

**REPORT:** Police Overtime for 2006 and 1<sup>st</sup> Half of 2007

**FROM:** Noble Wray, Chief of Police

**DATE:** July 25, 2007

TO THE MAYOR AND COMMON COUNCIL:

In response to the request of the Common Council for reports regarding the status of overtime expenditures, the Police Department has developed the following information to explain overtime trends and information from 2006 and the first half of 2007.

The total 2006 budgeted expense for the Madison Police Department was \$48,507,296. Wages and benefits accounted for \$41,015,602 or 85% 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 hours required by contract (such as briefing time, holiday day in future, etc.) accounted for 60% of the overtime hours earned. 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 2006 OVERTIME:**

The total cost of overtime for the Madison Police Department in 2006 was \$2,143,472, or \$430,774 more than initially budgeted. This represents a 14.5% increase, or \$272,760 over the \$1,870,712 expended in 2005, and is approximately \$446,416 more than the average cost of overtime for the previous four years. **(For a comparison of overtime expenses, refer to Appendix A)**

In 2006, the hours earned totaled 99,024. This compares with 94,478 hours in 2005, 94,669 hours in 2004, 91,623 hours in 2003, and 80,195 hours in 2002. **(Refer to Appendix B)**

As you may note, although the hours of overtime only increased at a rate of 5%, the cost of overtime increased 14.5%. This increase in costs is primarily due to the rise in the Departments pay-to-time ratio, as increasingly employees are taking their overtime as pay rather than time. In addition, throughout 2006 employees continued taking less comp time off than in previous years. Once again, the balance of accrued time at the end of the year was substantially higher than at the end of the previous year. This resulted in an accrued time adjustment of \$123,503 at the end of the year.

Demand-Driven overtime increased 12.4% from 2005 to 2006. Although Routine overtime dropped, this savings was offset by a considerable increase in Extraordinary Events, which includes four homicides, significant initiatives in response to incidents in the Allied neighborhood and Downtown, and several high-risk ERT search warrants. In addition to Extraordinary Events, overtime categorized as Holdover also demonstrated a significant increase. This overtime is primarily due to staffing shortages.

The comparative breakdown of Demand-Driven overtime hours is:

|                     | <u>2006</u>   | <u>2005</u>   | <u>2004</u>   | <u>2003</u>   | <u>2002</u>   |
|---------------------|---------------|---------------|---------------|---------------|---------------|
| Routine             | 15,902        | 16,844        | 15,244        | 16,587        | 16,882        |
| Extraordinary Event | 7,917         | 3,166         | 6,061         | 8,515         | 2,149         |
| Planned Event       | 7,177         | 7,674         | 6,777         | 6,084         | 5,054         |
| Holdover            | 5,140         | 4,709         | 3,143         | 2,530         | 2,839         |
| Meetings            | 967           | 607           | 527           | 379           | 441           |
| <b>TOTAL</b>        | <b>37,103</b> | <b>33,000</b> | <b>31,752</b> | <b>34,095</b> | <b>27,365</b> |

From 2005 to 2006 there was a slight increase in Contractually-Driven overtime hours. Although the overall change was fairly small, it is important to note that there was a 27% increase in the number of hours converted to pay. The increase in this expense corresponds with the rise in the pay-to-time ratio, as more employees opt for overtime payments rather than accruing time. This is usually due to a combination of circumstances which include an increasing number of employees maximizing payments in their final years of service, staffing shortages which result in an inability to utilize time off, and more employees reaching the contract maximums for accrued time.

The comparative breakdown of Contractually-Driven overtime hours is:

|                       | <u>2006</u>   | <u>2005</u>   | <u>2004</u>   | <u>2003</u>   | <u>2002</u>   |
|-----------------------|---------------|---------------|---------------|---------------|---------------|
| Briefing Time         | 25,883        | 25,971        | 25,780        | 26,160        | 25,308        |
| Legal Appearance      | 4,820         | 5,426         | 4,728         | 5,753         | 5,664         |
| Holiday Day In Future | 19,886        | 20,017        | 23,309        | 17,548        | 12,232        |
| Convert to Pay        | 7,144         | 5,621         | 5,381         | 4,512         | 4,910         |
| <b>TOTAL</b>          | <b>57,733</b> | <b>57,035</b> | <b>59,198</b> | <b>53,973</b> | <b>48,114</b> |

Finally, Civilian overtime decreased to 4,188 hours in 2006 as compared to 4,443 hours in 2005, 3,719 hours in 2004, 3,555 hours in 2003, and 4,716 hours in 2002.

**Summary of 2006 Overtime:**

- Hours of overtime earned increased by approximately 5%.
- The pay-to-time ratio increased to 1.1, and there was a 27% increase in the number of hours employees converted to pay. These two indicators highlight a shift toward an increase in paid overtime rather than compensatory time.
- Overtime for Extraordinary Events increased substantially due to significant incidents as well as initiatives Downtown and in the Allied neighborhood to address emerging issues.

**REPORT OF 1<sup>st</sup> HALF 2007 OVERTIME:**

The total hours of overtime earned in the 1<sup>st</sup> half of 2007 increased by 5% when compared to the 1<sup>st</sup> half of 2006. The year-to-date hours for 2007 are 42,679, as compared to 40,889 in 2006, 36,183 in 2005, 38,388 in 2004, and 38,490 in 2003. **(Refer to Appendix C)**

The greatest increases occurred in the categories of Extraordinary Events and Holiday Day-In-Future. The Holiday increase is due to the regular pattern of which pay cycle is charged for the Holiday Day-In-Future hours. A few years ago, a portion of the New Years Day holiday was charged back to the prior year. In 2006 none of New Years Day was charged back. In 2007, neither New Years Eve nor New Years Day was charged back. The result is a significant increase in the Holiday Day-In-Future hours at the beginning of the year, although the hours usually balance out at the end of the year.

Last year there was a rise in Routine overtime hours during the first half, and this year these hours have dropped. This is primarily due to an improved ability to capture the information accurately, as adjustments have been made with the new scheduling software. However, even allowing for these adjustments between categories, Extraordinary Events have clearly risen.

Demand-Driven overtime hours increased 6.5% in comparison to 2006. A comparative breakdown of Demand-Driven overtime hours is:

|                     | <u>2007</u>   | <u>2006</u>   | <u>2005</u>   | <u>2004</u>   | <u>2003</u>   |
|---------------------|---------------|---------------|---------------|---------------|---------------|
| Routine             | 7,149         | 8,077         | 6,741         | 7,469         | 8,569         |
| Extraordinary Event | 3,072         | 1,826         | 887           | 2,897         | 2,243         |
| Planned Event       | 1,326         | 1,095         | 2,235         | 1,403         | 1,290         |
| Holdover            | 1,806         | 1,929         | 1,751         | 1,164         | 877           |
| Meetings            | 394           | 453           | 319           | 245           | 228           |
| Problem Initiatives | 496           | 0             | 0             | 0             | 0             |
| <b>TOTAL</b>        | <b>14,243</b> | <b>13,380</b> | <b>11,933</b> | <b>13,178</b> | <b>13,207</b> |

It's important to note that a new category of overtime has been added in 2007. In order to track information related to emerging issues, a new category of Problem Initiatives has been developed. In prior years, these costs were included with Extraordinary Event overtime. At present the two specific Problem Initiatives are the Downtown Safety Initiative and the Allied Initiative. To date in 2007, grant funds have been utilized for the efforts in Allied, so the overtime listed on this report is all for the Downtown Safety Initiative. This Initiative includes overtime for the Downtown Safety program approved by the City Council, as well as overtime related to implementation of a Mounted Patrol program to assist with downtown events.

Contractual overtime also increased, rising almost 9% from 2006 to 2007. A comparative breakdown of Contractually-Driven overtime hours is:

|                       | <u>2007</u>   | <u>2006</u>   | <u>2005</u>   | <u>2004</u>   | <u>2003</u>   |
|-----------------------|---------------|---------------|---------------|---------------|---------------|
| Briefing Time         | 12,355        | 12,310        | 12,176        | 12,391        | 12,773        |
| Legal Appearance      | 2,114         | 2,068         | 2,461         | 2,365         | 2,541         |
| Holiday Day In Future | 10,174        | 8,671         | 5,765         | 6,754         | 6,335         |
| Convert to Pay        | 2,822         | 2,154         | 1,683         | 1,473         | 1,791         |
| <b>TOTAL</b>          | <b>27,465</b> | <b>25,203</b> | <b>22,085</b> | <b>22,983</b> | <b>23,440</b> |

Finally, civilian overtime decreased during the 1<sup>st</sup> quarter of 2007. The total hours in the 1<sup>st</sup> half of 2007 were 971 as compared to 2,307 in 2006, 2,164 in 2005, 2,227 in 2004, and 1,843 in 2003. The primary reason for the drop in civilian overtime is related to the lack of vacancies in civilian positions throughout most of the 1<sup>st</sup> quarter.

In terms of overtime costs, the year-to-date cost as of the end of payroll #13 was \$881,001. This compares to \$744,654 in 2006, \$628,592 in 2005, \$638,130 in 2004, and \$634,647 in 2003. **(Refer to Appendix D)**

A key consideration in reviewing overtime for the 1<sup>st</sup> half of 2007 continues to be the gradual increase in the pay-to-time ratio. As highlighted in the information from 2006, this indicator is beginning to rise. The combination of more officers reaching maximum balances for comp time, older officers choosing pay rather than comp, and staffing shortages preventing officers from taking time off, are all resulting in increased payment of overtime rather than accrual of comp time. Changes in the pay-to-time ratio generally correspond with rises and drops in payment of overtime. **(Refer to Appendix E)**

PROJECTED COSTS FOR 2007:

As always, it is difficult this early in the year to make accurate projections in regards to overtime costs. The current information clearly demonstrates that overtime is increasing. In addition, if officers are unable to take comp time off, they will either begin to request a greater percentage of overtime as pay or maintain a higher "bank" of hours. This results in either an increase in paid overtime, or an increase in the accrual at the end of the year.

Early in 2007, the overtime allocation of \$54,900 for the Downtown Safety Initiative was added to the Police budget. This raised the total 2007 MPD Operating Budget to \$1,995,736 for overtime costs. Based solely on data from the first half of the year, if the trends continue the MPD would be \$275,000 over budget. However, since the close of the first half of the year, there have been two homicides and an officer involved shooting. In addition, there are indications that the pay-to-time ratio will continue to rise. The combination of these events could result in an even more substantial shortfall by the end of the year.