



**Office of the City Auditor
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Overtime Pay
Cost Analysis

Introduction:

On May 7, 2009, the Office of the City Auditor opened a formal review of the City wages and salaries with a specific focus on reviewing overtime. This included reviewing the policy being used for the current approval and authorization procedures for over time assignments, the monitoring and use of overtime by management and/or department heads. The review was originally intended to cover calendar years 2007, 2008 and the first quarter of 2009. The end date for the audit was determined based on the availability of data from the payroll unit of the Finance Department which was posted on the city system. As the audit progressed more data became available and the additional information was included and the 2009 period was extended from January through November. The decision was made in order to include the most up to date data in the audit, as well as the two previous years that were part of the audit review period from the beginning.

This review is authorized by Section 5-501(4) of the City of Syracuse Charter. The examination was administered in accordance with the *Government Auditing Standards*, issued by the Comptroller General of the United States and *Standards for the Professional Practice of Internal Auditing*, as circulated by the Institute of Internal Auditors.

These standards necessitate that the audit is planned and performed to attain a reasonable foundation for the judgments and conclusions regarding the function under examination. This review also included evaluations of applicable internal controls and compliance with requirements of law and regulations when necessary to satisfy audit objectives.

The management of the City of Syracuse, New York, is responsible for establishing, maintaining and complying with the internal control structure and for compliance with applicable laws, regulations and contracts.

This report is intended solely for the information of the Mayor, the Common Council and the involved departments of the City of Syracuse, New York, yet it is understood to be a matter of public record and its distribution is not limited. Further information regarding this audit is available at the City of Syracuse's Audit Department upon request.

The decision to perform an audit related to the City's utilization of overtime was related to several considerations brought to the attention of the Office of the City Auditor. These considerations are in addition to the obvious fact that, with the City having approximately 1,797 active employees that cost approximately \$115 million in salaries and wage allocations in the 09/10 budget; including just under \$16.2 million that has been budgeted for over time. As a result, periodic reviews focusing on over time use are always a desirable management tool for analytical decision making.

The first consideration for the Office of the City Auditor was that it had become inescapable from a number of previous audits conducted by the Office of the City Auditor over the last several years that there was a repeated pattern of either a total lack of City policies governing significant aspects of City operations or, and this finding was the more common one, a tendency to have policies in place and then have limited will to no will to adhere to the policies. There would be persuasive arguments given as to why variances from policy were necessary and therefore regularly acceptable to management. While there were, at times, very well-reasoned arguments made, the situation was established that instead of being exceptions to the norm, they became the norm themselves. An inverted pattern of the exception to the norm becoming the norm was established throughout.

The second factor that encouraged an overtime review is the repeated anecdotal reports on how much overtime has grown unchecked over the last eight to nine years; if true, this development seemed to suggest that it was both timely and fitting that an overtime comparison should be completed to evaluate the validity of these assertions of unregulated overtime. The calculation of the overtime expensed by the City in fiscal 2000/2001 shows that \$8.68 million was actually paid out; in contrast, the nearly \$16.2 million budgeted for over time in 2009/2010 represents an increase in the range of 87% over the nine-year period between fiscal periods used for this comparison.

The City Auditor was forced to contemplate the public policy implication as it relates to over time. Is it in the best interest of the tax payer and the community to shoulder an almost a 90% increase in overtime costs from 2000 to 2009? Should the City of Syracuse pro actively look to cost saving measures in light of the fiscal crisis that paralyzed the private sector in 2008 and caused private businesses to lay off millions of hard working citizens pushing the unemployment rate to over 10% in 2009? The answer is self evident and over time is an area that must be closely managed at all levels of government.

The economic crisis that has been spreading its impact across the entire state and most certainly through out the central New York area for the last year and a half. As the City continues facing difficult decisions on how to best deliver services to City residents and workers as resources are limited and stretched; analyzing how overtime is an exercise that can produce results that will aid management in the future allocating of limited funding.

In hindsight it is easy to state that it would have been more foresighted to begin a scrutiny of over time last year when the City was preparing the 2009/2010 budget. It became known during the period when the 2009/2010 fiscal year (FY) budget was being prepared that the City of Syracuse started with a budget gap of approximately 25 to 30 million dollars that needed to be addressed in order to have a balanced budget document, and it was evident to finance officials that New York State was experiencing fiscal stress that could trickle down to local government. However, a balanced budget was prepared, with heavy reliance on the use of fund balance, and the attention given to over time was limited to a non-measurable amount of scrutiny.

In looking forward to the 2010/2011 fiscal year, City of Syracuse finance officials expect to experience approximately a forty million dollar shortfall at the outset of the budget preparation process. As the City begins to review its deficit, expenses will become an important part of the discussion. In 2009/2010 the City portion of the combined City/School District operating budget was over 281 million dollars spent on operations (the school district was over 352 million dollars). Of that, 65% was spent on wages and salaries of which overtime was a substantial part.

When reviewing a possible forty million dollar shortfall with the fact that 65% of expenses are related to wages and salaries that include over time, it is obvious that over time expenses must be scrutinized by the Administration, the Common Council and the department heads and managers. The departments, when requesting overtime, would be reminded that almost 1 in 10 of our neighbors are unemployed due to the recession and are paying substantial property taxes that support our over time personal income.

The forty million dollar budget deficit is an approximated gap based on the most current revenue and expense assumptions; many of the budgetary assumptions and areas of fiscal stress were included in the first estimates that contributed to the twenty-five million dollar deficit faced in preparing the current budget. A vast majority of the budgetary imbalance has rolled forward, so

that all things being equal, the City will again start the year with a 25 million deficit. Compounding this situation, the city anticipates an increase in its New York State retirement system contributions of about 2 to 3 million dollars for 2010/2011, 3 to 4 million dollars more in employee health benefit payments, and 3 million dollars more in obligated salary increases.

On the revenue side, all indications are that there will be an approximate decrease of 3 to 5 million dollars in State Aid to municipalities. Combined, the increases in expenses, the reduction in State Aid and the structural deficit carried forward, the Office of the City Auditor concurs that a challenge of at least 37 million dollars lies ahead for the City of Syracuse.

Adding to the financial uncertainty ahead, none of these assumptions take into consideration the effect of potential changes to the sales tax revenues directed to the City of Syracuse; the negotiated formula will soon be up for renewal and the City of Syracuse, along with the county's towns, villages and school districts all are aware of the pressure on the distribution of this revenue item. Any change to the "worse" from the perspective of the City of Syracuse will only push the shortfall that much higher. Or, should consumers continue to reign in spending; less sales tax collection will result in lower anticipated dollars to the city coffer.

At the same time as the City began the preparation of a spending plan for 2010/2011, the State of New York communicated to its financially dependent municipalities and school districts that it was implementing both the reduction and the delaying of scheduled state payments (starting in December, 2009) to keep the state solvent through to the end of the current state fiscal year, which ends next March 31st. The delays in payments will result, at best, in cash flow issues for the City this year, and at worst when combined with state aid payments actually being reduced mid fiscal year, will create a larger structural imbalance for the City next year. Most experts in Albany agree that the Deficit Reduction Plan (DRP) passed by NYS pushed most of the true cost cutting into next year's budget. This will have a negative impact on all local governments reliant on state aid.

Therefore, no argument can be made otherwise than the fact that close scrutiny of overtime can not be put off any longer.

Greater accountability for millions of tax payer dollars is an absolute necessity.

Scope:

The review was performance in nature and was executed to analyze City wages and salaries, and in particular, the assignment and utilization of over time by both staff and operating departments. The review was planned to cover calendar years 2007, 2008 and the first quarter of 2009.

In order to fully understand the motivations and justifications for assigning overtime, city policies used for authorizing over time were reviewed. This process in the audit included obtaining city wide over time policy information from the administration and obtaining policies governing the authorization of overtime used at the departmental level. As the time frame for obtaining and reviewing overtime policy information stretched out, the review that was originally intended to cover calendar years 2007, 2008 and the first quarter of 2009 was extended to include information from Calendar Year 2009 from January through November.

The review was executed to provide an independent assessment of the current approval, monitoring and usage of City of Syracuse overtime as authorized by City of Syracuse

management for employees, regardless of department. Additionally, a review of city policy was conducted and a review was then performed to see if city departments are operating within that policy.

Scope Impairment

Part of the performance evaluation portion of the audit was intended to review the city wide policy, assuming it exists, as it relates to granting and use of over time; additionally, the review was structured to review policy as it is implemented at the departmental level. Every city department responded except for one creating a limited scope impairment that must be noted. The department that did not respond was experiencing a serious extenuating circumstance beyond its control and reported that it could not comply with the Auditor's request. The information not provided by that department was received via other conduits and did not impede the overall scope of the audit, but the impairment must be noted per compliance with Government Auditing Standards.

Methodology:

To reach an assessment on overtime use, the Department of Audit held discussions with various department heads in person and via email/written memoranda to gain a better understanding of the city policy relative to over time.

The Office of the City Auditor reviewed city policy and requested a statement from each department requesting their specific overtime policy. All departments, except one, responded to the requests by the Office of the City Auditor. The Administration and the department heads outlined overtime policy in general, how it is approved and the philosophy of each department relative to overtime. Additionally, most departments supplied their own records of salaries/wages and over time for their departments.

The Office of the City Auditor reviewed payroll paperwork provided by the city departments and cross referenced those figures to actual overtime reported via payroll records that were independently obtained by the Office of the City Auditor.

The Office of the City Auditor used 2007, 2008 and year to date 2009 salaries, overtime at 1.5 times wages and overtime at 2 times wages as a comparative.

The Auditor pulled individual job titles and job duty statements and then used the descriptions from these sources for comparative purposes in reviewing the justifications given by management for various over time authorizations.

Conclusion:

Several conclusions were reached as a result of this examination of the City's utilization of over time as a management tool. Among these conclusions are the following:

1. City overtime has grown at an extremely high rate in recent years. As previously noted, the comparison of the City's actual overtime from nine years ago and the level currently

- budgeted shows a growth rate in the range of 87%. This could represent managerial decisions made during intervening years to hold vacancies rather than fill existing positions, and there is certainly a relationship that exists between over time use and the full staffing of positions in the budget. The problem that management has not fully met is in explaining this significant growth in overtime in combination with the public's awareness that some City workers are adding sums to their base pay rates that frequently appear to be excessive and of questionable necessity.
2. There is a lack of consistent, enforced policies for overtime authorizations. This also gives the public a sense that overtime is viewed as an unmanaged entitlement for favored employees. The recent news coverage and editorials regarding the over time run up by staff of the Onondaga County Sheriff's Department have strongly alluded to the lack of effective oversight over a number of public safety employees who are benefitting both in terms of current pay levels and significantly inflated retirement benefits.
 3. In these financially difficult times, the City must make conscious decisions to more effectively manage the authorization of overtime, particularly in the areas of non-emergency operations.

The private sector has experienced the worst economic contraction since the Great Depression. While economists indicate that the economy has emerged from the recession, GDP contracted in 2008 and job losses have pushed unemployment into the double digits not seen for decades. Traditionally, as the economy rebounds, job growth begins to pick up in the private sector first and later on government budget stabilization is the last to follow. New York State has had to undergo not one, but two deficit reduction plans in 2009 in order to remain balanced and the outlook for 2010 remains bleak.

As the largest portion of the budget is salaries and wages, the Office of the City Auditor chose to look at expenditures in this area for overtime. As in past audits, the overarching goal must be the efficient delivery of services in a cost-effective manner for the taxpayers of the City. Spending on items such as mobile phones, take home vehicles and over time must be managed with an eye to accountability and value for dollars spent.

Recently over time identified with the Central New York Police Academy and two employees of the Onondaga County Sheriff's Department illustrates that it is critical to monitor over time. One public employee was reported to have worked without a day off for 32 continuous days, racking up 180 hours of straight time and 291.5 hours of overtime, an average of 15 hours per day for the 32 days. The justification for the large amount of overtime was related to the need to staff the Central New York Police Academy.

Overtime policies have been reviewed and modified at the behest of the Onondaga County Legislature. Nonetheless, the over time already credited has boosted one of the public employee's pension by some \$20,000 per year based on the reported earnings over a three year period used to compute retirement benefits, predicated on a three-highest-years average. The 20,000 per year could be boosted higher dependent on future earnings.

This point must not be lost on the Administration or the Syracuse City Common Council. Arguments that suggest over time is less costly than full time hiring have been put forward in response to inquiries. The cost of overtime not only includes time and a half, as well as double time in some instances, but also includes long term pension pay outs that are often overlooked. When computed against earnings and multiplied by years of retirement, the hiring of new staff

may be less expensive. Conversely, simply doing more with less – as the private sector knows all too well, may be the prudent approach for city government to explore.

The Syracuse Police Department may not have identical situations comparable to the problems revealed by the media at the sheriff's department, yet the circumstances at the county serve as a cautionary tale to what can all too easily develop without conscientious, focused oversight.

So how does the City of Syracuse, including the two public safety operations of the Syracuse Police Department and the Syracuse Fire Department, monitor city over time utilization?

Every year the City of Syracuse Mayor's office puts forth a budget request for Common Council approval. Each department submits to the Budget Office its estimate of operational expenses for the upcoming fiscal year. Within that request lie budget lines for salaries, for wages, for temporary services and for overtime. The scope of the audit outlined above was limited specifically to overtime pay. Overtime is calculated at 1.5 times or 2 times salary depending on union contracts and on specific dates when a person worked the overtime hours (i.e. holidays).

In response to questions from the Office of the City Auditor, the Mayor's Office responded that the city has an over arching policy as it relates to overtime for all city employees. Any employee except for elected officials, executive pay plan and confidential employees or members of the middle managers union, are eligible for over time if applicable. Certain City union contracts allow the city to offer comp time or straight pay time instead of over time under certain circumstances. The approval for over time is authorized at the departmental level. Union contracts may contain provisions regarding how overtime is offered to members of the workforce, and the City, having been a partner in negotiating over time provisions, must comply with the provisions agreed to by both parties.

The Administration responded to the Office of the City Auditor's request about City of Syracuse policy as it relates to overtime as follows:

- 1 The city must comply with Federal Fair Labor Standards Act (FLSA) and all applicable labor contracts. FLSA requires that virtually all city workers be compensated at time and one-half (or double time) for hours worked above their standard work week, except for management positions which included elected officials, executive pay plan/Confidential employees and members of middle managers union. Some city union contracts allow us to offer comp time or to pay straight time instead of overtime in certain circumstances.
- 2 Overtime for an individual employee or group of employees.....is approved at the departmental level by the Department Head or his/her designee. Union contracts may contain provisions regarding how overtime opportunities are offered to members of the workforce. The city must comply with these provisions.
- 3 Balancing overtime cost vs. filling vacancies or adding new positions is reviewed in two ways:
 - a. During annul budget preparation each department has its employee roster and overtime budget set as part of the annual budget process. The trade-offs between potential reduction in overtime and the incremental costs of adding a new employee permanently to the payroll would be reviewed at that time. Once the budget has been approved, budget analysts monitor overtime expenditures as part of their on-going responsibilities.

- b. At each weekly SyraStat session, overtime is reviewed for the division or bureau that is being evaluated. Actual expenditures to date are compared to the annual budget for that line as well as the allocation schedule represented on a monthly basis. In many sessions, overtime is also broken out by position title and tracked by hours (in addition to the dollar amount as described above). Beginning in 2008, SyraStat also began holding periodic sessions on citywide overtime usage and trends.

Between the monitoring done as part of the budgetary process and the period reviews undertaken through the SyraStat tracking system, it would be natural to assume that the City was managing over time in an efficient, accountable manner that ensured streamlined operations. Since the Office of the City Auditor has never been invited to sit in during SyraStat sessions that are built around reviewing over time, it is merely conjecture on the part of the Office of the City Auditor on the level of analysis that is undertaken.

What we are able to look at and comment on is the actual use of overtime, by specific departments, over the last several years.

In the calendar year 2007 the City of Syracuse spent 16.6 million dollars in overtime (combined 1.5 and 2 times pay). In 2008 overtime cost 17.3 million dollars. In 2009 through November the city has already spent 16.5 million dollars, meaning that the city will most likely come in over 18 million dollars in overtime in 2009. Not including base wages; overtime is costing the City of Syracuse on average 1.5 million dollars a month. Close to \$50,000 is being spent on overtime wages alone every single day.

Essential services, such as police, fire, water and public works, will argue that over time is a requirement that simply can not be quantified. Overtime must be allocated as a cost of delivering services. This argument can not be downplayed and any city executive who attempts to cut over time for essential services may find the city failing far short when faced with the first large fire, the first large snow storm or the first large demand for police services. These are areas critical to the city's well being. Overtime plays no small role in this. The Department of Public Works, the Syracuse Police Department and the Syracuse Fire Department are three areas expounded upon for greater illustration of where over time are being allocated:

The Office of the City Auditor reviewed January through November 2009 figures that included gross pay along with over time plus miscellaneous income (i.e. holiday pay, out of title pay, uniform allowance, vaulted time pay, sick buy back). Overtime was stripped from the gross income. Full time employee count (FT) was derived by year end actual totals from the internal reporting system for the City of Syracuse. This would include employees who may have terminated mid-year.

The specific gross earnings on an individual level was reviewed and compared to the department as a whole on a percentage basis as well as a cash basis. Some examples of actual dollar and percentages are outlined on a specific level if the percentage of over time was in excess of 40% of gross earnings.

However, this report is intended to present the picture from a birds eye view for budgetary reasons and not to single out any one individual.

Department of Public Works:

The Department of Public Works has a policy issued in 2007 and re-iterated in 2008 that all over time must be approved by the Commissioner of Public Works, except for overtime that is necessitated by a pre-arranged stand by arrangement.

Within the Department of Public Work are many departments. Snow and Ice removal is but one area. Clearly snow plowing require staffing flexibility. This can only be accommodated with over time wages. In 2007, the Department of Public Works (DPW) Snow and Ice division, for example, spent \$766,356 on combined overtime. In 2008 it spent \$582,274.00 and in 2009 it has spent \$437,673.00 to date. Clearly this is reflective of snow accumulation and drives home the variable for overtime requirements.

The Department of Public Works provides many services, not just snow and street repair. Herein is a breakdown by department within DPW for the past three calendar years. All amounts are rounded to nearest dollar. The figures are only over time wages. No base wages are included in the calculations.

It is important to note that the city is required to maintain “stand by” over time. This requirement protects the residents of the city in case of emergency as the city can pull individuals to work who are on “stand by”.

	2007	2008	2009 YTD
Main Office	318.00	1,685.00	0
Div Information	173,382.00	194,115.00	149,887.00
Street Repair	377,761.00	413,208.00	412,416.00
Motor Equip	297,229.00	288,278.00	223,211.00
Snow Ice	766,356.00	582,274.00	437,673.00
Waste Collection	146,680.00	203,798.00	158,505.00
Street Cleaning	119,140.00	179,517.00	87,147.00
Transportation	105,295.00	90,973.00	93,704.00
Totals	1,986,161.00	1,953,848.00	1,562,543.00

While it is expected that weather will drive staffing requirements for DPW, this is reflected in the division of snow and ice which shows varying amount of overtime expenditures that clearly runs in tandem with the weather patterns. Over the past three years over time expenses have decreased in the Department of Public Works as a whole; and specifically in the Division of Snow and Ice. In 2007, for example, this division spent \$766,356.00 in over time. In 2009, when averaged out for 12-months, the same division will have spent \$477,460.00. The reduction of almost \$289,000.00 in over time expenses in this one division alone. Clearly, weather has driven this down and the use of over time has been both prudent and well managed.

In contrast, waste collection demands should be a known quantity. However, the city expends over two-hundred thousand dollars in both time and a half (1.5 times salary) and double time (two times salary) in over time for waste collection. In 2009, waste collection has cost the city approximately \$158,505.00 just in over time expenses. There are approximately 110 active employees in waste collection. The law of averages indicates that if broken out equally, each employee has earned an additional \$1,441.00 year to date in overtime compensation. Waste management should be a fairly standardized process. The amount of waste produced by city residents would be fairly constant. Therefore, the number of employees needed to collect and

dispose of the waste should be constant. Staffing should take into account turn over, vacation and other normal factors faced by everyone in the work force. The consistent demand for waste collection is almost the equivalent of a “fixed cost”. It should rarely spike except in peak periods such as holiday seasons. However, the fact that waste collection must be a 24 hour 7 day a week process dictates that staff is required to work on holidays. Holiday pay must be done at higher levels. This belies the facts: Overtime in this division for 2007 was \$147,000.00; in 2008 it increased to almost \$204,000.00 and then decreased in 2009 to an annualized amount of \$173,000.00.

The Division of Information and Service Requests (listed as “Div of Information”) is an area that the city is expending approximately another one hundred and fifty to two hundred thousand annually in overtime. This division of DPW is responsible for operating the “City Line” a service that is heavily used by city residents. It also works to address illegal set outs, removal of trash and debris from private property or vacant lots and snow removal from sidewalks.

This is an area within DPW that could rely on previous year work load to determine better staffing requirements providing a reduction in over time costs. It is difficult to imagine work load spikes in this division that require the need for overtime.

In 2009, there were approximately 52 staff members in the DPW Division of Information. Year to date, the division has booked \$123,500 in time and a half overtime and \$26,388.00 in double time. Roughly \$150,000 through November of 2009 was spent on over time in this division.

If every active employee equally shared in the overtime, each would have earned an additional \$2,885.00 in compensation for 2009 through November of 2009.

The Department of Public Works has an annual budget of 25.5 million dollars and provides essential services to the residents of Syracuse.

Based on actual expenses, it is evident that the Department of Public Works, overall, has managed overtime effectively. The use of over time in this department has decreased from 1.986 million annually in 2007 to an estimated 1.705 million for the calendar year 2009. This would amount to an annualized reduction of \$281,000.00 in 2009 over 2007 despite increase in base wages mandated by union contracts.

Fire Department

The Fire Department has been constant over the past three calendar years in its overtime use.

When asked, the Fire Department stated that their policy is that all ranks and position receive over time. The labor agreement with the union is the policy of the Fire Department as it relates to over time. Deputy Chiefs approve over time in compliance with the labor agreement and other needs.

The department stated that hiring versus overtime has been discussed by the Fire Department. The Syracuse City Fire Department position on this is “If fully staffed there would be times that we have extra people on duty. Each employee has expensive benefits and equipment. Employees on overtime do not have significant increased benefit or equipment costs. Using overtime instead of hiring to full staffing has resulted in (the Syracuse City Fire Department) ending the year under budget.”

The labor agreement outlines the Distribution of Overtime Opportunity under Article 13. Firefighters sign a form to be placed on a list of firefighters willing to work overtime. Each employee will be charged with the maximum overtime as noted on the applicable district list. The overtime list is forwarded by the union to the Department of Fire. A list of overtime hours worked is kept when 6 or more hours of overtime are worked. Overtime is offered to off-shift members and is rotated among employees by order of seniority, on the overtime list.

	2007	2008	2009 YTD
Uniform Division	3,047,896.00	3,183,953.00	3,464,375.00*
Fire Prevention	50,544.00	89,404.00	120,388.00**

* If constant, total overtime will be \$3,779,318.00

** If constant, total overtime will be \$131,332.00

The average wages are approximately \$60,595.00 based on approximately 349 uniformed staff with total wages of 21 million dollars annually in the uniform division. Overtime annualized out per active employee year to date in 2009 through November averaged \$10,829.00.00 per employee.

It is true that the Syracuse City Fire Department does expend a significant amount of resources on equipment per uniformed employee. Additionally, training and other investments into each firefighter is significant.

The Syracuse City Fire Department annual budget is approximately 29 million dollars. Wages and salaries are approximately 23 million dollars. Overtime, on an annualized basis, will be approximately 3.9 million dollars for 2009.

With a budget of approximately 29 million dollars, overtime equates to about 13.1% of the overall budget for the Syracuse Fire Department.

Over the past three years, overtime has increased from \$3.098 million annually in 2007 to an estimated final amount of \$3.910 million in calendar year 2009.

Similar to Department of Public Works, the services provided by the Fire Department are so varied and essential that taxpayers require 24 hour service, each and every day, including weekends and holidays. Coverage during over night shifts as well as holidays requires additional compensatory wages for working those hours.

If the estimated 2009 figures remain constant, this would amount to an increase of about \$800,000.00 in over time dollars spent in 2009 over 2007.

A sampling of overtime in excess of 40% was as follows:

Base	Over time	Gross	Percentage of OT in Gross
74,704.00	51,561.00	126,265.00	40.8%

Syracuse City Police Department

When contacted, the Syracuse Police Department provided its departmental in-house procedures: The Syracuse Police Department policy is that all sworn members of the Department are qualified to work overtime and much of the overtime is governed by the contract between the City and the PBA. Additionally, unknown requirements such as instances of Officers being held beyond their shift, court appearances and ordered overtime are examples of what may dictate a requirement for overtime hours worked.

The Syracuse Police Department maintains internal controls, according to their policy, to monitor overtime use. All overtime must be approved through the chain of command and any unnecessary or improper request can be denied at any level of the process.

The following details the overtime for 2007, 2008 and 2009 to date:

	2007	2008	2009 YTD
Uniform	8,024,542.00	8,569,616.00	8,094,748.00*
General Services	984,826.00	907,744.00	823,101.00**

* If constant, total overtime will be \$8,830,634.00

** If constant, total overtime will be \$897,928.00

Like the Fire Department and DPW, there is no question that police services are an integral and critical service to the residents. Like their counterparts in DPW and Fire, the police work around the clock providing constant service and similar to the other two departments having a force on call 24 hours a day is essential.

Overtime may come in at approximately 9.5 million dollars at an annualized amount for 2009. The Syracuse City Police Department budget is approximately 43.3 million dollars. Therefore, overtime represents about 22% of the entire budget Syracuse Police Department expenditures.

The base salaries for the uniform division in calendar year 2009 will be approximately \$31.3M. There are approximately 496 individuals in the uniform unit earning on average \$63,117.00.

Overtime, if running equal, will come in at about 8.8M for the Uniform Division. This equates to approximately \$17,804.00 in overtime per person in 2009 for that one division; if every uniformed employee took the 9.5 million equally.

However, overtime is not divided equally. As mentioned, for the period ending 11/30/09 records indicate overtime running at 22% for the uniform division. However, some payroll records indicate 40% or more of individual earnings were derived from overtime alone, as follows for the period of January 1, 2009 through November 30, 2009.

The following example constitutes a random sample that has been rounded up and down to the nearest dollar, of over time in excess of 40% of one's base pay. It is not inclusive of all gross earnings in excess of 40% of base pay, but rather a sampling of statistics we reviewed.

Base	Overtime	Gross	Percentage of OT in Gross
64,667.00	47,151.00	111,818.00	42.1%
73,840.00	60,943.00	134,783.00	45.2%
64,975.00	50,268.00	115,243.00	43.6%
65,471.00	49,871.00	115,342.00	43.2%
73,420.00	65,720.00	139,140.00	47.2%
67,780.00	60,058.00	127,838.00	46.9%
65,275.00	50,086.00	115,361.00	43.4%

While there are additional examples of employees earning in excess of 40% from overtime, the overall average of the Police Department is running at 22% and many do not earn any overtime or have earned overtime in moderation.

The intent is not to single any one individual person or department nor diminish the critical services delivered by the Syracuse Police Department to the residents and tax payers of the City of Syracuse.

The examination of overtime was undertaken with the intention of reviewing overtime as a major expense item and analyzes the percentage of overtime in comparison to wages and salaries. While over time is needed for critical 24 hour protection, it must be managed pro actively as it poses a real and clear cost to the tax payer.

Overtime in the Syracuse City Police Department may reach 9.5 million in the uniform division of the police department for 2009. This is almost \$800,000.00 monthly, and given the magnitude of this departmental item (\$26,300 per day), deserves close tracking.

The overtime expenditure of the Syracuse Police Department represents just under 60% of the total over time of the entire City budget.

Department of Engineering

The Department of Engineering provides an important and integral role to the city. The Division of Building Services is responsible for the renovation, repair, routine maintenance of city owned properties, whereas the Division of Technical Support provides engineering services and surveying services to the City among other duties.

In response to the Office of the City Auditor the Department of Engineering stated that their over time policy is to require two approvals. Requests are approved by supervisors and then forwarded to the Deputy City Engineer for his approval. To minimize overtime the written requests must include justification for the overtime.

Engineering stated that between 2005 and 2009 they have increased staffing in the trade positions – from 19 to 28 in an effort to reduce overtime.

An over view of over time is as follows:

	2007	2008	2009 YTD 11 months
Tech Support	24,000.00	19,000.00	25,000.00
Building Services	333,000.00*	403,000.00**	382,000.00***

*2007 double time 21,000.00

**2008 double time 20,000.00

***double time 21,000.00 (11 months)

In 2009, Engineering over time is running an annualized \$444,000.00 compared to \$422,000.00 for 2008 and \$357,000.00 for 2007. There were approximately 78 employees in Engineering in 2009 including those who were terminated mid way.

The average earning in overtime is approximately \$5,700.00 per employee. Wages and salaries for the Engineering Department are approximately 3.6 million dollars. Overtime is running approximately 12.3% of the total salaries.

One employee in Engineering earned \$7,030.00 in over time with a base salary of approximately \$36,629.00. The total 11 month earning for this employee was \$43,659.98. The overtime component represents approximately 17.2% of this employee's gross earnings. This example is concerning because this is not a critical position to the City of Syracuse. The position is clerical base and not emergency service based. Overtime should be used for essential services to the public and not used to complete work that should be conducted in a normal 40 hour week.

Another employee assigned to Engineering earned \$5,370.00 in overtime with a base of salary of \$35,411.00 for a total gross of \$40,781.00 year to date as of November 30, 2009. Overtime represents approximately 15.1% of the base wages. Again, this position is clerical in nature and is not an emergency service based job.

The basis and rationale for overtime in this position, as the one cited above, is the amount of work required to complete the job. This may be a departmental issue that weighs on management, but it does not constitute a valid rationale for overtime in the opinion of the City Auditor. Staff should be expected to complete their work in the course of a normal work day. As most managers are aware, if an employee is unable to complete their work there is only one of two reasons: Either they have been over promoted and cannot complete the task at hand or they have too much work that can be completed. Either way, management should address the issue via appropriate staffing versus allowing individuals to earn more money via overtime.

Recommendations:

Unemployment in Central New York has risen to almost double-digit levels while nationally unemployment levels are over 10% in many areas. In New York State, as income taxes in the have dropped - due in large part to a reduction in bonus income on Wall Street - the State of New York has experienced a serious budget crisis. This has resulted in New York State's cash position being depleted and forced it to delay paying its financial obligations.

This is filtering downwards. The state will inevitably review state aid to dependant cities and other county/municipal/school aid. All villages, towns, the city and the county would be wise to institute cost cutting measures.

Consolidation of services – be it school/city or city/county or a combination therein should be put back on the table. Any area that can provide the same or better results for less should not be tabled.

The past 12 plus months, this office has made various recommendations related to reducing expenses. The City Auditor has conducted reviews and audits on take home cars, the cost of parking garages, the use of mobile phones and now the expense of overtime time in an effort to highlight expense and push for efficiencies.

The undeniable fact is that the City of Syracuse has a reduced population while the cost to deliver services to fewer continues to rise. The reduction in the payment of overtime, while in and of itself will not eliminate the financial structural deficit, can be used as one of many tools that when combined with such actions as limiting take home cars, reducing the spiraling costs of mobile phones and other areas where city spending truly does not speak directly to the essential services to the taxpayer, can help to reduce the costs and bring expenditures back in line with revenues.

I. The City Administration Should Maintain Close Attention To The Authorization Of Overtime

Overtime is an area that requires constant attention and management by the City administration, based on the substantial cost associated with this form of compensation funded by taxpayers.

Overtime has increased by 87% over the past nine years, and over time for 2009 will probably exceed 18 million dollars by year end. On a monthly basis the cost is 1.5 million dollars. On a daily basis, including weekends and holidays, city residents are spending \$49,378.00 on overtime alone -- \$50,000 per day in overtime expenses alone.

Overtime pay is critical for the delivery of municipal services. However, the increase in overtime time expenses in the past nine (9) years is a heavy burden to the tax payer. It is a heavy burden for the City when revenues are stagnant and costs continue to increase elsewhere.

Overtime should be viewed with a critical eye during the budget process that will begin shortly. The administration should make a concerted effort to reduce over time spending to help reduce costs.

During the fiscal year, regardless of the actual budget for overtime, department heads should make a concerted effort to bring over time costs in under budget as a normal course of doing business.

II. Non-Essential Overtime Should Be Kept To A Minimum

Innovative solutions should be explored to minimize and eliminate overtime for non essential services.

The City of Syracuse, like many cities across the country, faces budgetary challenges over the next several fiscal years. As previously noted this could be as high as 35 to 40 million dollars. Additionally, the State of New York has forestalled payments to cities and schools and may take action to further cut the State of New York budget, and the City of Syracuse revenue expectations from the sales tax will likely be inhibited. Sales tax negotiations will no doubt muddy the water as the inter-municipal agreement is up for renewal with Onondaga County, another governmental entity that is facing its own severe fiscal challenges.

The City Administration and the City Council should take a serious look at overtime during the budget process. In the past, budget requests for overtime have been submitted by the administration and approved by the council without much public discussion or dissection. In today's challenging economic climate, non-essential personnel should be looked at constructively to ascertain the need for overtime in those areas.

Overtime in non-essential services should be cut to minimal or zero levels while over time in essential services must be continued to be managed on a daily basis.

III. Police Department Over Time, At 22% Of Total Departmental Expenditures, Warrants Exceptional Monitoring And Should Be Given A High Priority For Tracking

Police Department over time represents approximately 58% of all the overtime expenditure of the City. Overtime also represents about 22% of the total expenses of the department, higher than the overtime portion of Fire (13%) and significantly higher than any other City service.

The large allocation of overtime within this one department translates into a situation where exceptional attention needs to be consistently given to monitoring over time to determine that it is being used effectively or the city should explore alternative solutions to mitigate this expense.

Syracuse has a strong police department that provides excellent public safety. Community policing is a strong initiative that may reap strong dividends to our community. This should not be done at the cost of increased over time expenses. Again, innovative and creative solutions must be examined to keep costs down while providing the exemplary services we have enjoyed from the Syracuse Police Department.

*Philip J. LaTessa
Syracuse City Auditor
City of Syracuse
December 30, 2009*