



**PHILADELPHIA CITY COUNCIL
OFFICE OF THE PRESIDENT**

To: Councilmembers and Staff
From: City Council Finance and Budget Team
Date: 10/6/17
Re: City Overtime and Vacancy Analysis (FY14 – FY17)

Summary

This week, PICA released its Annual Overtime Report for Philadelphia. Expanding on this release, the following report takes a more specific look at both Overtime Budgets and Vacancy projections over the past four fiscal years. Managing overtime and vacancies is crucial to the City’s fiscal health, especially considering that personnel expenses represent approximately two-thirds of all annual costs to the City’s Operating Budget (including benefits and pension costs). Overtime costs have consistently remained above budgeted levels, at an annual average of \$36.5 million overbudget during the past four years. However, according to the latest Quarterly Report, **net overtime costs are projected to have decreased by \$10.4 million in FY17, when compared to FY16.** While this is a positive trend, the \$160.3 million projected to be spent in overtime costs for FY17 is \$31 million (or approximately 24%) *above* the budgeted amount of \$129.3 million. Coupled with non-overtime personnel obligations, the **City is projected to end FY17 \$56 million overbudget in Class 100 spending.**

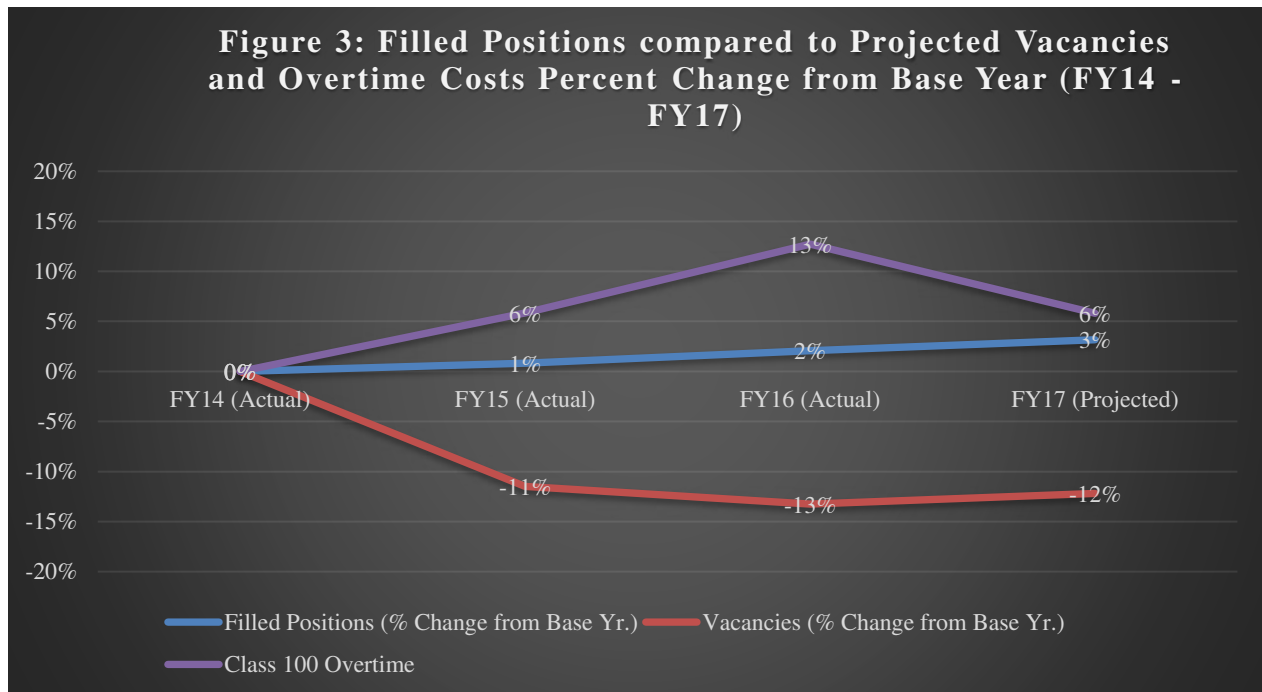
Figure 1	FY14 Budgeted	FY14 Actual	FY15 Budgeted	FY15 Actual	FY16 Budgeted	FY16 Actual	FY17 Budgeted	FY17 Projected
Full Time Positions	22,289	20,991	22,315	21,166	22,553	21,427	22,796	21,656
Class 100 Obligations	\$ 1,401,329,716	\$ 1,450,615,388	\$ 1,433,918,993	\$ 1,508,678,147	\$ 1,534,426,099	\$ 1,562,629,197	\$ 1,565,831,450	\$ 1,590,846,718
Class 100 Overtime	\$ 118,124,012	\$ 151,506,720	\$ 121,543,090	\$ 160,340,939	\$ 127,882,648	\$ 170,783,318	\$ 129,321,407	\$ 160,326,812

Figure 2	FY14 (Actual)	FY15 (Actual)	FY16 (Actual)	FY17 (Projected)
End of Year Positions	20,991	21,166	21,427	21,656
Vacancies	1,298	1,149	1,126	1,140
Class 100 Obligations (overbudget)/underbudget*	\$ (49,285,672)	\$ (74,759,154)	\$ (28,203,098)	\$ (25,015,268)
Class 100 Overtime (overbudget)/underbudget*	\$ (33,382,708)	\$ (38,797,849)	\$ (42,900,670)	\$ (31,005,405)

*Negative numbers reflect deficit amounts, or amounts that were spent above the originally budgeted appropriation; positive numbers reflect savings, or amounts that were spent below the original budgeted appropriation.

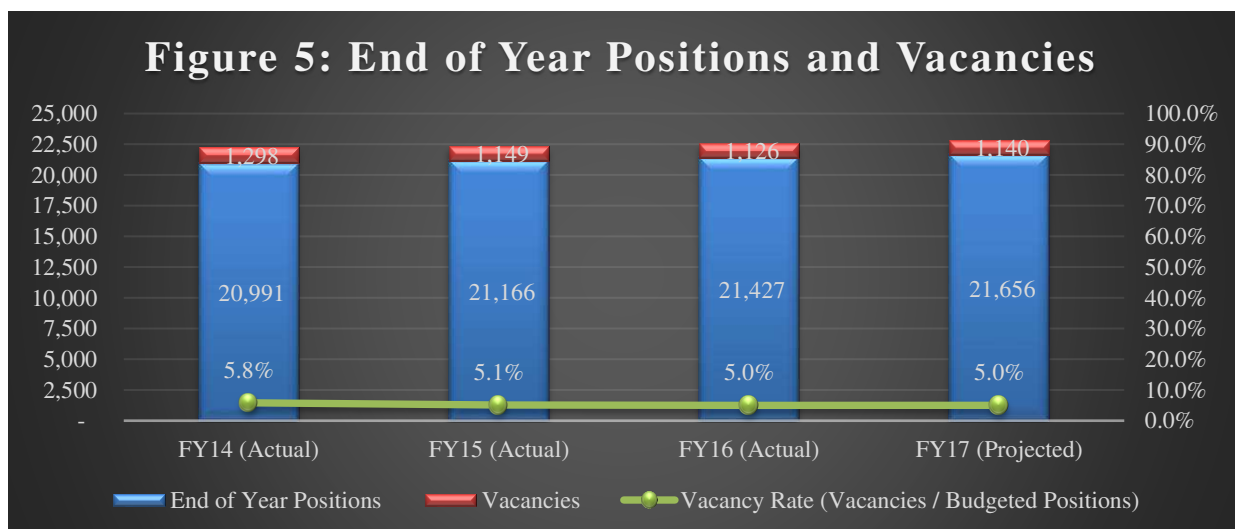
Please see the following two pages for a more detailed analysis of overtime spending as it relates to vacancies, and overall employee compensation costs.

Analysis: From FY14 to FY17, filled positions increased by 665 (3%) and vacancies declined by 158 (12%). **FY17's projected increase of filled positions and decline of vacancy rates led to decreasing reliance on overtime**, in contrast to FY14-FY16, where decreases in vacancies occurred in tandem with increases in overtime. *Figure 3* graphs percent changes in each of these categories, compared to base year FY14, and shows the declining growth in overtime costs.



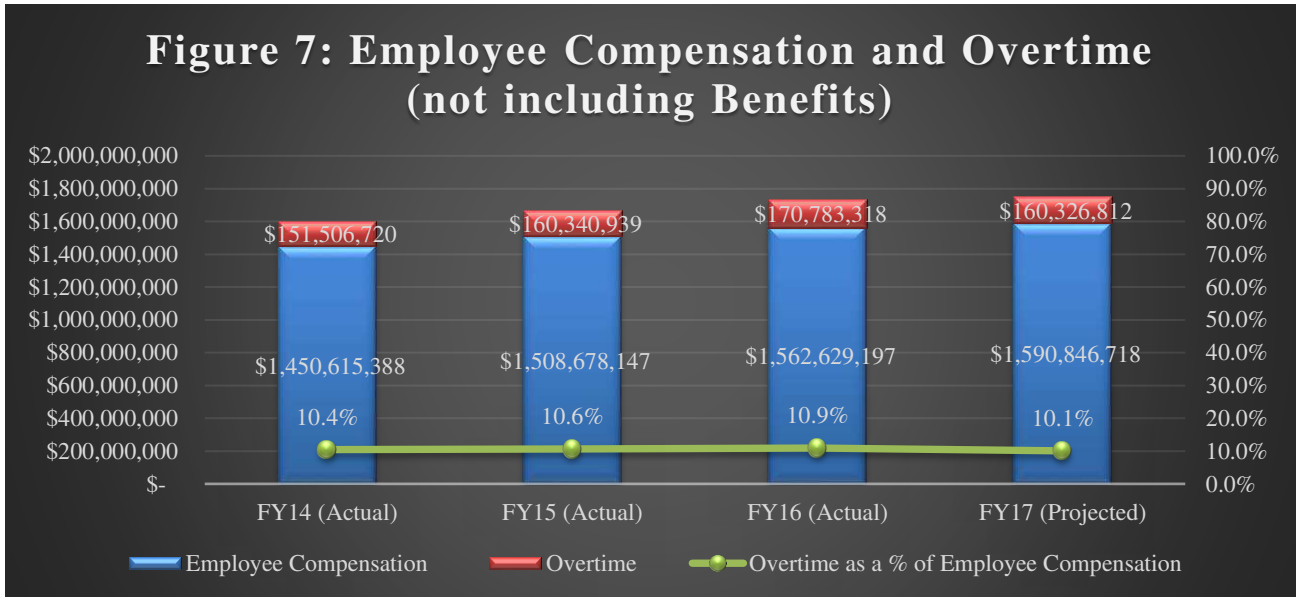
	FY14 (Actual)	FY15 (Actual)	FY16 (Actual)	FY17 (Projected)
Filled Positions (% Change from Base Yr.)	0%	1%	2%	3%
Vacancies (% Change from Base Yr.)	0%	-11%	-13%	-12%
Class 100 Overtime (% Change from Base Yr.)	0%	6%	13%	6%

As seen in *Figure 5* below, the number of vacancies decreased each fiscal year from FY14 to FY17. Not only have vacancies decreased, but **the vacancy rate – the proportion of vacancies to overall budgeted positions – has dropped from 5.8% to 5.0%** during that same timeframe.



	FY14 (Actual)	FY15 (Actual)	FY16 (Actual)	FY17 (Projected)
End of Year Positions	20,991	21,166	21,427	21,656
Vacancies	1,298	1,149	1,126	1,140
Vacancy Rate (Vacancies / Budgeted Positions)	5.8%	5.1%	5.0%	5.0%

Figure 7 shows overall compensation (excluding benefits) and overtime costs within Class 100. From FY14 to FY16, overtime costs were a growing proportion of overall Class 100, increasing from 10.4% to 10.9%. **However, if FY17's projected \$10.4 million decrease in overtime spending is actualized, the City's proportion of overtime as a percentage of overall Employee Compensation should decrease from 10.9% to 10.1%.** Continued decreases in unbudgeted Class 100 funds will not only increase the health of the City's General Fund Balance, but the overall fiscal health of the City.



	FY14 (Actual)	FY15 (Actual)	FY16 (Actual)	FY17 (Projected)
Employee Compensation	\$ 1,450,615,388	\$ 1,508,678,147	\$ 1,562,629,197	\$ 1,590,846,718
Overtime	\$ 151,506,720	\$ 160,340,939	\$ 170,783,318	\$ 160,326,812
Overtime as a % of Employee Compensation	10.4%	10.6%	10.9%	10.1%

Follow Up: As always, please let us know if you have any questions related to this analysis, or need any additional information.