

AGENDA # _____

CITY OF MADISON, WISCONSIN

REPORT OF:	Noble Wray, Chief of Police	PRESENTED	May 3, 2005
		REFERRED	Board of Estimates
TITLE:	2004 Overtime & 1 st Quarter 2005 Overtime	REREFERRED	
AUTHOR:	Terri Genin, Budget Analyst	REPORTED BACK	
DATED:	April 26, 2005	ADOPTED	POF
		RULES SUSPENDED	
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TO THE MAYOR AND COMMON COUNCIL:

In response to the request of the Common Council for quarterly reports regarding the status of overtime expenditures, the Police Department has developed the following information to explain overtime trends and information from 2004 and the 1st quarter of 2005.

The total 2004 budgeted expenses for the Madison Police Department was \$42,912,642. Wages and benefits accounted for \$36,985,504 or 86% of budgeted costs. In all, at least 93% of budgeted expenditures were determined by labor contracts, other City agency costs, or additional mandates from outside of the Police Department.

Although overtime is considered a variable expense, in the past three years overtime costs required by contract (such as briefing time, holiday day in future, etc.) accounted for at least 59% of overtime. These expenses have been negotiated in various labor contracts that were approved by the Mayor and Common Council, and are required to be paid. Although Police management staff reviews overtime quarterly, they have little or no discretion in allowing contractual overtime.

REPORT OF 2004 OVERTIME:

The total cost of overtime for the Madison Police Department in 2004 was \$1,721,443, or \$103,103 more than initially budgeted. However, it is important to note, the year end cost was only \$7,700 more than the cost estimated during the budget process. This represents a 7.7% increase from the \$1,598,473 expended in 2003, and is approximately \$110,000 more than the average cost of overtime for the previous five years. **(For a comparison of overtime expenses, refer to Appendix A)**

In 2004, the hours earned totaled 94,669. This compares with 91,623 hours in 2003, 80,195 hours in 2002, 83,847 hours in 2001 and 81,118 in 2000. **(Refer to Appendix B)**

There are several key factors that explain the increase in both hours and costs. The primary factor in 2004 related to the days of the week on which Holidays occur, and how they are allocated at the year end. In 2004, this resulted in substantial additional hours in the Holiday Day In Future type of contractual overtime.

However, the most significant aspect of overtime in 2004 was the pay-to-time ratio. Since employees are entitled to receive overtime as either paid time or comp time, overtime costs can vary substantially from year to year. If the pay-to-time ratio is higher, then officers are taking more of their overtime as pay. As it decreases, costs will also decrease because more overtime is "banked" as comp time. This is why it is necessary to analyze the total hours earned and compare these amount to the hours paid. Five years ago, the pay-to-time ratio was 1.62. In 2004, it was only .99. With such a low number of hours taken as pay, the result was that overtime costs did not increase at the same rate as the increase in hours earned.

To explain this more clearly, if officers had taken the same percentage of hours in pay during 2004 that they did in 1999, it would have cost an additional \$423,642 for overtime last year. If the ratio had been 1.48, as it was in 2001, it would have cost an additional \$348,537. If the ratio had been .93, as it was in 2003, it would have cost \$52,000 less for overtime in 2004.

Until 2003, for almost ten years most overtime earned was taken as pay. **(Refer to Appendix C)** For the last two years, more overtime was taken as comp than as pay. **(For a breakdown of paid hours vs. comp hours refer to Appendix D)**

The percentage of total overtime hours that were Demand-Driven decreased 7% from 2003 to 2004. It is difficult to draw any substantive conclusions from this information, because 2003 had an exceptional number of Extraordinary Events, such as homicides and shootings. If one reviews the average hours in the past five years, it's clear that the trend is toward an increase in hours. Although Extraordinary Events continue to fluctuate, the predominant consistent change appears to be in the Planned Event category. Four or five years ago, there were fewer planned events, and each event required fewer hours. In the past few years, the requirements for staffing Planned Events have increased, resulting in substantially more overtime earned and significant increases in costs. Although the City receives compensation for some of the events, the increased need for police resources continues to create challenges. **(Refer to Appendix E)** The comparative breakdown of Demand-Driven overtime hours is:

	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
Routine	15,244	16,587	16,882	15,796	14,954
Extraordinary Event	6,061	8,515	2,149	5,225	4,421
Planned Event	6,777	6,084	5,054	3,630	3,184
Holdover	3,143	2,530	2,839	2,690	2,413
Meetings	527	379	441	440	518
TOTAL	31,752	34,095	27,365	27,781	25,490

Contractual overtime increased 10% from 2003 to 2004. The comparative breakdown of Contractually-Driven overtime hours is:

	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
Briefing Time	25,780	26,160	25,308	24,311	24,049
Legal Appearance	4,728	5,753	5,664	6,200	6,632
Holiday Day In Future	23,309	17,548	12,232	13,301	13,299
Convert to Pay	5,381	4,512	4,910	5,617	5,738
TOTAL	59,198	53,973	48,114	49,429	49,719

Finally, Civilian overtime increased to 3,719 hours in 2004 as compared to 3,555 hours in 2003, 4,716 hours in 2002, 6,636 hours in 2001, and 5,910 hours in 2000. The civilian overtime in 2004 was primarily driven by the need for Police Report Typists to work additional hours to process reports in a timely fashion.

In summary:

- Hours of overtime earned increased slightly in 2004, rising 3.3%
- Since the pay-to-time ratio rose slightly, the actual cost of overtime increased at a greater rate. Overtime expenses were \$122,970 more in 2004 than in 2003.
- The hours earned for Holiday Day In the Future increased significantly, due to the days of the week on which holidays occurred and the percentage of the year end holidays that were included in 2004.
- The trend in increasing overtime for Planned Events continued through 2004.

REPORT OF 1ST QUARTER 2005 OVERTIME:

The total hours of overtime earned in the 1st quarter of 2005 decreased by 8% when compared to the prior year 1st quarter, and is the lowest 1st quarter in 5 years. **(Refer to Appendix F)**

The main reason for the drop in hours earned was the fact that all of the first pay period was charged back to 2004. In general, overtime hours are tracking at a comparable rate to 2004.

The pay-to-time ratio continues to follow the trend of last year, with more hours taken as comp than as pay. The drop in hours earned, combined with the continued extremely low pay-to-time ratio, resulted in a \$16,484 decrease in overtime costs in 1st quarter 2005 as compared to 1st quarter 2004. The total costs for 1st quarter 2004 were \$256,797, as compared to \$273,281 in 2004, \$306,548 in 2003, \$311,534 in 2002, and \$379,678 in 2001. **(Refer to Appendix G)**

Demand-Driven overtime hours dropped 8% in comparison to the same quarter of 2004. A comparative breakdown of Demand-Driven overtime hours is:

	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Routine	3,409	3,622	4,587	4,191	3,635
Extraordinary Event	541	1,057	1,451	472	947
Planned Event	0	9	0	0	0
Holdover	684	436	334	656	273
Meetings	177	116	125	119	127
TOTAL	4,811	5,240	6,497	5,438	4,982

Although most overtime stayed fairly constant, Extraordinary Events decreased significantly from the prior two years.

Contractual overtime also decreased, dropping more than 12% from 2003 to 2004. A comparative breakdown of Contractually-Driven overtime hours is:

	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Briefing Time	6,252	6,500	6,695	6,390	6,273
Legal Appearance	1,270	1,290	1,399	1,504	1,472
Holiday Day In Future	1,743	2,725	2,179	2,544	3,982
Convert to Pay	723	726	918	1,033	1,687
TOTAL	9,988	11,241	11,191	11,471	13,414

The most significant increase in 1st quarter overtime was for Civilians. The total hours in the 1st quarter of 2005 were 1,296, compared to 1,012 in 2004, 695 in 2003, 1,249 in 2002, and 2,567 in 2001.

PROJECTED COSTS FOR 2005:

As always, it is difficult this early in the year to make accurate projections in regards to overtime costs. During the 2005 budget process, data from several years was evaluated. From this information, it was determined that a total of \$1,727,472 at 2005 rates, would be needed to pay for anticipated overtime in 2005.

Considering the significant number of retirements this quarter and increased staffing demands, including substantially more overtime hours projected for events such as the Mifflin Street Block Party, it seems that overtime costs could increase at a greater rate than initially projected. If officers are unable to take comp time off because of lack of staffing, they will begin to request a greater percentage of overtime as pay.

The 2005 MPD Operating Budget provides for \$1,641,984 for overtime costs. This appears to be insufficient to fund probable costs, since at this time it appears we will be at least \$125,000 over budget.