route Staffing Options

Table 2A: MTA Staffing Option Using Overtime

	Shift	Driving Hours	Standby Hours	Overtime Hours at 1.5x Regular Pay	Total Pay Hours
Operator 1	5 am to 3 pm	10	0	2	11
Operator 2	3 pm to 1 am	10	0	2	11
Total	5 am to 1 am	20 hrs	0 hrs	4 hrs	**22 hrs**

Table 2B: MTA Staffing Option Without Overtime

	Shift	Driving Hours	Standby Hours	Overtime Hours at 1.5x Regular Pay	Total Pay Hours
Operator 1	5 am to noon	7	1	0	8
Operator 2	Noon to 7 pm	7	1	0	8
Operator 3	7 pm to 1 am	6	2	0	8
Total	5 am to 1 am	20 hrs	4 hrs	0 hrs	**24 hrs**

Note: Tables 2A and 2B assumes no part-time employees were used.

As indicated above, staffing option 1 uses two transit operators to complete the run with four hours of overtime and 22 total paid hours. Staffing option 2 uses three operators to complete the run with no overtime but 24 total paid hours. Given the labor contract requirement that operators be paid a minimum of 8 hours per shift, it can be less expensive to use overtime instead of additional staff. Although this example shows that it is less expensive to use overtime, other scheduling costs could be reduced with additional drivers for the current fiscal year. To meet their internal goal of 95% service delivery, the Department believes a combination of overtime and hiring 200 additional operators will be necessary.

Maintenance Group Overtime

The maintenance group accounts for 30% of overtime hours within the MTA. The largest maintenance group job classes are stationary engineers, automotive mechanics, electrical mechanics, and construction inspectors. Within the maintenance area, electrical transit system mechanics and automotive mechanics are the highest overtime users. Both classifications are responsible for maintaining electrical and automotive components of MTA's revenue and non-revenue fleet of over 1,000 vehicles. MTA reports that their fleet is one of the oldest in the nation and requires high levels of maintenance.

To reduce overtime use within this service area, MTA plans to hire 126 maintenance staff over

the next two fiscal years including 35 electrical transit system mechanics and automotive mechanics. Adding maintenance staff will not reduce the Department's total salary costs but will help maintain or improve service levels with reduced reliance on overtime. MTA also plans to acquire new transit vehicles that should require less maintenance and associated overtime spending.

Other Factors Affecting MTA Overtime

We examined historical trends in staffing levels and employee leave usage at the MTA to see whether these were correlated with trends in overtime hours. No consistent trends emerged from this data, probably due to the confounding influence of other concurrent factors.

B. Fire Department

As shown below in Figures 5 and 6, after three years of roughly stable overtime from FY 2002-03 to FY 2004-05, both overtime spending and hours increased sharply through FY 2011-12 in direct correlation with a decline in full-time employees from 1,684 in FY 2004-05 to 1,439 in FY 2011-12.

Figure 5. 10-year History of Fire Department Overtime Dollars and Hours (millions)

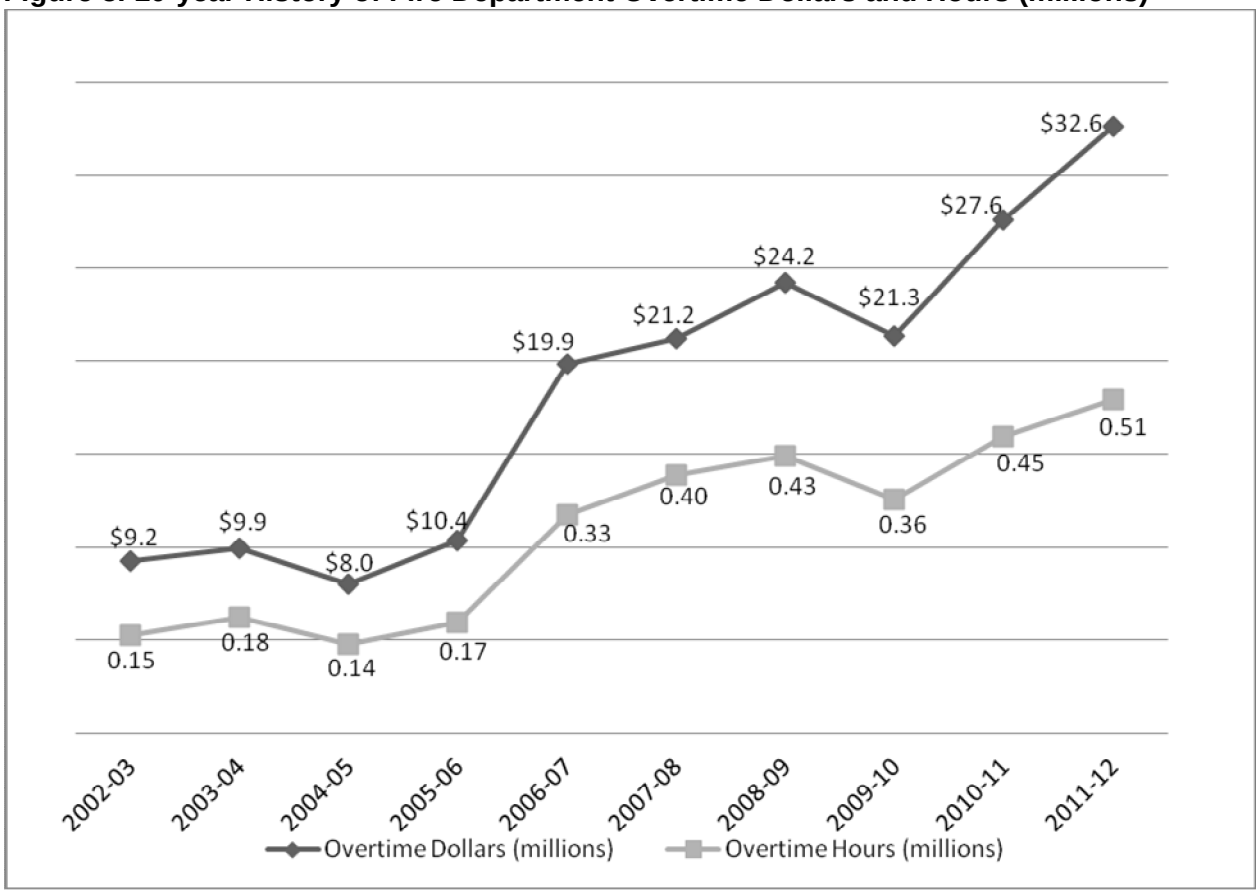
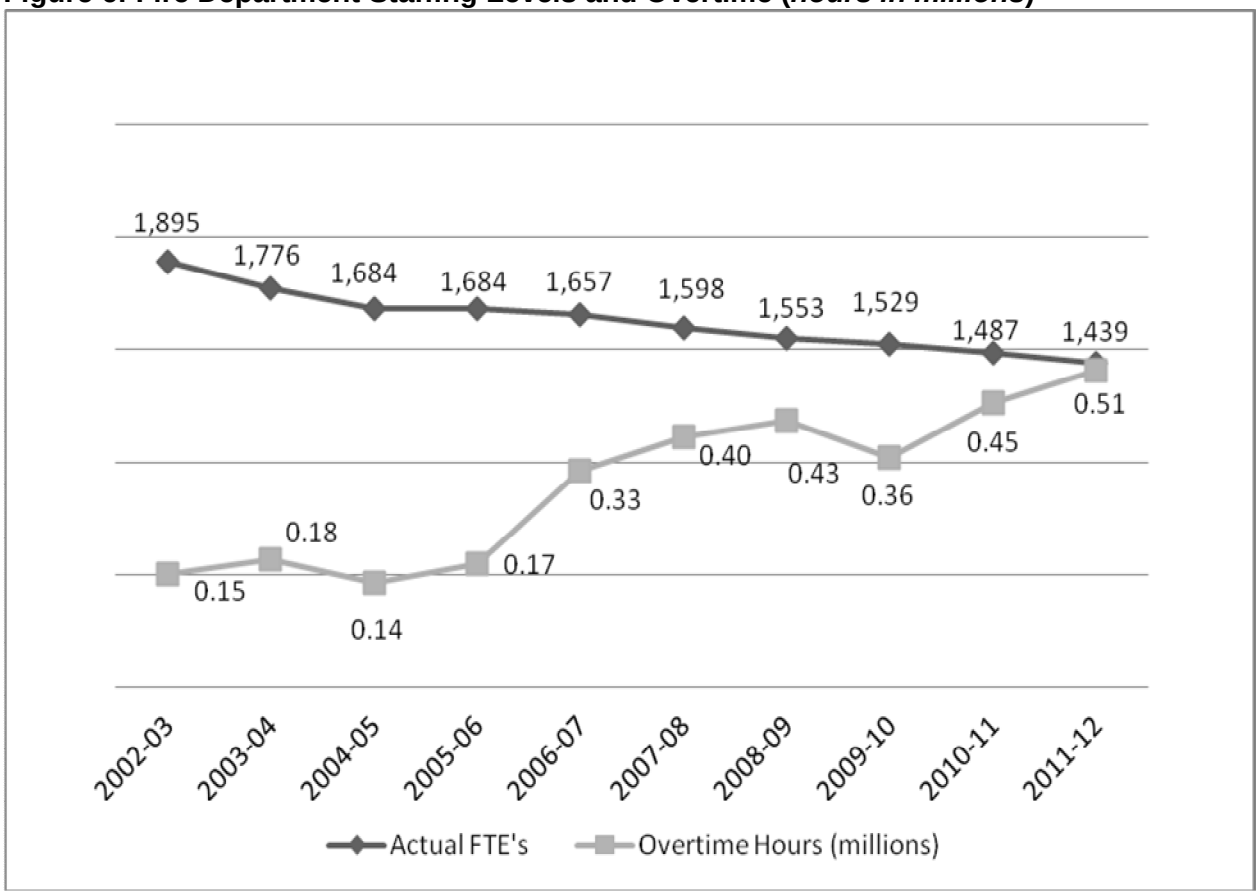


Figure 6: Fire Department Staffing Levels and Overtime (*hours in millions*)



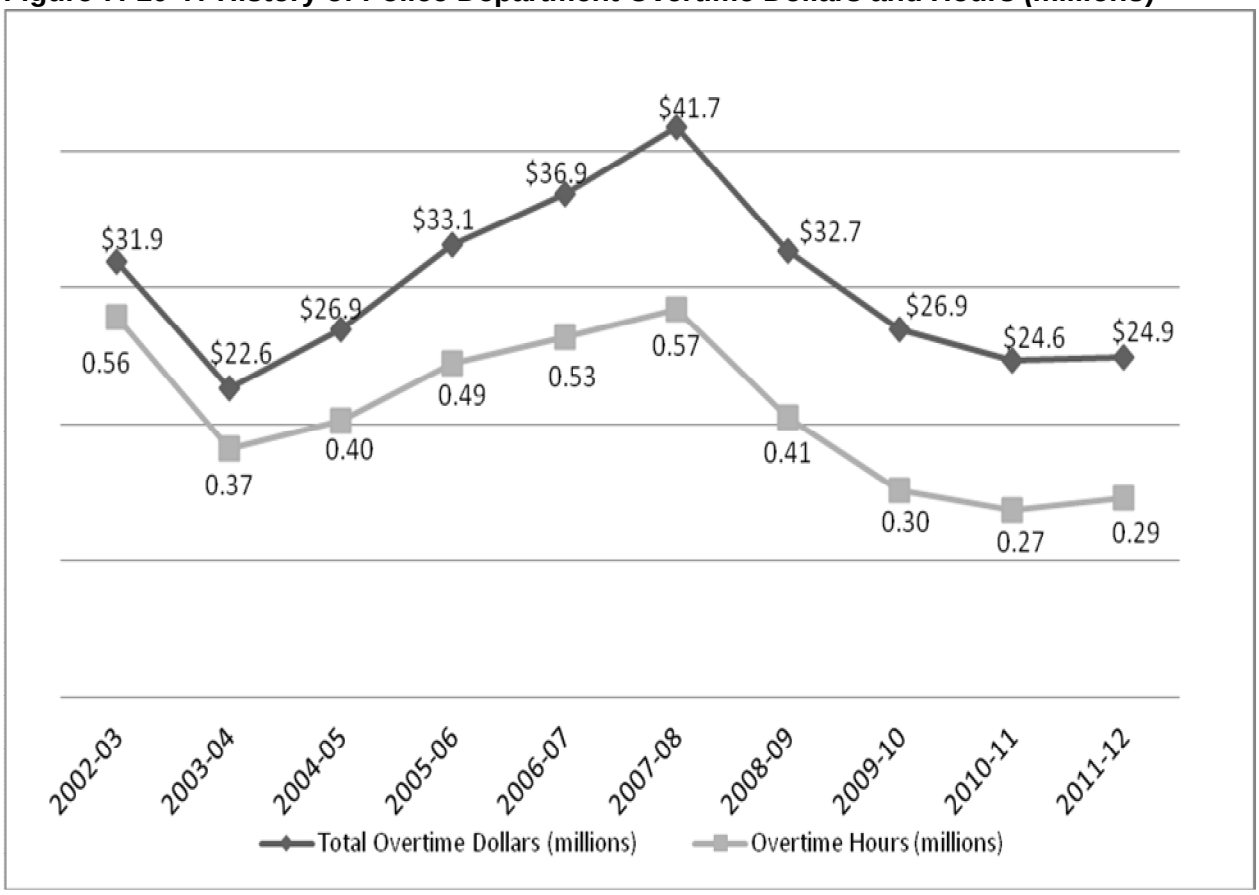
The Fire Department reports that the decrease in FTEs in recent years is the deliberate result of analysis showing that reliance on overtime to meet minimum staffing requirements would be more cost effective than hiring additional employees.

To illustrate an example of this analysis, the FY 2011-12 hourly rate of a top step H-2 firefighter, including benefits, averaged approximately $80. The average hourly overtime rate of the same employee averages $67. Overtime does not require health and safety contributions that are included with regular wages, which is why it is less expensive to use overtime than regular time.

C. Police Department

As shown in Figure 7, unlike other major overtime-using Departments, the Police Department has reduced overtime spending and hours significantly in past four years since FY 2007-08 when usage peaked at $41.7 million and 0.57 million hours. During that period, overtime spending and hours have decreased by 40% and 49% respectively.

Figure 7: 10-Yr History of Police Department Overtime Dollars and Hours *(millions*)

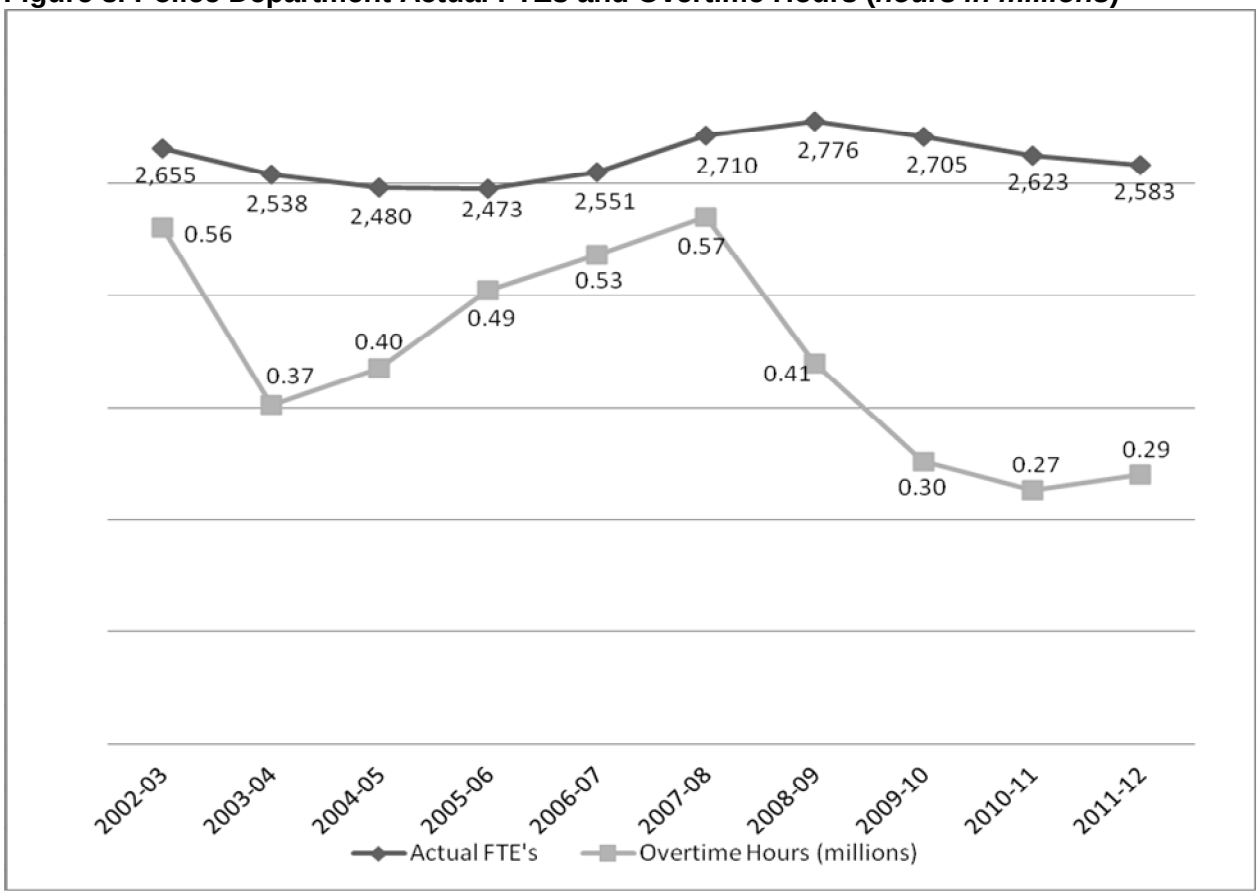


The Police Department reports that one factor in overtime use is labor contract provisions that guarantee a minimum of four hours of overtime per overtime shift when an employee is called in. Additionally, the Department estimates that nearly half of overtime use results from staffing special events within the City, such as sporting events, film and television production, and construction security. Much of these costs are reimbursed by sponsoring organizations.

Staffing

Review of the number of actual FTE's and overtime use does not indicate a strong correlation between staffing levels and overtime in the Police Department. Over the past 10 years, actual FTEs have declined by 3% while overtime hours have declined by 48%. Figure 8 shows actual FTEs and overtime hours over the past 10 years.

Figure 8. Police Department Actual FTEs and Overtime Hours (*hours in millions*)



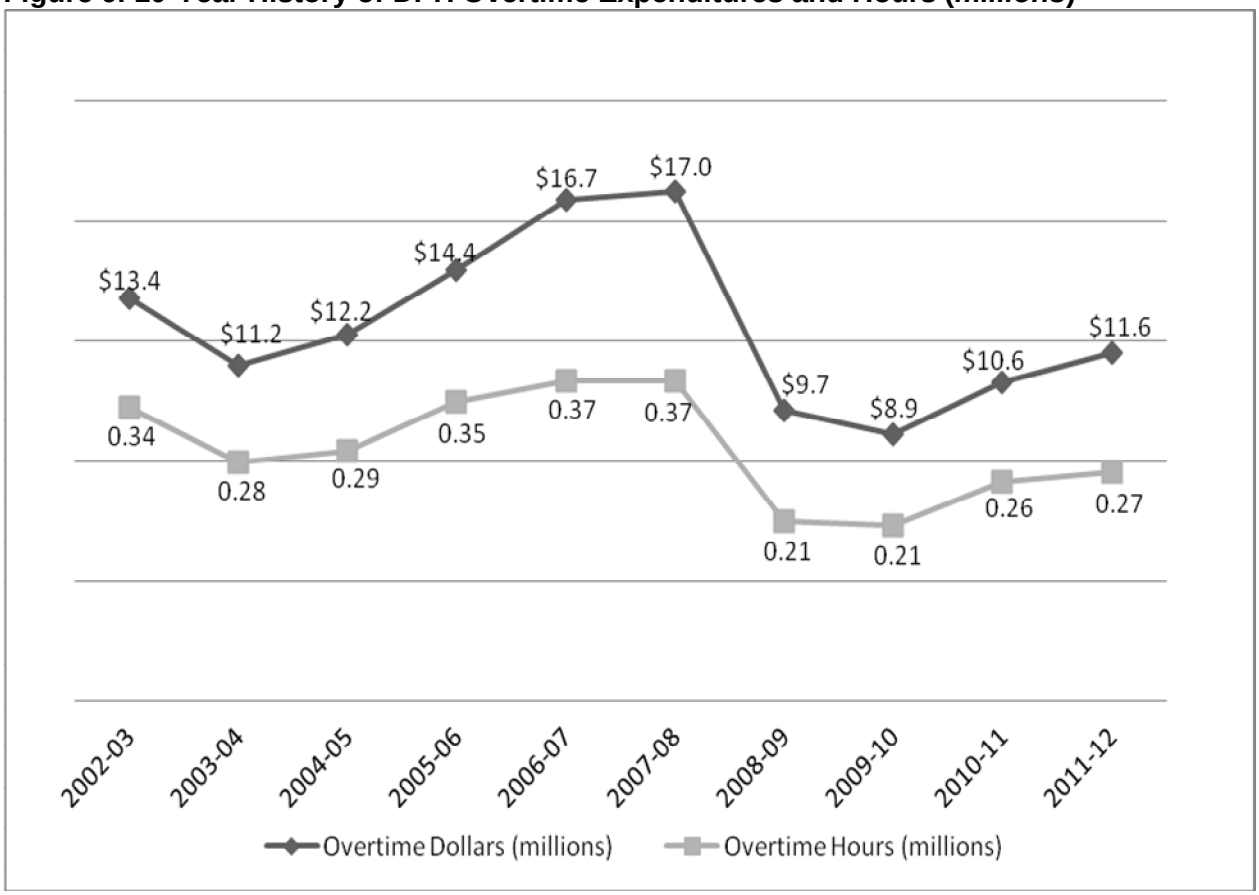
Police Department Overtime Monitoring

The Police Department reports that they have worked to reduce overtime use in recent years through management oversight. To monitor and track overtime usage the Police Department uses the dollar value of its overtime budget to approximate the number of available overtime hours for the year. An "hours budget" is then assigned to each bureau within the Department. A biweekly report is run by the finance division which shows overtime usage by employee and is reviewed by bureau commanders and the chief of police. This method of overtime review has helped the department reduce overtime costs and stay within budget.

D. Department of Public Health

As shown in Figure 9, Department of Public Health (DPH) overtime use peaked in FY 2007-08 at $17 million and 0.37 million hours followed by a sharp decline to $8.9 million in 2008-09. Usage rose again to the FY 2011-12 level of $11.6 million and 0.27 million hours, still representing roughly a 30% decline from their peaks. Overtime hours at DPH represented 2% of regular (straight-time) hours, the lowest of the departments highlighted in this report.

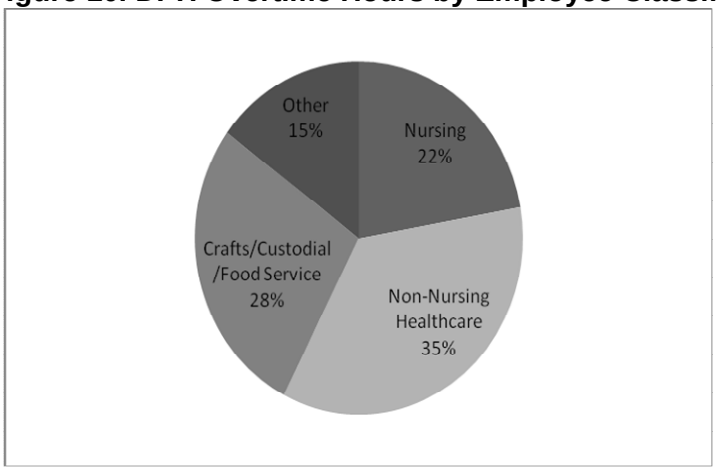
Figure 9. 10-Year History of DPH Overtime Expenditures and Hours (*millions*)



The Department reports that a significant factor behind the sharp decline in FY 2008-09 was due to Laguna Honda Hospital's decreased census from 1,150 beds to 780 beds in preparation for moving into a smaller new facility. This freed up employees to backfill other positions throughout the Department, reducing the need for overtime.

Figure 10 provides a view of DPH overtime by employee classification groups.

Figure 10. DPH Overtime Hours by Employee Classification



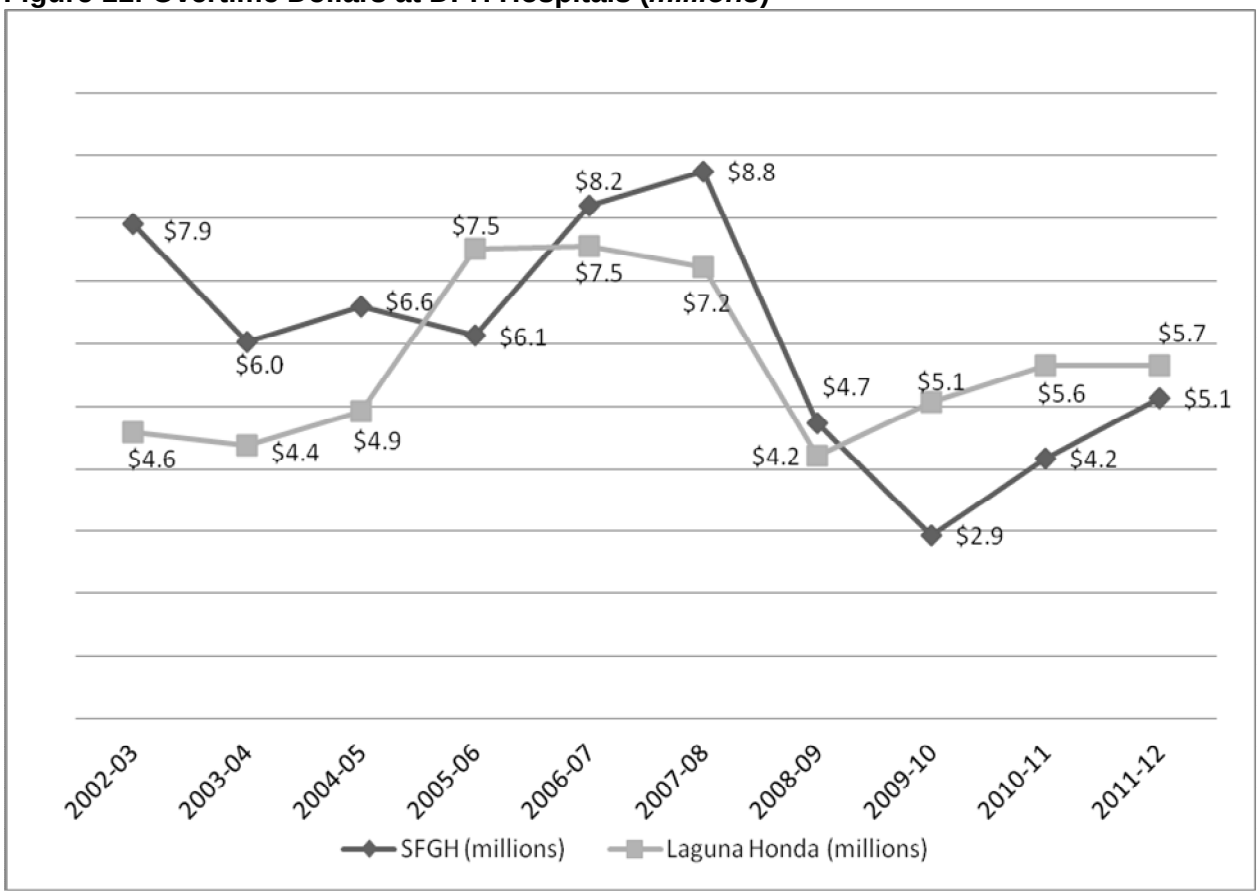
- Nursing: Registered Nurses, Licensed Vocational Nurses, Special Nurses, etc.
- Non-Nursing Healthcare: Anesthetists, Pharmacists, X-Ray Laboratory Aides, Surgical Procedures Technician, etc.
- Crafts/Custodial/Food Service: Storekeepers, Cooks, Porters, Carpenters, etc.
- Other: Eligibility Workers, Payroll Clerks, Cashiers, etc

The three highest overtime user job classes at DPH are Nursing Assistants, Patient Care Assistants, and Licensed Vocational Nurses. These three job classes provide 24 hour a day care and have legal and/or labor agreement mandated staff to patient ratios. The Department reports that the main issues affecting overtime use within these classes are the ability to hire additional employees and increased leave attributed to furlough days.

Other high user job classes include pharmacy technicians and food service workers. Pharmacy technicians provide 24 hour a day coverage and are subject to legally mandated staff to patient ratios. Overtime in this class is affected by the Department's ability to hire, and employee leave, which has increased over the past two years because of furlough days. Food service workers provide patient and staff meals at the hospitals. Like pharmacy technicians, overtime is used to cover employee leave and to fill gaps when the department is unable to hire additional employees.

Viewing overtime use by location shows that most overtime within the Department is used at San Francisco General Hospital (SFGH) and Laguna Honda Hospital. Figure 11 shows overtime dollars at each hospital over the past ten years.

Figure 11: Overtime Dollars at DPH Hospitals (*millions*)

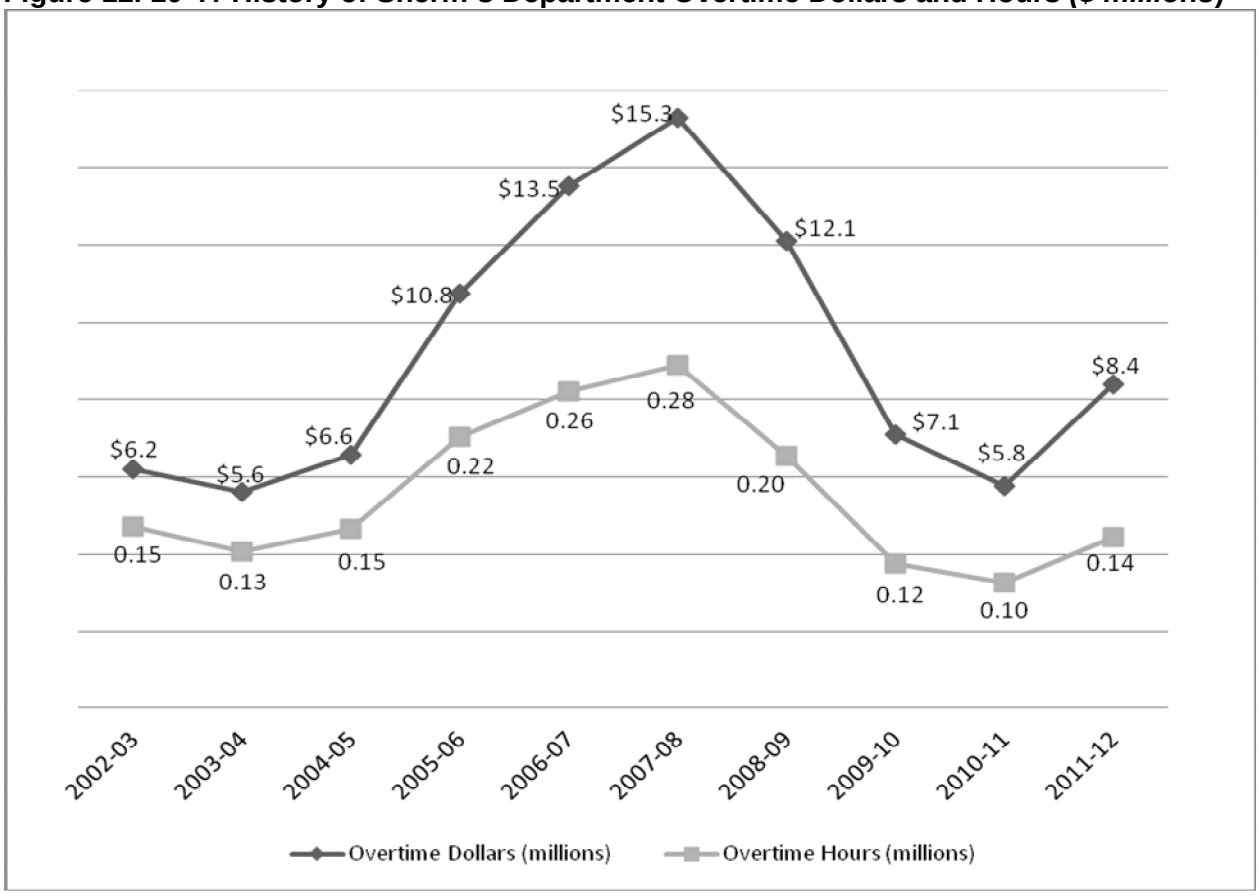


Over the past three years, overtime use at Laguna Honda has been higher than at SFGH even though SFGH has a higher patient population and more employees. The patient census at SFGH fluctuates more than at Laguna Honda, and to compensate DPH keeps a large pool of as needed nurses, known as Special Duty Nurses who are per diem, or P103's, that can be used to help control overtime use. DPH is considering increasing the pool of as needed nurses at Laguna Honda to help reduce overtime use at that facility. In fiscal year 2011-12, P103 regular salaries were $41.5 million or 7% of the Department's total.

E. Sheriff's Department

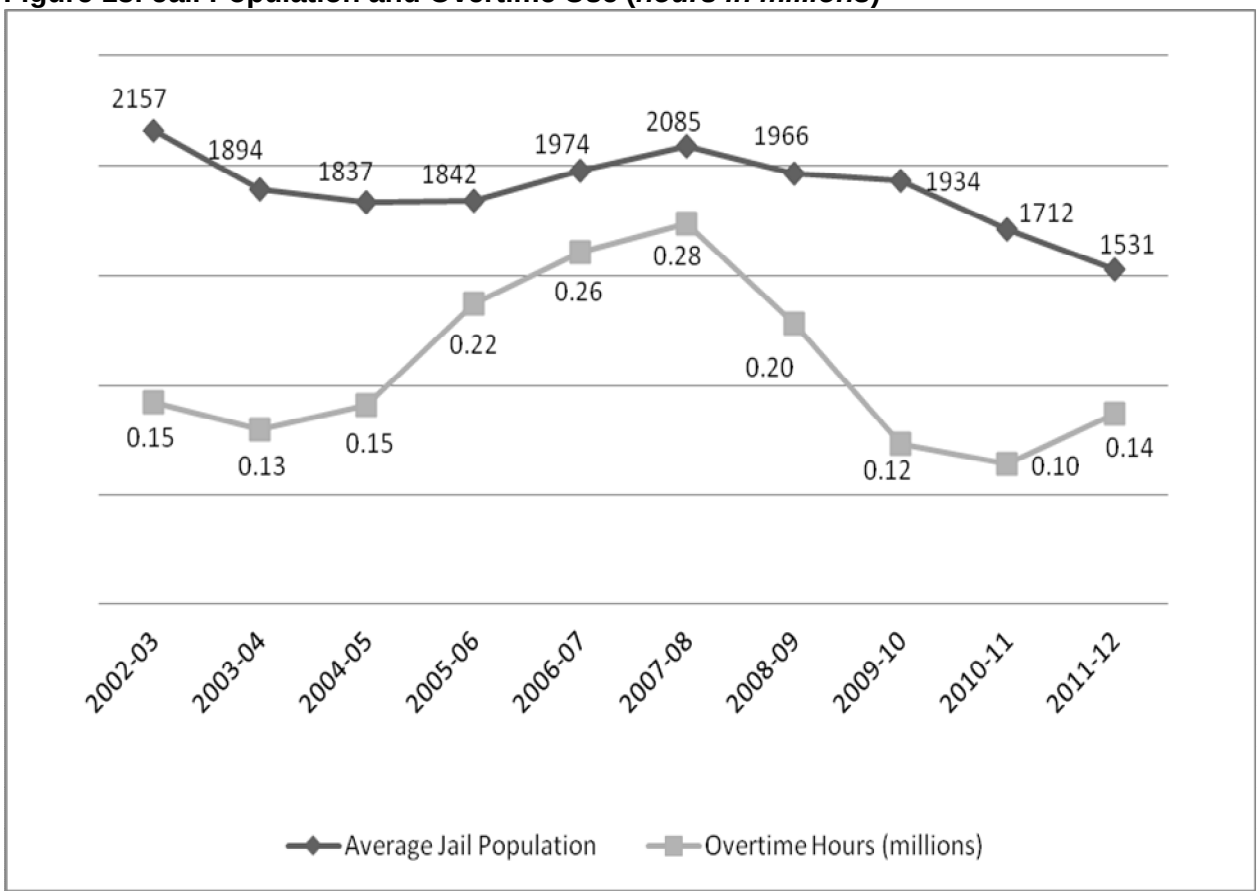
Over the past ten years, overtime spending for the Sheriff's Department ranged from a low of $5.6 million to a high of $15.3 million. Overtime spending increased 147% between FY 2002-03 and 2007-08 and has since decreased by 45%. Overtime hours followed a similar trend and increased by 86% between FY 2002-03 and 2007-08 and have since decreased by 50%. Figure 12 shows overtime spending and hours within the department over the past 10 years.

Figure 12. 10-Yr History of Sheriff's Department Overtime Dollars and Hours *($ millions*)



As shown in Figure 13, between fiscal years 2004-05 and 2007-08, the average annual jail population increased by 17% and overtime hours increased by 90%. Between FY 2007-08 and 2010-11, the average annual jail population decreased by 18% and overtime hours decreased by 63%. The above trend did not continue into FY 2011-12 when the average population decreased by 11% while overtime hours increased by 36%. The Sheriff's Department identified an increased number of employees on disability leave in FY 2011-12 as a reason for the increase in overtime use.

Figure 13: Jail Population and Overtime Use (*hours in millions*)



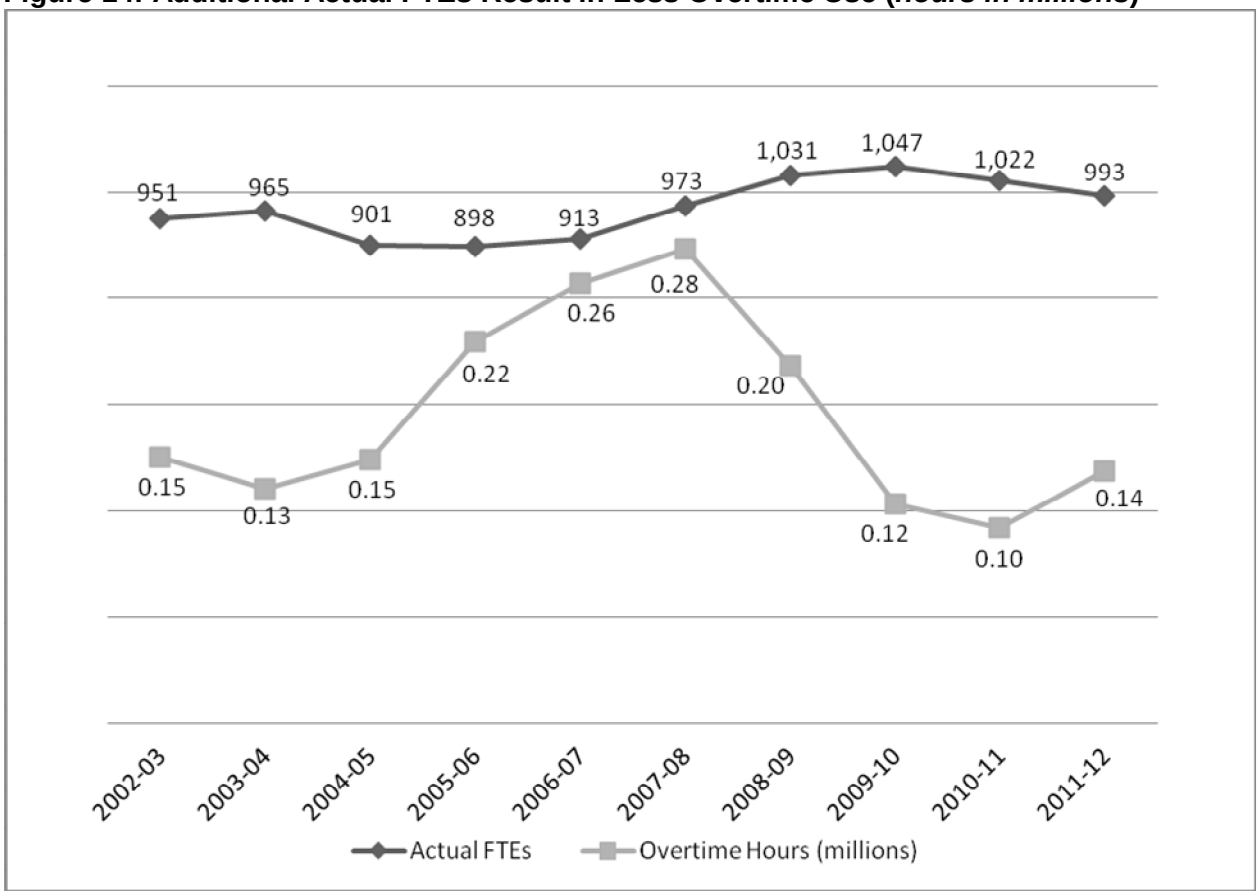
Deputy Sheriffs are responsible for the majority of overtime use within the department. The Department must adhere to minimum staffing levels at all of the City's jails and when staffing falls below the minimum, shifts are filled using overtime. The Department prepares an Anticipated Staffing Report, which details anticipated staffing at the facility, to try and mitigate the use of overtime resulting from staffing shortages. Jail supervisors can review the report and contact other jails that are above the minimum to have deputies detailed to the jail below the minimum.

Staffing

Review of the number of actual FTE's and overtime use does not indicate a strong correlation between staffing levels and overtime. Over the past 10 years, FTEs have increased by 4% while overtime hours have increased by 6%. However, between fiscal years 2002-03 and 2007-08, the number of FTEs increased by 1% while overtime use increased by 116%. During the next three year period, FTEs increased by 5% while overtime use decreased by 63%. As noted above, jail population appears to be a much stronger driver of overtime use than the number of actual FTEs.

Figure 14 shows the relationship between actual FTEs and overtime use.

Figure 14: Additional Actual FTEs Result in Less Overtime Use (*hours in millions*)



Section IV. Appendices

Appendix 1 presents a detailed view of four years of overtime spending by Departments throughout the City. Appendix 2 provides a view of Departmental compliance with administrative code provisions regarding maximum permissible overtime per employee.

Appendix 1

4-Year History of Overtime Spending by Department *($ Millions)*

Department	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Revised Budget	FY 2011-12 Actual	FY 2011-12 Difference
MTA						
Municipal Railway	$ 42.6	$ 45.6	$ 52.2	$ 31.8	$ 53.2	$ (21.4)
Parking & Traffic	1.6	2.3	2.1	1.8	2.5	(0.7)
Subtotal - MTA	44.2	47.9	54.3	33.6	55.7	(22.1)
Police						
General Fund Operations	20.0	13.8	13.1	12.2	10.7	1.5
Special Law Enforcement Services (10B)	9.4	10.5	8.6	10.4	10.4	-
Grants & Other Non-10B Special Revenues	1.3	0.9	1.5	2.4	2.1	0.3
Airport	2.0	1.7	1.4	1.7	1.8	(0.1)
Subtotal - Police	32.7	26.9	24.6	26.7	24.9	1.8
Public Health						
All Other Non-Hospital Operations	0.8	0.8	0.8	0.8	0.8	0.0
SF General	4.7	2.9	4.2	5.1	5.1	-
Laguna Honda Hospital	4.2	5.1	5.6	6.1	5.7	0.4
Subtotal - Public Health	9.7	8.9	10.6	12.0	11.6	0.4
Fire						
General Fund Operations	24.7	21.0	27.7	32.7	32.6	0.1
Grants & Other Special Revenues	0.2	0.0	-	-	-	-
Airport	2.7	2.2	2.5	2.8	2.8	0.0
Port	0.2	0.2	0.3	0.3	0.2	0.1
Subtotal - Fire	27.9	23.5	30.5	35.8	35.6	0.2
Sheriff	12.1	7.1	5.8	10	8.4	1.6
Subtotal - Top 5	126.6	114.3	125.8	118.1	136.23	(15.8)
Public Utilities Commission	4.5	5.3	5.9	6.3	6.2	0.1
Recreation & Park	1.5	1.4	1.4	1.4	1.1	0.3
Human Services Agency	0.5	0.5	0.6	0.2	0.6	(0.4)
Fine Arts Museum	0.7	1.0	0.8	0.7	0.9	(0.2)
Public Works	1.6	1.5	1.4	2	1.5	0.5
Juvenile Probation	1.4	0.8	0.8	1	0.9	0.1
Airport Commission	1.5	1.7	2.2	2.5	2.2	0.3
Elections	0.7	0.4	0.4	0.5	0.4	0.1
Emergency Management	1.2	1.4	1.4	1.6	1.2	0.4
All Other Departments	2.0	2.0	3.2	2.1	2.9	(0.8)
Total	**142.1**	**130.0**	**144.0**	**136.4**	**154.1**	**(17.7)**
Top 5 % of Total	**89.1%**	**87.9%**	**87.4%**		**88.4%**	
Change from Prior Year Actual	$ (25.6)	$ (12.0)	$ 14.0		$ 10.1	
Total Gross Salaries (Cash Compensation)	$ 2,621.4	$ 2,595.8	$ 2,529.6		$ 2,634.5	
Overtime as a % of Total Gross Salaries	5.4%	5.0%	5.7%		5.8%	

Appendix 2. Maximum Permissible Overtime Per Employee

Per the administrative code, city employees are not permitted to work more than 25% of their regularly scheduled hours as overtime. In FY 2011-12, a standard full-time employee worked 2,088 regular hours and the overtime default limit for the year was 522 hours. Table A shows that as of June 30, 2012, 625 non-exempted employees exceeded the overtime default limit. The administrative code allows for exemptions to the default limit, which are defined below Table A.

Table A. Employees exceeding Default Overtime Hours Limit

Department	Employees Above the Default Limit[1]	Employee Exemptions	Non-Exempted Employees Above the Default Limit	Average Total Overtime Hours Per Employee Above the Default Limit
Municipal Transportation Agency	510	-	510	851
Fire	292	(229)	63	1,223
Sheriff	42	-	42	578
Public Health	5	-	5	576
Public Utilities Commission	10	(9)	1	524
Juvenile Probation	1	-	1	681
General Services Agency – City Administrator	2	-	2	638
Recreation and Parks	1		1	649
Total	**863**	**(238)**	**625**	

Definition:

Employee Exemption: The administrative code allows for DHR and MTA to offer overtime default limit exemptions to departments for specific positions and/or job classes. During FY 2011-12, DHR extended the overtime default limit for non-administrative Fire employees to 1,100 overtime hours and removed the default limit for Public Utilities Commission Power Generation Series employees. MTA did not grant any default limit exemptions for fiscal year 2011-12.

[1] Excluded from this column are part-time employees and employees paid by a third party.

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